



Cambridge City Council Notice of Council

Date: Thursday, 22 February 2018

Time: 6.05 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, 22 February 2018 at 6.05 pm and I hereby summon you to attend.

Dated 14 February 2018

Yours faithfully

Chief Executive

Agenda

- 1 To approve as a correct record the minutes of the meeting held on 19 October 2017 (Pages 5 - 30)
- 2 Mayor's Announcements
- 3 Public Questions Time
See the foot of the agenda for details of the scheme
- 4 To consider the recommendations of the Executive for Adoption
- 4a Executive Councillor for Strategy & Transformation : 2018/19 Housing Revenue Account (HRA) Budget Setting Report 2018/19 (Pages 31 - 134)

- 4b Executive Councillor for Finance and Resources: Treasury Management Strategy Statement Report 2018/19 to 2020/21 (Pages 135 - 172)
- 5 To consider Budget Recommendations of the Executive for Adoption
- 5a Proposed Revenue and Capital Budgets - 2017/18 (Revised), 2018/19 (Budget & Council Tax) and 2019/20(Forecast) (Pages 173 - 302)
- 5b Liberal Democrat Group Amendment to the Executive Budget Recommendations (Pages 303 - 328)
- 6 To consider the recommendations of Committees for Adoption
- 6a Civic Affairs: Pay Policy Statement 2018/19
Minute to follow
- 6b Civic Affairs: Special Responsibility Allowance
Minute to follow
- 6c Civic Affairs: Independent Person and Deputy
Minute to follow
- 7 To deal with Oral Questions
- 8 To consider the following Notices of Motion, notice of which has been given by:
- 8a Councillor Cantrill: The Future of Cambridge Magistrates Court.

This Council currently notes the proposals for the future of Cambridge Magistrates Court, including the closure of the building with its work being relocated to existing courts in Cambridge, Huntingdon and Peterborough.

This Council also notes the current consultation being undertaken to find out the public's views on the proposals.

This Council objects to the proposals to close Cambridge Magistrates Court for the following reasons:

- i. That Cambridge residents could be forced to travel to Peterborough or Huntingdon to attend a hearing as participants

- in court proceedings;
- ii. That it dilutes the sense of place and mutual community responsibility which is valuable in underpinning the most local level of the justice system; and
- iii. That the impact assessment in relation to the proposals is flawed as it fails to monetise the costs to be imposed on court users.

This Council asks the Leader of the Council to write to the responsible minister, Lucy Frazer, MP setting out the Council's objections to the proposals

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

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COUNCIL

19 October 2017

6.00 - 10.40 pm

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

FOR THE INFORMATION OF THE COUNCIL

17/39/CNL Minutes

The minutes of the 13 July 2017 were confirmed as a correct record and signed by the Mayor.

17/40/CNL Mayor's announcements

Apologies were received from Councillors Avery, Gehring, Ratcliffe and Tunnacliffe.

MAYOR'S DAY OUT

The Mayor advised that the annual outing for senior citizens to Great Yarmouth on 16 August was once again a huge success and thanked those Councillors who had helped with the stewarding.

ANNUAL FIRE WORK DISPLAY

Members were reminded of their invitation to the Annual Firework Display on Midsummer Common taking place on 4 November, starting at 6.00pm.

REMEMBRANCE

Members were informed that the Remembrance Sunday Civic Service would take place on Sunday 12 November, Great St. Mary's Street, 10.55am. Anyone wishing to attend should inform the Sergeant-at-Mace of their attendance. The Deputy Mayor would lead the civic procession to church.

The Mayor advised that he would be laying a wreath on behalf of the City at the War Memorial and anyone wishing to attend was welcome to do so which would start at 10.30 a.m.

A 2 minutes silence would be observed from the main entrance to the Guildhall on Saturday 11 November at 11 a.m. Councillors were invited to attend this act of remembrance.

CHEVYN SERVICE

The Mayor gave advance notice that the preaching of the Chevyn Sermon would take place on Sunday 28 January 2018. Invitations would be sent out nearer the time.

BRIEFING FROM THE LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND

The Mayor stated that a member briefing on Monday 27th November, 5.30pm had been planned. This would be presented by the Local Government Boundary Commission for England, on the review of Cambridge City Council ward boundaries and what that would be involved, followed by a question and answer session

17/41/CNL Declarations of Interest

| Name | Item | Interest |
|--|-------------|--|
| Councillor Benstead & Johnson | 17/46/CNLd | Personal: Member of GMB |
| Councillors Barnett, Hart, Herbert, O'Reilly, Sheil, Smart & Smith | 17/46/CNLd | Personal: Works in public sector |
| Councillor, Bird, Herbert, Price, Sheil, Smart Smith & Todd-Jones | 17/46/CNLd | Personal: Member of Unison |
| Councillor Dryden, Gawthrope, Roberts, Robertson & Smart | 17/46/CNLd | Personal: Member of Unite |
| Councillor Baigent | 17/46/CNLd | Personal: Member of Fire Brigade Union |

| | | |
|-------------------|------------|-------------------------|
| Councillor Adey | 17/46/CNLd | Personal: Member of PCS |
| Councillor Sarris | 17/46/CNLd | Personal: Member of UCU |

17/42/CNL Public questions time

Members of the public asked a number of questions, as set out below.

1. Benya Atabani raised the following points:

- i. Expressed an interest in politics.
- ii. Expressed concern about climate change.
- iii. Felt the City Council needed to plan for a sustainable future.
 - a. Requested the council worked with partners to take action.
 - b. Strategies needed quantifiable objectives.
 - c. The city needed a local renewable energy company as per the City of Nottingham and Nottingham City Council.
 - d. Suggested an electric vehicle incentive fund be implemented to encourage purchase of these vehicles.

The Executive Councillor for Finance and Resources responded:

- i. How the city could reduce its carbon footprint had been a subject of debate.
- ii. The City Council had taken measures to reduce its carbon footprint. For example meeting with business leaders to discuss how they could be more energy efficient.
- iii. Cambridge City Council worked with the Robin Hood Energy Company based in Nottingham. However the Council did not buy electricity from Nottingham as it was not from a sustainable source.
- iv. Cambridge City Council bought its electricity from a sustainable source.
- v. The City Council could investigate the practicability of an electric vehicle fund but this may be larger scale work than it was able to implement on its own.

As a supplementary point Benya Atabani asked if the City Council would set up a renewable energy company similar to that of Nottingham.

The Executive Councillor for Finance and Resources said the scale of operation would be difficult but could be investigated.

The Council had a scheme to encourage people to switch to cheaper electricity suppliers, sustainable ones could be reviewed in future.

2. Dara Morefield raised the following points:

- i. Understood there was difficulty in providing enough housing stock.
- ii. Expressed concern that family homes were being lost as they were being bought and converted into flats.
- iii. The city's housing stock was becoming unbalanced and the Planning Committee appeared unable to stop this. A city wide plan was required to address this trend.
- iv. Asked Member to support a city wide plan.
- v. Residents could, and do, object to individual developer demolish/replace applications. But this was becoming a futile exercise.
- vi. Family houses, in family neighbourhoods, close to existing schools and facilities were disappearing. Many of the "childproof" units in the blocks which took their place often remained empty, or marketed as an AirBnB.
- vii. Stated that in Queen Edith's ward alone, there were four such planning applications.
- viii. Enquired what the City Council could do to preserve the existing housing stock in Cambridge.

The Executive Councillor for Planning Policy and Transport responded:

- i. The City Council had to balance city needs against each other, such as local Plan policies to protect the character of the city and housing policy on future growth.
- ii. Appreciated residents were concerned about how they perceived developers treated Cambridge eg buying properties to develop.
- iii. The city needed a balanced stock of 1-2 bedroom houses and 4-5 bedroom houses for current and future needs.
- iv. The Local Plan went through public consultation before becoming guidance for decision making eg protecting the character of an area.
- v. Each planning application was considered on its own merit.

Dara Morefield made the following supplementary points:

- i. Understood the difficulty of getting enough housing stock.
- ii. Expressed concern about:

- a. Family housing was being lost through demolition and replacement with flats.
- b. City housing stock was becoming unbalanced in favour of flats over family homes.
- c. The Planning Committee appeared unable to stop the loss of family homes.

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

- i. People who were able to put in applications to demolish and replace family housing with flats then argue the case at Planning Committee.
 - ii. Re-iterated that each planning application was treated on its own merit in-line with local and national planning policy.
 - iii. Sometimes national planning policy undermined local policy.
3. Anthony Martinelli raised the following points:
- i. Expressed concern about air quality in the city.
 - ii. Queried progress on the Air Quality Action Plan mentioned at the 13 July 2017 Council meeting.

The Executive Councillor for Environmental Services and City Centre responded:

- i. The Council were actively developing an Air Quality Action Plan to replace the current one. This would be scrutinised at the March 2018 Environment Scrutiny Committee after public consultation. It was hoped the Plan would have come to committee in January 2018, but this had been delayed due to external factors.
- ii. The Council was taking action such as installing electric charge points for taxis (starting March 2018) which was just one example of addressing the air quality in the city.

As a supplementary point Anthony Martinelli asked if action was being taken on idling engines.

The Executive Councillor for Environmental Services and City Centre responded that this was a complicated issue which would be reviewed in the new Air Quality Action Plan.

4. Kevin Roberts (GMB) raised the following points:
- i. Thanked the Council for putting forward the motion, fair pay for public sector workers.
 - ii. If this motion was passed this would send a positive message to the council's workforce.
 - iii. As a living wage employer who promoted the living wage this would send a good example for other local authorities to follow.
 - iv. Cambridge city had become a very expensive place to live. Lots of people who were on low income had to move out of the city. High cost of housing and rented accommodation made it impossible for low paid worker to make ends meet.
 - v. Cambridge had the highest differential between the lowest paid and the highest earners in the country.
 - vi. The motion would go a small way in getting local people to work for their local authority. Rather than having to commute it would help to reduce pollution.
 - vii. There had been seven years of government cuts and a reduction in public sector workers pay in real terms of 21%. The council had started to feel the effect of these cuts as it was getting more difficult to recruit and retain staff. The council in the past 4-5 years had reduced its staffing levels by 400% to cuts being imposed on them by the Government.
 - viii. The Government needed to fund local government properly so that staff can be paid the living wage and that good services could be maintained.

The Executive Councillor for Finance and Resource thanked Mr Roberts for his comments which would be dealt with under Motion 8d.

17/43/CNL To consider the recommendations of the Executive for adoption

17/43/CNLa Executive Councillor for Housing: Housing Revenue Account (HRA) Medium Term Financial Strategy

Resolved (28 votes to 0) to:

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

17/43/CNLb Treasury Management Half Yearly Update Report 2017/18
(Executive Councillor for Finance and Resources)

Resolved (27 votes to 1) to:

- i. Agree the Treasury Management Half Yearly Update Report which included the Council's estimated Prudential and Treasury Indicators 2017/18 to 2020/21.

17/43/CNLc Medium-Term Financial Strategy (MTFS) October 2017
(Executive Councillor for Finance and Resources)

Resolved (by 27 votes to 1) to:

General Fund Revenue

- i. Agree the budget strategy and timetable as outlined in Section 1 [pages 1 to 2 refer] of the MTFS document.
- ii. 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 provided 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. 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 agreed 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 |
|-------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | Proposals | | | | | | | - |
| SC648 | Local Centres Improvements Programme - Arbury Court | 59 | 141 | - | - | - | - | 200 |
| SC653 | Replacement heating system at the <u>Waterbeach</u> garage | 39 | - | - | - | - | - | 39 |
| SC652 | Modification to in-ground lift in <u>Waterbeach</u> ¹ | 18 | - | - | - | - | - | 18 |
| SC645 | Electric vehicle charge points – use of additional funding received | 205 | 145 | 151 | 25 | - | - | 526 |
| | Sub-total | 321 | 286 | 151 | 25 | - | - | 783 |
| <u>Misc</u> | Section 106 miscellaneous | 833 | 14 | - | - | - | - | 847 |
| | Total Proposals | 1,154 | 300 | 151 | 25 | - | - | 1,630 |

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

Reserves

- i. 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].

17/44/CNL To consider the recommendations of Committees for adoption

17/44/CNLa Civic Affairs: Draft Annual Governance Statement and Draft Local Code of Corporate Governance

Resolved (unanimously) to:

- i. Approve the Code of Corporate Governance (Appendix 3 of the Officer's report attached to the Council agenda).

17/45/CNL Licensing Committee: Statement of Licensing Policy

Resolved (unanimously) to:

- i. Approve the amended Statement of Licensing Policy

17/46/CNL To deal with oral questions**Primary Questions****1) Councillor O'Connell to the Executive Councillor for Environmental Services and City Centre**

Does the Executive Councillor for Environmental Services agree with me that it is unacceptable for the council to try to shift responsibility for overflowing refuse bins caused by delayed or missed collections on to residents?

The Executive Councillor responded that the Council and Shared Waste Service were not trying to shift responsibility for overflowing refuse bins on to residents.

2) Councillor Smart to the Executive Councillor for Streets and Open Spaces

What will the changes in toilet cleaning frequency proposed in the Streets and Open Spaces review mean in practice?

The Executive Councillor advised it was proposed to adjust cleaning times for low frequency visited toilets only. Residents and visitors would not see any difference in standards. Toilets were valued as assets in the city. The Council were trying to keep all public toilets open which provided good value for money without losing quality.

3) Councillor Sargeant to the Executive Councillor for Housing

Given that this is empty homes week, would the Executive Councillor for Housing tell council what is being done in Cambridge to bring empty homes back into use?

The Executive Councillor responded that the Empty Home Officer not only visited properties during empty homes week but on regular occasions. The intention was to meet owners and find out why properties were empty with the

intent of bringing them back into use. Advice was provided to property owners on options available. If owners were unavailable, officers could obtain warrants to enter properties. The City Council had recently launched a scheme to help the owners of empty properties to bring them back into residential use offering loans of up to £25,000 to homeowners, which would enable them to carry out essential renovation works.

The Council had helped owners to bring 13 properties back into use in the last six months, many of which had been empty for a substantial period of time.

4) Councillor Bick to the Executive Councillor for Planning Policy and Transport

Does the Executive Councillor think that 7600 new homes can be built at Northern Fringe East including on the sewage works site?

The Executive Councillor responded, the land owner partnership had been working together for several years to unlock the delivery of the scheme through investment. A bid had been submitted to Housing Infrastructure Fund sponsored by the Cambridgeshire and Peterborough Combined Authority and the Greater Cambridge Partnership. The bid indicated the support that 7600 new homes could be built at Northern Fringe East including on the sewage works site. The Executive Councillor stated he would not disagree with this decision.

5) Councillor Holland to the Executive Councillor for Finance and Resources

What income does the City Council receive from the private bike hire organisations: Ofo and Rutland Cycle Hire?

As a regular bike user, there have been occasions when there were no bike spaces in the bike rack on Peas Hill because approximately 25% of the spaces were occupied by Ofo bikes and Rutland Cycle Hire bikes, including a permanent advertising bike which has not been moved for several months.

The Executive Councillor responded that anyone could use bike racks across the city. The problems arose when bikes were left when people had finished using them, such as the bikes for hire or just abandoned. Officers were looking to remove these in future. The permanent advertising bike was a separate issue which would be investigated. The Council received no income from Ofo but business rates were collected from Rutland Cycle which the Council kept 6% with the remainder being remitted to central government, the County Council and the Fire Service.

6) Councillor Holt to the Executive Councillor for Streets & Open Spaces

Is the Executive Councillor's priority for the council's provision of public toilets still best described as 'let them use pubs', which was at one time shorthand for her party's policy?

The Executive Councillor responded the Council had done a lot of work to persuade local businesses to open toilets to the public as part of the 'free to use' initiative. In particular Councillor Bird had been working to highlight the importance for disabled users to be able to use the facilities at local business with some positive results. Councillors would continue to encourage pubs/shops, cafes etc to welcome people to use their facilities as access was an important issue. There were currently 20 blocks of public toilets across the City which equated to 180 units that could be accessed by visitors and residents. In comparison Liverpool had 1 public toilet unit.

The Council was currently undertaking toilet refurbishment work.

7) Councillor Barnett to the Executive Councillor for Streets and Open Spaces

Can the Executive Councillor provide some more details about the proposed increase in the use of volunteers as set out in the Streets and Open Spaces review?

The Executive Councillor responded that people valued this initiative and there were a large number who had signed up to volunteer. Since the introduction of the scheme introduced by Labour in 2015, a total number of 73 volunteers had signed up and last year a total of 800 volunteer hours were logged.

There was a range of choice from litter picking, cycling champions to conservation. Growing areas of the city would have increased populations and therefore more potential volunteers. Officers were putting together a plan on how to engage more people. The Council wanted to work in partnership with other organisations such as residents associations and friends groups to increase the number of volunteers.

8) Councillor Austin to the Executive Councillor for Streets & Open Spaces

How are you planning to stop cars and lorries parking illegally and driving irresponsibly on Midsummer Common?

The Executive Councillor responded illegal parking was a long standing and difficult problem. Councillors and Officers were concerned by this issue and unauthorised access to the common had been partly solved by the much improved barriers installed under the previous Labour Executive Councillor for Streets and Open Spaces, Councillor O'Reilly.

Damage had been caused to the common due to unauthorised parking by vehicles at the Fort St George Pub who did not use the designated loading area. Dialogue continued with the owners of Midsummer House, who were very proactive on this matter and the Fort of St George. Action from Environmental Health Officers was pending on those vehicles who parked illegally.

9) Councillor Cantrill to the Executive Councillor for Streets and Open Spaces

Does the Executive Councillor agree with me that the City Rangers provide a unique service to the residents of Cambridge?

The Executive Councillor responded the 150 staff in the service did a fantastic job and thanked them all for their hard work, which included the Rangers. Advised that she would not describe the service that Rangers provided as unique, but there were some jobs that only Rangers did, and other jobs that were partly covered by other teams.

Local people placed high value on staff knowing the local area and local residents which fed into the service review.

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.

10) Councillor Todd Jones to the Executive Councillor for Streets and Open Spaces

Can the Executive Councillor update on what is being planned to limit the use of chemical herbicides?

11) Councillor Adey to the Leader

Would the Leader of the Council agree that a golden opportunity may be lost if a new Cycle Bridge is not built as part of the Mill Rd depot redevelopment, linking to Cromwell Road in Romsey?

12) Councillor T. Moore to the Leader

Does the leader agree that we should encourage moving around by cycling? Therefore, does he, like me, welcome the concept of the greenways routes for people coming into Cambridge from the neighbouring villages?

13) Councillor Sinnott to the Executive Councillor for Communities

Can the Executive Councillor for Communities provide an update on preparations for the Volunteer for Cambridge community fair this Saturday, and inform Council how the public can be involved?

14) Councillor Sarris to the Leader

Will the Leader please update the Council on what progress has been made with the plans to develop the area around Northern Fringe East?

Secondary Questions

No secondary questions were submitted.

17/47/CNL To consider the following notices of motion, notice of which has been given by:

17/47/CNLa Councillor Johnson: Universal Credit

Councillor Johnson proposed and Councillor Price seconded the following motion:

This Council notes:

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.

Resolved (unanimously) to support the motion.

17/43/CNLb Councillor O'Connell ; Improved Councillor Scrutiny of Public Complaints

Councillor O' Connell proposed and Councillor Austin seconded the following motion:

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.

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.

It calls on the Chief Executive, in consultation with group leaders, to define a fair and workable procedure for implementation.

Councillor Robertson proposed and Councillor R Moore seconded the following amendment to motion (deleted text struck through and additional text underlined):

~~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.~~

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~~It calls on the Chief Executive, in consultation with group leaders, to define a fair and workable procedure for implementation.~~

value of the Annual Complaints Report to Civic Affairs Committee and the council and

- its importance as a resource for improving services to the public,
- the importance of providing public disclosure and an opportunity for councillors to review and question the complaints received, and
- the recording of actions taken to remedy them.

To further strengthen this, future Annual Complaints Reports will each year identify three areas of complaint meriting further investigation and report back to Civic Affairs.

The selection of the three areas in the report to Civic Affairs Committee will be based on an assessment of the change or lack of change in the number of complaints over the previous and preceding few years.

On a show of hands the **amendment was carried by 24 votes to 0**

Resolved (unanimously) that:

Council notes the value of the Annual Complaints Report to Civic Affairs Committee and the council and

- its importance as a resource for improving services to the public,
- the importance of providing public disclosure and an opportunity for councillors to review and question the complaints received, and
- the recording of actions taken to remedy them.

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The selection of the three areas in the report to Civic Affairs Committee will be based on an assessment of the change or lack of change in the number of complaints over the previous and preceding few years.

17/47/CNLc Councillor Cantrill: Mill Road Depot

Councillor Cantrill proposed and Councillor Adey seconded the following motion:

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

Councillor Price proposed and Councillor Todd-Jones seconded the following amendment to motion (deleted text struck through and additional text underlined):

~~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.~~

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~~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~~

This Council notes that:

i) The combined effects since 2010 under first the Liberal Democrat and Tory coalition government, and now the Tory government, of a number of government policies in housing and welfare have had a severe impact on the problems of housing supply and housing affordability in Cambridge.

ii) Around a quarter of the City’s households earn under £16,000 a year and for people on lower incomes the provision of social housing for rent in Cambridge is vital, which is why the Council’s new build programme is targeted at those on below median incomes.

iii) The Housing Needs Register has around 2500 households seeking accommodation and over a quarter of annual lets are to those to whom the Council has agreed a statutory duty of homelessness.

iii) Our agreement with the Government for the Devolution Housing Grant and use of our retained Right to Buy receipts is to deliver at least 500 new council homes over five years, and council owned sites in both the Housing Revenue Account and the General Fund are key in delivering those homes.

This Council also notes that:

i) the only major General Fund owned site to be redeveloped by the Council in recent years is Clay Farm, where the Council achieved 50% of homes delivered as Affordable Housing but with a tenure split of 60% social rented and 40% shared ownership which is below the Council’s own Affordable Housing Supplementary Planning Document (AHSPD) tenure recommendation

of 75/25% and the high costs of shared ownership has meant that the units there are increasingly slow to sell.

ii) prior to Labour taking control of the Council in 2014, the practice of the then Liberal Democrat administration was to sell off a significant proportion of the land on small Housing Revenue Account redevelopment sites to be developed for market sale, and that the loss of existing and potential council homes was justified on the basis of the need for 'mixed and balanced communities' by the Liberal Democrats.

iii) 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 the critical need for affordable rented housing in Cambridge.

iv) the Mill Road Depot SPD was approved in March 2017 with the aim of achieving a new high quality, sustainable, mixed and balanced community.

This Council therefore resolves, having regard to the Mill Road Depot SPD:

i) to seek to achieve 50% of the homes delivered on Mill Road Depot as new council homes;

ii) to consider options for increasing the level and range of affordable housing delivered on the site above 50%, including where this unlocks the possibility of further affordable and council homes on other nearby sites

iii) to consider options for achieving, and where possible exceeding, other requirements stated in the Mill Road Depot SPD relating to open space and community facilities.

iv) to deliver an exemplary development by seeking for the homes delivered on Mill Road Depot to be constructed to the standards laid out in the Cambridge Sustainable Housing Design Guide.

v) to seek to meet the needs of the new community and the wider adjacent communities by integrating and connecting the site to the neighbourhood with a network of high quality pedestrian and cycle routes, including as part of the Chisholm Trail, and to ensure surrounding streets are not further pressured for car parking by the provision of an appropriate level of mainly underground car parking on the site.

On a show of hands the amendment was carried by 22 votes to 9.

Resolved (21 votes to 0) that:

This Council notes that:

i) The combined effects since 2010 under first the Liberal Democrat and Tory coalition government, and now the Tory government, of a number of government policies in housing and welfare have had a severe impact on the problems of housing supply and housing affordability in Cambridge.

ii) Around a quarter of the City's households earn under £16,000 a year and for people on lower incomes the provision of social housing for rent in Cambridge is vital, which is why the Council's new build programme is targeted at those on below median incomes.

iii) The Housing Needs Register has around 2500 households seeking accommodation and over a quarter of annual lets are to those to whom the Council has agreed a statutory duty of homelessness.

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- iv) to deliver an exemplary development by seeking for the homes delivered on Mill Road Depot to be constructed to the standards laid out in the Cambridge Sustainable Housing Design Guide.
- v) to seek to meet the needs of the new community and the wider adjacent communities by integrating and connecting the site to the neighbourhood with a network of high quality pedestrian and cycle routes, including as part of the Chisholm Trail, and to ensure surrounding streets are not further pressured for car parking by the provision of an appropriate level of mainly underground car parking on the site.

17/47/CNLd Councillor Smart: Fair Pay for Public Sector Staff

Councillor Smart proposed and Councillor Bird seconded the following motion:

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.

Resolved (unanimously) to support the motion.

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- 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.

Resolved (unanimously) to support the motion.

17/47/CNLe Councillor Herbert: Membership of Strategy & Resources Scrutiny Committee

Councillor Herbert proposed and Councillor Sarris seconded the following motion:

This Council is 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. Council notes that this change does not affect the proportionality overall of seats on committees in any other way.

Councillor Herbert then moved to amend the motion, seconded by Councillor Sarris, in accordance with the Council's Constitution 23.3, Council Procedure Rules as follows:

That there then be 8 members on S&R (5 Labour, 2 Lib Dem, Cllr Hipkin). A corresponding reduction to remove an anomaly on Environment Scrutiny Committee reducing the 5 Labour members to 4, a reduction of one to 4:2

Resolved by (26 votes to 0) to amend the motion

Members were advised that a change of proportionality required that no member voted against the amended motion.

Resolved (26 votes to-1) to support the motion

Therefore the motion was lost.

17/48/CNL Written questions

The Mayor advised that no written questions had been received.

The meeting ended at 10.40 pm

MAYOR

| |
|--|
| RECOMMENDATION TO COUNCIL (Executive Councillor for Strategy & Transformation) |
|--|

Decision of: The Leader of the Council, Councillor Lewis Herbert

Reference: 18/URGENCY/HS/1

Date of decision: 31 January 2018 **Recorded on:** 31 January 2018

Decision Type: Key Decision

Matter for Decision: The Leader is asked to take decisions in respect of both housing rents and service charges and the Housing Revenue Account revenue budget.

Why the decision had to be made (and any alternative options): Following deliberation at the Housing Scrutiny Committee (17/01/18), the Executive Councillor for Housing took a view on a key decision which materially differed to that of the Housing Scrutiny Committee. Under 2.5 of Part 4D Executive Procedure Rules of the Council's Constitution, the matter was referred to the Leader of the Council for Decision.

The draft minutes from Housing Scrutiny Committee (17/01/18) record that the Housing Scrutiny Committee supported the Liberal Democrat amendments (Part One of the recommendation A to L) by 7 votes to 5 votes. The Housing Scrutiny Committee then supported the Labour recommendations (Part Two of the recommendation M to V) set out on in the minutes.

The Leader of the Council was requested to make a decision, either as set out in the HRA BSR covering report (January 2018) final or as set out in the Liberal Democrat alternative HRA BSR covering report.

The Executive Councillor's decision(s): **Review of Rents and Charges**

a) Approve that council dwellings rents for all social rented properties be reduced by 1%, in line with

legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 2nd April 2018. This equates to an average rent reduction at the time of writing this report of £1.00 per week on a 52 week basis.

- b) Approve that affordable rents are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with this figure then reduced by the 1% per annum, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in rent variations in line with any changes notified to the authority in this level.
- c) Approve that rents for shared ownership are reviewed and amended from April 2018, in line with the specific requirements within the lease for each property.
- d) Approve new garage and parking space charges for 2018/19, in line with the report presented to Housing Scrutiny Committee as part of this committee cycle, as summarised in Section 3 of the HRA Budget Setting Report
- e) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- f) Approve the proposed leasehold administration charges for 2018/19, as detailed in Appendix B of the HRA Budget Setting Report.
- g) Approve that caretaking, building cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report, recognising that

local authorities should endeavour to limit increases to inflation as measured by CPI at September 2017 (3%) plus 1%, wherever possible.

- h) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased in an attempt recover full estimated costs, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2017 (3%) plus 1%, equivalent to an increase of 4% in total, wherever possible.

Revenue – HRA

Revised Budget 2017/18:

- i) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2017/18 of £52,810.

Budget 2018/19:

- j) Approve with any amendments, any Non-Cash Limit items identified in Section 4 of the HRA Budget Setting Report or shown in Appendix D (1) of the HRA Budget Setting Report.
- k) Approve with any amendments, any Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, as shown in Appendix D (1) of the HRA Budget Setting Report.
- l) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2017/18 to 2022/23 shown in Appendix J of the HRA Budget Setting Report.

Under Part 2 of the agenda: Recommend to Council

Treasury Management

- m) Recognise the decision taken in 2017/18 to defer the review of the current approach to treasury management, which requires 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures until after it is clear whether or not the policy to introduce a levy in respect of the sale of higher value voids will be implemented.

Housing Capital

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include the replacement of the estate service champion vehicle, recognition of increased costs for the replacement of the housing management information system and the refurbishment / reconfiguration works at Ditchburn Place, and to recognise additional investment in Disabled Facilities Grants in line with anticipated grant awarded through the Better Care Fund via the County Council.
- o) Approval of the latest Decent Homes Programme, to include updated allocation and timing of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.
- p) Approval of the latest budget sums, profiling and associated financing for new build schemes including the scheme approved at Mill Road by Strategy & Resources, based upon the latest cost information from the Cambridge Investment Partnership (CIP) or direct procurements, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report
- q) Incorporation into the Housing Capital Investment

Plan, a Section 106 affordable housing contribution of £1,750,000, to be used as funding towards the delivery of affordable housing within the city, by the HRA.

- r) Approval to earmark additional resource of £2,151,000 towards the cost of a denser re-development at Akeman Street, in advance of the revised scheme being presented to Housing Scrutiny Committee in March 2018 for formal decision. This will allow the scheme to proceed should the CIP tendered cost fall within the approved cost envelope or allowable contract parameters.
- s) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

- t) Approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase in the budget for disabled facilities grants, in direct relation to any increase in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.
- u) Approval of delegation to the Strategic Director to review and amend the level of fees charged by the Shared Home Improvement Agency for disabled facilities grants and repair assistance grants, in line with any decisions s made by the Shared Home Improvement Agency Board.
- v) Approval of delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the earmarked reserve for potential debt redemption or re-investment, for the purpose of open market property acquisition or new build housing development, should the need arise, in order to meet quarterly deadlines for the use of retained right to buy receipts.

Reasons for the decision:

The reasons for the decision are as set out in the HRA BSR report to Housing Scrutiny Committee (17.1.18). In addition to this, the Leader noted the following reasons for decision:

- in respect of rent-setting, the Council's policy to set rents for new Council homes at the Local Housing Allowance level (including service charges) ensures low income families are eligible for help with rent where needed, but also maintains an income-stream for the Council to maintain its homes and build new ones. Council tenants have indicated (in the last survey) that new Council house building is their top priority; it is a very high priority for the Council, and we are committed to a business plan that will allow us to continue building new homes. Furthermore, the Liberal Democrat proposal to reduce rents for those in larger properties would have meant that families in two-bed homes would pay more rent than those living in a three-bed home next door, regardless of their family size, income or other circumstances. This is not equitable.
- In respect of support for tenants who are affected by the introduction of Universal Credit, we agree with the Opposition that there are reasons to be concerned about the impact on many people, and for this reason we are proposing a package of support and advice to be funded through the General Fund, and available to all claimants, not only those who hold Council tenancies. In this way, we are offering equal support and advice to all those who need it, regardless of tenure. Our housing staff will closely monitor the impact on our tenants, and if further support is needed, we will review this: we have resources within the Housing Transformation Fund which will be made available if additional support is required.
- With regard to the suggestion that additional funding be put into estate improvements, we

agree that the removal of the estate improvement funds from the budget (as a result of government rent reductions in 2015 – check) has increased pressure on these areas. We already have over £1M of capital funding in the budget for communal and external spaces in 2018/19, but we will further commit to ensuring that we make available enough surveying resource to complete the programme of estate inspections that has been begun in the current year. We will identify any underspends estate improvements and Housing Transformation in the current year which could be used to help to escalate the programme in 2018. No changes to be budget are needed to do this, and our staff will ensure ward councillors and local residents representatives continue to be engaged in prioritising the work for their local areas.

- With regard to repairs for vulnerable tenants: our report on repairs has been delayed as the officer data analysis is not complete. We have committed to ensuring that our services support vulnerable people, and we will review any proposals in a future report, to ensure that vulnerable tenants (including those in sheltered schemes) are not disadvantaged.

Scrutiny consideration:

As described above the matter was scrutinised at Housing Scrutiny Committee on 17.1.18. The Leader of the Council endorsed the recommendations of the Officer as set out in the substantive report.

Report:

The report and amendment are published here: <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=414&MId=3278&Ver=4>

Conflicts of interest:

None

Comments:

This decision was published on 31 January 2018 and the Housing Scrutiny Committee and Executive Councillor for Housing were advised.

Version 1
Housing Scrutiny
Committee

Housing Revenue Account Budget Setting Report 2018/19

Version Control

| | Version | for : | Anticipated Content |
|---------|----------------|---|---|
| | 1 | Draft | Draft content for consultation |
| Current | 2 | Housing Scrutiny Committee 17 January 2018 | Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals Rents and Service Charges approved Revenue budgets considered and approved |
| | 3 | Council Meeting 22 February 2018 | The Executive Councillor for Housing's recommended final budget proposals Capital budgets considered and approved |
| | 4 | FINAL | Final version for publication following Council |

Housing Revenue Account Budget

Setting Report

2018/19 to 2022/23

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Section 1

Introduction

Foreword by the Executive Councillor for Housing

Having a secure and decent place to call home is a basic human need and one which allows families and individuals to flourish, creating strong foundations for communities that are able to support themselves and lifting many out of poverty. Councils have long been major providers of affordable decent homes and this is even more important now given the increasing number of in work families and pensioners in poverty, or living month to month on a financial cliff edge because of the cost of their housing. Cambridge has particular challenges as the high pressures on housing have seen it become ever more unaffordable to middle and low income earners and for some, the consequences mean facing homelessness.

As the landlord to more than 7,000 homes across the city, our role in addressing this is crucial and this budget lays out not only how we are continuing to invest in our existing stock and support tenants in difficult times but also how we are investing in our significant new build programme with plans to build at least 500 additional new council homes through the Devolution Housing Grant. For the third year running and despite the loss of 50 - 60 badly needed council homes a year through Right to Buy, we have increased the total number of homes we own and manage. The greatest threat to this though remains the Higher Value Levy, which could mean the on-going loss of over 100 more homes a year. Uncertainty over its implementation continues to cloud our ability to plan long term. There can be no doubt as to how badly these homes are needed

when in the first six months of 2017/2018, we let 268 new tenancies of which 61 were to those on Band A, accepted as homeless.

Over the last seven years we have had a strong focus on mitigating for our tenants the hardship caused to them by welfare reform and that focus remains clear. The rollout of Universal Credit, despite recent changes announced by the government, will be a challenge and those affected by the bedroom tax and the benefit cap will need our continuing support.

Our programme remains ambitious, despite the challenging economic climate, and we are determined to deliver the new homes Cambridge needs, working where appropriate with the Cambridge Investment Partnership which will also enable us to take advantage of development opportunities for new council homes on non-city council owned land. We have delivered 278 new homes since 2015, 242 of those as new council homes. A further 221 are already on site or in the pipeline over 17 sites, all delivered as council homes for rent, including 50% on the Mill Road Depot site and more to come on the linked YMCA site at Gonville Place. Cambridge City Council is setting the pace for other stock holding councils and we will be pressing the government to allow us to lift our HRA debt cap and build even more in the future.

Background

Housing Revenue Account budgets continue to be set in the context of a 30-year business plan, which is reviewed twice each year, in September / October when the budget strategy is agreed and again in January / February, when the budget is set.

The resource available to invest in housing services is dependent upon income streams for the Housing Revenue Account, the most significant of these being the rental income for the housing stock. The authority is now required to comply with a national approach to rent setting, where rents will be reduced by 1% per year, for a further two years, from

April 2018, after which rent increases will return to inflation as measured by CPI, plus 1% for the following five years.

With income reducing in the short-term, it is imperative that the Housing Revenue Account continually reviews its priorities for investment, considering:

- The minimum level of investment in the existing housing stock
- The need to spend on landlord services (management and maintenance)
- The need to support, and potentially set-aside for repayment of, housing debt
- The ability to identify resource for Investment in new affordable housing
- The ability to invest in new initiatives, income generating activities and discretionary services (i.e.; support)

The Council sets housing budgets in the context of the long-term impact on the financial viability for the Housing Revenue Account 30-Year Business Plan, to ensure delivery of council housing in perpetuity.

There is a key requirement to ensure that the HRA can support a significant level of housing debt whilst also ensuring ongoing delivery of housing services. As at April 2017, the authority was supporting a housing debt of £214,321,335.

Purpose, Scope and Key Dates

Purpose and Scope

The HRA Medium Term Financial Strategy for 2017/18, approved in part at Housing Scrutiny Committee in September 2017, with the capital aspects approved at Council in October 2017, set the financial strategy for the HRA for 2018/19.

Internal and external factors impacting the housing service were reviewed, taking account of both emerging changes in national housing policy and the implications of

any anticipated change in the economic environment. The review determined the financial strategy for the HRA and the framework for the detailed budget work to develop proposals for the 2018/19 budget.

As part of this report, the range of assumptions on which the HRA Medium Term Financial Strategy was based, have been reviewed in light of the latest information available to determine whether any aspects of the strategy need to be revised.

The outcome of the exercise, summarised in this document, provides the basis for the setting the HRA budget and rents and charges for 2018/19, culminating in recommendations to both Housing Scrutiny Committee on 17th January 2018, and ultimately Council on 22nd February 2018.

The HRA Budget Setting Report covers both HRA revenue and housing capital spending. As the authority's landlord account, the HRA accounts for all services to tenants and leaseholders and is the account into which the proceeds of the rent and landlord service charges are credited.

A key aspect of the financial review is consideration of risk and any potential mitigation. Sensitivity analysis of key factors is undertaken, to ensure that effective contingency plans are available to the Council and that an appropriate level of reserves can be maintained in light of changes in assumptions.

The work on the 2018/19 HRA Budget Setting Report takes as its starting point the following key parameters:

- A financial model that assumes revenue resource is set-aside to redeem 25% of the housing debt.
- A financial model assuming use of borrowing headroom, for cashflow purposes only, or in order to extend the financial viability of the business plan once rental

income is insufficient to meet the costs of managing and maintaining the housing stock.

- Rent reductions in line with legislation for 2018/19 and 2019/20, returning to rent increases in line with previous government guidelines after this.
- Housing stock that is maintained at a level that allows the authority to comply with the decency standard.
- A reduced savings requirement for 2018/19 derived from the impact of the latest assumptions in the business plan, which includes the impact of the short-term reduction in rental income, partially offset by the deferral of the assumption of any requirement to dispose of higher value void dwellings to meet a government levy.
- An adjustment in responsive repairs expenditure in line with anticipated stock changes.
- After 2018/19, which includes the last phase of transformation funding, no resource for service development or strategic investment is assumed.
- A minimum working balance for reserves of £2m, with a target level of £3m.

Key Dates

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

| Date | Task |
|--------------|---|
| 2017 | |
| 21 September | The Executive Councillor for Housing considered HRA Medium Term Financial Strategy, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan. |
| 19 October | Council approved HRA Medium Term Financial Strategy 2017/18 |
| 2018 | |
| 17 January | Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report |
| 22 February | Council approves HRA Budget Setting Report |

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy

The authority is still subject to imposed rent reductions of 1% for a further two years following legislation approved as part of the Welfare Reform and Work Bill 2015.

Where actual (transitional) rents have still not reached property specific target rent levels, local authorities are permitted to increase the rent to the target rent level only at re-let, recognising that the target rent for each property will also reduce by 1% each year for the next two years.

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

Following some uncertainty as to what national rent policy will be from April 2020, it has now been confirmed that local authorities will be able to revert to the previously agreed rent increases of CPI plus 1% per annum for a minimum of 5 years from that point. This gives some certainty for business planning purposes, at least in the medium term.

National Tenancy Policy

The Housing and Planning Bill introduced a requirement for local authorities to grant fixed term tenancies of between 2 and 10 years. A longer tenancy can be granted where a child under 9 years of age is resident as part of the household, with the tenancy expiring when the child reaches 19 years of age.

It was confirmed in November 2016 that compulsory fixed term tenancies would be the 'tool' used to introduce control over long-term occupancy of council housing, in place of the abolished 'Pay to Stay' proposals.

Implementation is still subject to confirmation through the release of formal regulations, and until these are received, we do not know what level of local discretion may be available to Councils. A report will be presented to Housing Scrutiny Committee once the regulations are available, to allow scrutiny and debate of any national or local proposals.

Mandatory Disposal of High 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.

It is anticipated that any levy will vary for each financial year, with the value arrived at on a formulaic basis, after a period of consultation with local authorities. Although regulations are not forthcoming, it is still anticipated that the authority would have some discretion over which assets it disposes of, in order to meet the levy.

It was confirmed in an interview with the Housing Minister in late November 2016, that the government would not be requesting any higher value voids levy payments from councils during 2017/18, recognising the need for local authorities to prepare once any regulations are published. As there was still no secondary legislation in place for the

policy, the decision was taken as part of the HRA Medium Term Financial Strategy to defer the assumption of any payment until at least April 2019.

The income generated from any sale of higher value void council homes would be expected to fund right to buy for housing association tenants, with a wider pilot scheme now set up. The initial pilot scheme was not as successful as anticipated, and this in turn raised questions nationally about whether the forced sale of council homes is the right route to fund the scheme.

In the absence of any confirmation as to the future of the proposed policy, the HRA Budget Setting Report has 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 any payment deferred until 2019/20.

Welfare Reforms

Universal Credit

Universal Credit was introduced in Cambridge on the 29th 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 not now be rolled out to Cambridge Job Centre until October 2018. Following the November 2017 budget, it has been confirmed that the intention is to retain payment for stays in temporary housing in housing benefit and not to transfer claims for this to universal credit. As part of the November 2017 budget, a two week overlap for Universal Credit claimants moving from Housing Benefit was also introduced, to mitigate the impact of the change.

Cambridge City Council is working with partners at Cambridge Citizens Advice Bureau (CAB) and the local Job Centre Plus to provide Personal Budgeting Support. Whilst there has been low take up via the referral process, some Universal Credit customers are still able to contact Cambridge CAB directly. We are also working with other partners to support digital inclusion and access to support the new Universal Credit claiming process.

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 Cambridge CAB 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 currently 96 capped claims, with 50 being City Homes tenants. One of these tenants is 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 347 HRA tenants currently affected by the reform. 295 are impacted by a reduction of 14% and 52 by 25%. DHP's are also used to support tenants affected by the Removal of the Spare Room Subsidy.

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 were anticipated to be restricted to the prevailing Local Housing Allowance rates from April 2019, with the rates being the maximum Housing Benefit payable, towards both rent and any service charges.

Following a number of representations at national level, at the present time, Government have indicated that they will not apply the Local Housing Allowance restriction to tenants in supported housing, nor the wider social rented sector.

Supported Accommodation Review

DWP and DCLG have launched a further consultation considering new funding for supported housing with an effective date of April 2020.

There are three broad groups being proposed:

- Sheltered housing schemes – a new sheltered rent based on existing social sector rent controls plus eligible service charges. This will be met through claims for Housing Benefit or Universal Credit.

- Short-term and temporary housing schemes with support provided will be supported through a ring fenced grant paid to upper tier authorities who will be responsible for the commissioning of this type of accommodation.
- Longer-term supported housing – these arrangements will continue much as they are with 100% of eligible rent and eligible service charges being met through claims for Housing Benefit or Income Support.

The deadline for the consultation is 23rd January 2018.

Right to Buy

Right to Buy Sales

During 2016/17, 118 right to buy applications were received and recorded, resulting in 58 completions. This compares to 141 applications in the previous year, which gave rise to 42 completions.

In the first 6 months of 2017/18, 46 right to buy applications were received and 26 sales completed, supporting a view that there is now a slowing down in interest following the peak that the threat of 'Pay to Stay' was believed to cause.

Accurately predicting future sales continues to be difficult, but with a small increase in the Bank of England base rate and nothing on the horizon that is anticipated to encourage heightened interest, it is anticipated that interest will remain low, as predicted mid-year.

For the HRA Budget Setting Report 50 sales are assumed in 2017/18, 40 sales in 2018/19, then reducing by 5 sales per annum, until 25 sales per annum are assumed from 2021/22 onwards.

The table below highlights the activity over the last 5 years, detailing the mix of houses, flats and bedsits sold through this process, recognising that an increasing proportion of sales seem to be in respect of houses and not flats.

| Status | Year | Right to Buy (RTB) | | | Total |
|-----------------|---------|--------------------|------|--------|-------|
| | | House | Flat | Bedsit | |
| Actual Sales | 2012/13 | 26 | 15 | 0 | 41 |
| | 2013/14 | 31 | 28 | 1 | 60 |
| | 2014/15 | 26 | 24 | 1 | 51 |
| | 2015/16 | 24 | 17 | 1 | 42 |
| | 2016/17 | 36 | 22 | 0 | 58 |
| Estimated Sales | 2017/18 | 29 | 21 | 0 | 50 |
| | 2018/19 | 23 | 17 | 0 | 40 |
| | 2019/20 | 20 | 15 | 0 | 35 |
| | 2020/21 | 17 | 13 | 0 | 30 |
| | 2021/22 | 14 | 11 | 0 | 25 |

Right to Buy Receipts

At 31 March 2017, the authority held £12,536,236.88 of right to buy receipts under the retention agreement with CLG, to be spent within 3 years of their original receipts date, to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism. The balance must be funded from the Devolution Grant, the Council's own resources, or through borrowing and not on replacement dwellings or dwellings receiving any other form of public subsidy.

With a recent increase in the Bank of England base rate to 0.5%, any penalty interest payable on receipts not re-invested appropriately will now be at the rate of 4.5%.

Appendix G summarises the latest position in respect of receipts held and appropriately re-invested, highlighting that although a deadline has not yet been breached, the timing of investment through our capital programme is critical if we are to avoid payment of any penalties.

As with last year, during 2017/18 a number of strategic acquisitions have, or will have, taken place to ensure that sufficient resource has been invested by March 2018.

The option to pass retained receipts to registered providers still remains, with the same time constraints applicable in this instance, as well as the need for the 70% top up funding.

Newly arising receipts will continue to be retained at the end of each quarter for the current year and following 4 years, as the authority requires the receipts to combine with Devolution Grant to deliver up to 500 new homes. After this period, the decision to retain or pay over receipts each quarter will revert to the Head of Finance, in consultation with the Strategic Director. The Executive Councillor for Housing will be informed if the recommendation were to be to pay receipts directly back to Central Government.

Review of Local Policy Context

Housing Stock

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

| Housing Category | Actual Stock Numbers as at 1/4/2017 | Estimated Stock Numbers as at 1/4/2018 |
|--------------------------------------|-------------------------------------|--|
| General Housing – Social | 6,259 | 6,209 |
| General Housing – Affordable | 169 | 305 |
| Sheltered Housing | 511 | 511 |
| Supported Housing | 22 | 22 |
| Temporary Housing (Individual Units) | 47 | 48 |
| Temporary Housing (HMO / EA's) | 24 | 24 |
| Miscellaneous Leased Dwellings | 17 | 16 |
| Sub Total Rented Dwellings | 7,049 | 7,135 |

| | | |
|----------------------------|--------------|--------------|
| Shared Ownership Dwellings | 87 | 112 |
| Total HRA Dwellings | 7,136 | 7,247 |

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

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

| Stock Category (Property Type) | Actual Stock Numbers as at 1/4/2017 | Estimated Stock Numbers as at 1/4/2018 |
|---------------------------------------|--|---|
| Bedsits | 103 | 102 |
| 1 Bed | 1,684 | 1,686 |
| 2 Bed | 2,409 | 2,476 |
| 3 Bed | 2,237 | 2,250 |
| 4 Bed | 96 | 101 |
| 5 Bed | 7 | 7 |
| 6 Bed | 2 | 2 |
| Sheltered Housing | 511 | 511 |
| Total HRA Rented Dwellings | 7,049 | 7,135 |

Leasehold Stock

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

Housing Demand

The mix of new housing delivered by the Housing Revenue Account continues to be influenced by a combination of the numbers on the housing register locally coupled with strategic forecasts of future need.

Cambridge City Council currently has just over 2,600 households on the housing register. 561 applicants were housed over the last year, with the majority (79%) of lettings being to applicants at band A or B.

The greatest demand for housing is still for one and two bedroom properties, with one-bed applicants accounting for 64% of the register, two-bed applicants 27%, three-bed applicants 7% and 2% of applicants waiting for properties with 4 or more bedrooms. The proportional need for one bedroom accommodation has increased further over the last 12 months. Applicants are banded according to housing need, with band A representing the highest housing need and making up approximately 5% of the register. Band B applicants represent approximately 20%, band C 42% and band D 33%.

Support for Vulnerable People

Cambridge City Council has recently agreed to continue to contract with the County Council for the delivery of tenure neutral support services to older people across the city as a whole, with a new term of up to 4 years from April 2018. The contract sum will be fixed at £180,000 per annum.

The authority has also been contracted to deliver both care and support services in extra care housing at Ditchburn Place for many years, but following extensive discussions with the County Council, it has been decided that the County Council will re-tender the services, and that the City Council will decline to bid, but will instead work proactively with the new supplier, in its continued capacity as landlord.

External Factors

Update of the financial forecasts for the HRA needs to take into consideration factors outside of the direct control of the authority, which could impact strategic decision making.

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). Changes in this measure of inflation were reviewed as part of the Medium Term Financial Strategy, with the view that there has been a significant increase in the rate of growth over the last 12 months, with 1% at September 2016 rising to 3% by September 2017.

The Bank of England forecasts, however, indicated a stabilising of the economy, with the rates anticipated to reduce to 2.6% for 2018/19, 2.2% for 2019/20, 2.3% for 2020/21, before arriving at the longer-term desired rate of 2%.

The November 2017 Bank of England Inflation Report, forecasts growth at 2.4% for 2019/20, 2.2% for 2020/21, 2.1% for 2021/22, before arriving at the longer-term desired rate of 2%.

As the difference in inflation rate projections is not material, the growth rates incorporated as part of the HRA Medium Term Financial Strategy have been retained.

Building maintenance expenditure inflation has historically been forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index due to the nature of the contracts held by the authority.

The latest planned maintenance contract with Fosters has been let as a lump sum priced contract, and instead uses CPI as its measure for contract price increases. The contract with TSG, however, remains an Option C Target Contract, where the BCIS index is still relevant. The work is expected to be split broadly equally between the two contractors.

The latest projections for the BCIS All in Tender Price Index over the next 4 years are for growth of 0.7% for 2019/20, followed by, 4.3%, 4.8% and 6.1% in the following 3 years. Taking an average of these rates of growth gives rise to an increase of 3.98%.

On a similar average basis, the assumptions for CPI over the same period are 2.13%, a difference of 1.85%. As only 50% of the work programme is anticipated to be subject to the BCIS indices, half of the uplift has been applied and a rate of CPI plus 0.93% has been incorporated into the business plan forecasts.

Interest Rates

The Housing Revenue Account benefits from interest earned on any cash balances held, with a mix of investments adopted by the authority as a whole. Rates, however, remain low, with the latest interest rate assumptions included in **Appendix A**.

In respect of HRA borrowing, in addition to the self-financing loan portfolio, with rates ranging between 3.46% and 3.53%, the Housing Revenue Account still has additional borrowing capacity before the debt cap is breached of in the region of £16m.

The assumption is made, for prudence, that any additional borrowing is externalised, with updated PWLB maturity loan rates for loans of a 30 year duration used. Based upon the rates available at the time of drafting this report, a revised rate of 2.89% has been incorporated into the financial assumptions from 2018/19 onwards.

Section 3

Housing Revenue Account Resources

Rent

Rent Arrears, Bad Debt Provision and Void Levels

Rent collection performance locally has been 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 worsened marginally during 2016/17, but is more concerning for the first half of 2017/18, where arrears are higher, when compared with the profile at this point in previous years. At the end of quarter 2 in 2017/18, current arrears totalled £1,084,771.06, compared to £968,534.24, at the same point in 2016/17. It is imperative that dedicated staff continue to work proactively with

tenants, particularly those impacted by benefit changes, in an attempt to reduce arrears significantly by the end of the financial year.

There is still a considerable challenge in respect of actively pursuing, or proactively writing off, former tenant debt, despite progress in this area over the last three years. At the end of quarter 2 in 2017/18 former tenant arrears stood at £795,401.63, compared to £778,434.27 at the same point in the preceding year, highlighting the need for continued focus in this area.

The provision for bad and doubtful debt, taking into consideration both the age and value of outstanding debt, stood at £1,202,755.80 at 31 March 2017, representing 88% of the total debt outstanding.

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%.

Void levels have increased in 2017/18 to date, with void loss up to the end of September 2017 of 3.05%. The significantly higher level is due to a combination of holding vacant units at Ditchburn Place pending refurbishment and at Anstey Way in anticipation of demolition and re-development of the site, coupled with difficulties in selling new shared ownership homes and delays in letting new build housing where large numbers were taken at Clay Farm within a short timeframe. Demolition of the Anstey Way site began in early November 2017.

Void performance statistics exclude the impact of those intentionally held void, ensuring that the authority has a proper picture of those dwellings vacant, but anticipated to be available for re-let once any standard void works have been completed.

On an ongoing basis, an assumption of 0.84% voids in general housing is assumed, recognising the reduction in void times anticipated as part of changes resulting from the Housing Transformation Programme. As part of the Medium Term Financial Strategy a temporarily increase in this assumption in the short-term to 1.25% in 2018/19 and 1% in 2019/20 was incorporated, recognising the release of a considerable amount of new build affordable housing in the city, and the ongoing refurbishment of Ditchburn Place.

The assumption for 2018/19 has been reduced to 1.16% for 2018/19, with the 1% assumed for 2019/20 retained, assuming that the excessively high void level being experienced currently is, in part, temporary in nature.

Rent Restructuring and Rent Levels

Property specific target social rents under the rent restructuring regime still apply for the properties held in the HRA prior to April 2012, but the requirement to reduce social housing rents, by 1% for a further 2 years, means that target rents will 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.

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 the end of September 2017, 24% of the social rented housing stock was being charged at target rent levels, compared with 21.1% in April.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,198,000 across the HRA, compared with the income assumption in the Self-Financing Settlement, where full convergence was anticipated.

There were 259 new build rented and shared ownership properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of September 2017.

Rent Policy

The local rent setting policy was last updated and approved in September 2017. It will be reviewed in September 2020, unless there is the need to recognise any impact on rents that may arise from the requirement for compulsory fixed term tenancies, once detail and regulations are available.

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.

The assumption 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, has been confirmed by government, with a commitment at these levels for at least 5 years.

For affordable rented homes, the requirement for 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 remains. As local policy limits affordable rents to the Local Housing Allowance level (approximately 58% 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.

Service Charges

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

Service charges are separately identified on rent accounts, so that tenants are able to see what they are paying for alongside their core rent.

There are significant challenges on some of the new build sites, where the total payable by the tenant is capped at the Local Housing Allowance level. Once all service charges have been separately identified, the balance is shown as rent. If there are considerable services provided to the block or un-adopted estate, the balance of income left as rent to fund the basic landlord services may be insufficient to meet the costs.

The approach to setting service charges for 2018/19 is detailed at **Appendix B**.

Other Sources of Income

Garages

The Housing Revenue Account currently owns 1,632 residential garages and 43 parking spaces, and manages a further 23 garages on behalf of the General Fund. Of the HRA garages, 146 currently form part of the sites identified in the 3 year rolling programme for potential demolition and re-development. Some of these sites already have formal committee approval, whilst others are currently under investigation.

Of the garages available for letting, approximately 23% are currently void, with a level of void loss in the year to date at the end of October 2017 of approximately 26%.

The HRA has a variable charging structure for garages and parking spaces, which is the subject of a fundamental review resulting in a separate report being presented to Housing Scrutiny Committee in this committee cycle. The new charging structure proposed in the Garage and Parking Space Report for 2018/19 is as follows:

| Category | Base Rent £ per rent week | VAT £ per rent week | Total Charge £ per rent week |
|--|--|------------------------------------|---|
| Parking Spaces in standard area (tenants only) | 7.72 | 0.00 | 7.72 |
| Parking Spaces in standard area (non-tenants) | 7.72 | 1.54 | 9.26 |
| Garage in standard area (tenants only) | 9.93 | 0.00 | 9.93 |
| Garage in standard area (tenants storage use) | 9.93 | 1.99 | 11.92 |
| Garage in standard area (non-tenants) | 9.93 | 1.99 | 11.92 |
| Garage or Parking Space in high value / high demand area (tenants only) | 18.95 | 0.00 | 18.95 |
| Garage in high value / high demand area (tenants storage use) | 18.95 | 3.79 | 22.74 |
| Garage or Parking Space in high value / high demand area (non-tenants) | 18.95 | 3.79 | 22.74 |
| A £5.00 premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use | | | |
| Non-City Resident / Commuter or Business / Commercial use | 12.72 | 2.54 | 15.26 |
| Non-City Resident / Commuter or Business / Commercial use in standard area | 14.93 | 2.99 | 17.92 |
| Non-City Resident / Commuter or Business / Commercial use in high value / high demand area | 23.95 | 4.79 | 28.74 |

Parking spaces or garages in the curtilage of properties are charged at the prevailing base rate for the area.

Internal council use to be charged at base garage rate excluding VAT.

Commercial Property

The level of rental income from commercial property is dependent upon the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. In 2018/19 the income generated by the commercial property portfolio is anticipated to be in the region of £410,000, recognising that by this point the Akemen Street site will be subject to demolition and re-development and the Kingsway Clinic will in the process of being converted into 4 flats.

With the exception of the Akemen Street site, the occupation of the HRA commercial property portfolio is very good at present, with no vacant shop units currently. The performance of these assets needs to be continually reviewed to ensure the HRA prioritises acting in the best financial interests of its social housing tenants.

Interest / Investment Income

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

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

Other External Funding

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

- Devolution Grant – The authority anticipates receiving grant as part of the Devolution Agreement with Government and the Combined Authority, totalling £70,000,000 over a 5 year period
- Homes and Communities Agency (HCA) Grant – The authority was awarded grant as part of the 2015-18 programme, with balances of £97,125 for Clay Farm shared ownership and £637,500 for the reconfiguration of Ditchburn Place due in 2017/18.
- Support Funding – Funding of £180,000 per annum for tenure neutral support to be provided to older people across the city is anticipated for up to a further 4 years from April 2018.

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

In addition to General Reserves, the Housing Revenue Account maintains a number of earmarked or specific funds. **Appendix C** details the current level of funding in the reserves.

Repairs & Renewals

Funds are maintained for major repairs of HRA-owned administrative premises and periodic replacement of assets such as vehicles, plant, equipment and furniture, particularly in sheltered and supported accommodation.

Major Repairs Reserve

This is a statutory reserve which is now credited with the full depreciation in respect of the housing stock each year. Resource in the Major Repairs Reserve is then used as a source of funding in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt.

Tenants Survey

The Tenants Survey reserve allows the spread of costs for the STAR Tenants and Leaseholder Survey evenly across financial years, despite the survey only being undertaken formally every two or three years,

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

The business plan currently assumes that the authority notionally sets aside 25% of the value of housing debt over the life of the plan, to retain flexibility in whether to redeem or re-finance some of the loan portfolio as loans mature. This policy is to be reviewed as part of the Housing Transformation Programme, with an alternative view to instead invest any surpluses back into the housing business.

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

Earmarked Funds – Capital Receipts

Right to Buy Attributable Debt Ear-Marked Capital Receipt

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

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

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

Section 4

Housing Revenue Account Budget

Post-HRA MTFS 2017/18 Approvals

There were no revenue decisions impacting the Housing Revenue Account in 2017/18 taken between the publication of the HRA Medium Term Financial Strategy (approved as part of the September / October committee cycle) and publication of this document. Such decisions, including any made under urgency arrangements, together with financial implications would be noted here.

Revised Budget 2017/18

The Housing Revenue Account (HRA) revenue budget for the current year (2017/18) was amended as part of the HRA Medium Term Financial Strategy in September 2017.

Although operational budgets for the current year are not formally reviewed as part of this Budget Setting Report, there is the need to recognise any major unavoidable pressure and any material changes in anticipated income for the year, alongside the impact in revenue terms of the need to revisit funding requirements for the Housing Capital Investment Plan in 2017/18 following re-phasing of new build schemes. This also results in an impact in the level of interest anticipated to be earned in 2017/18. A net change of £52,810 in the 2017/18 HRA budget is identified, as summarised in the table below.

| 2017/18 Revised Budget | Original Budget January 2017 £ | HRA MTFS September 2017 £ | HRA BSR Proposed Changes £ | HRA BSR January 2018 £ |
|--|---|--------------------------------------|---------------------------------------|-----------------------------------|
| Net HRA Use of / (Contribution to) Reserves | 2,317,380 | 2,494,610 | | |
| Savings / Increased Income | | | (152,810) | |
| Unavoidable Revenue Bids / Reduced Income | | | 100,000 | |
| Non-Cash Limit Adjustments | | | 0 | |
| Revised Net HRA Use of / (Contribution to) Reserves | | | | 2,441,800 |
| Variation on previously reported projection | | | | (52,810) |

The above figures include carry forward approvals from 2016/17 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in September 2017, with the net saving identified in the current year, as part of the January 2018 committee cycle, incorporated in the right-hand column.

The net reduction in costs for 2017/18 will result in a lower call on the use of Housing Revenue Account reserves than anticipated.

Overall Budget Position - 2018/19 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below and at **Appendix J**, with detail for the period to 2021/22 provided in **Appendix D (1)**:

| Proposal Type | 2018/19 £ | 2019/20 £ | 2020/21 £ | 2021/22 £ | 2022/23 £ |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Target Included | 250,000 | 0% | 0% | 0% | 0% |
| Reduction required to meet Current Savings Target | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 2018/19 Budget Items | | | | | |
| Savings | (413,740) | (627,040) | (627,040) | (627,040) | (627,040) |
| Increased Income | (288,240) | (288,240) | (288,240) | (288,240) | (288,240) |
| Unavoidable Revenue Pressures | 286,100 | 286,100 | 286,100 | 286,100 | 286,100 |
| Reduced Income | 54,700 | 54,700 | 54,700 | 54,700 | 54,700 |
| Bids | 92,000 | 108,400 | 108,400 | 99,200 | 99,200 |
| | | | | | |
| Net Savings Position (above) / below Savings Requirement | (19,180) | (216,080) | (216,080) | (225,280) | (225,280) |
| | | | | | |
| Non-Cash Limit Adjustments | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| Net Position for the HRA (above) / below overall assumptions | (19,180) | (216,080) | (216,080) | (225,280) | (225,280) |

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), investment income and depreciation. These items are treated outside of the 2018/19 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. For 2018/19 the non-cash limit items arrive at a nil net value, with a reduction of £502,530 in the level of depreciation anticipated to be charged in year and therefore transferred to capital as a funding source, directly replaced by the use of

direct revenue funding of capital expenditure (DRF) of the same value to ensure that the anticipated funding available is maintained.

Performance against Savings Target

A reduced savings target of £250,000 was incorporated into HRA forecasts for 2018/19 as part of the HRA Medium Term Financial Strategy approved in September 2017. The target was set in the context of a financial position which was improved in the short-term by the assumed deferral of the implementation of the higher value voids levy and in the longer-term by the increase in housing stock anticipated by virtue of Devolution Grant funding.

The savings identified in the table above, and included for decision as part of the HRA Budget Setting Report, are detailed in **Appendix D (1)**.

Savings that have been identified for 2018/19 are partially offset by the HRA reacting to unavoidable revenue pressures. The net position is an over-achievement against the savings target for 2018/19 of £19,180, increasing to an over-achievement of £216,080 against the £250,000 single year target by 2019/20. Based upon the current assumptions, no further savings would be sought from 2019/20, unless the budget strategy was amended as part of the 2018/19 Medium Term Financial Strategy in response to any change in financial context or assumptions. Details of the net savings can be found in **Appendix D (1)**.

No savings target has been incorporated from 2019/20 onwards, recognising that the Housing Transformation Programme has significantly reduced expenditure in the HRA, and that there is a critical mass which needs to be retained. This approach will be reviewed as part of the 2018/19 Medium Term Financial Strategy, by which point the impact of changes in national housing policy may be clear.

The result of any corporate transformation activity may have a financial impact for the HRA. The detail, and impact in monetary terms, is not always available at the outset of each project. Any anticipated savings to the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Transformation Fund

For 3 years from 2016/17 a budget of £120,000 per annum was included in the Housing Revenue Account, to allow investment in service transformation projects and in spend to save initiatives, in light of the major changes in national housing policy.

The budget has been used to deliver the Housing Transformation Programme, and to meet any cost of change that service transformation has incurred.

To date, the fund has been allocated to one-off projects only, with no ongoing call on the resource. As a result, the budget proposals for 2018/19 incorporate a reduction in the total budget of £366,200, to retain just £120,000 on an ongoing basis, to allow strategic investment in key areas of the housing service.

The responsibility for identification and approval of funding for suitable projects for this reduced resource to be invested in, whether one-off, or ongoing in nature, is delegated to the Strategic Director, who is responsible for ensuring that the authority continues to meet statutory obligations and has a housing offer which is fit for purpose.

Section 5

Housing Capital Budget

Stock Condition and Decent Homes

The housing service reported achievement of decency in the housing stock as at 31 March 2017 at 97%, with 215 properties that were considered to be non-decent (in addition to refusals). A further 375 properties were anticipated to become non-decent during 2017/18.

Budgets for decent homes and other investment in the housing stock were reviewed as part of the 2017/18 Medium Term Financial Strategy, with some virement and re-phasing resulting from the review.

Current financial assumptions are constructed on the basis that a partial investment standard is retained in the housing stock, but recognising that future consideration may need to be given to the impact of further reducing investment levels over the longer-term and returning to the basic decent homes standard, to provide flexibility to respond to any financial pressure that the HRA faces. The level of capital investment in the housing stock will be reviewed again during 2018/19.

New Build Affordable Housing

New Build Schemes Completed

At the time of writing this report 298 new homes had been completed since April 2012, of which 36 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) | June to September 2017 | 104 (26 Shared Ownership) | RTB & Sales Receipts, HCA Grant | 50% |
| Water Lane (Jolley Ford Court) | September 2017 | 14 | HCA Grant | 61% |
| Ekin Road (Ekin Close) | October 2017 | 6 | RTB Receipts | 100% |
| Total | | 298 (incl. 36 Shared Ownership) | | |

New Build Schemes On Site

The HRA has taken handover of a number of sites during 2017/18, with only a few sites where handover is still awaited. The site in progress are summarised in the table below, providing details of the anticipated costs and number of units that will be delivered on each site once complete:

| Scheme | Approved Social Housing Units | Approved Shared Ownership Units | External Funding Source | Latest Funding Approved (Capital Cost net of Land Transfer) | Grant, RTB Receipt and Sales Receipt Funding | Net Funding (Capital Cost net of Grant, Land Transfer, Sales and RTB Receipts) |
|---------------|-------------------------------|---------------------------------|---------------------------|---|--|--|
| Hawkins Road | 9 | 0 | RTB Receipts | 1,413,720 | (424,120) | 989,600 |
| Fulbourn Road | 8 | 0 | RTB Receipts | 1,320,540 | (396,160) | 924,380 |
| Uphall Road | 2 | 0 | Devolution / RTB Receipts | 322,000 | 318,500 | 3,500 |
| Total | 17 | 0 | | | | |

As a pilot project, the Major Projects Team in Estates and Facilities are nearing completion of the new build housing on the site at Uphall Road using in-house staff and some sub-contractors where we do not have sufficient expertise in house at this stage. As the pilot project has progressed well, the team have been allocated the site at Kendal Way and subject to planning, the site at Tedder Way for the coming year.

Future New Build

There are a number of sites which have scheme specific approval, but at the time of writing this report, were not on site. These schemes include the General Fund site at Mill Road, where Strategy & Resources approved the transfer of the site to the Cambridge Investment Partnership (CIP) for development, with the intention that the HRA acquire

the affordable housing on the site using a mix of Devolution Grant and retained right to buy receipts.

For CIP to be able to build out sites as affordable housing for the HRA, land transfer from the HRA into the CIP on a long lease will be required. The lease will include a break clause, which allows the HRA to, in effect, buy back the affordable housing once built, in return for a payment pre-agreed in the lease. The approach agreed with our legal advisors is that the HRA will be able to make lease instalment payments during the period in which the land is with CIP, as opposed to waiting until the new homes are complete, thus ensuring that retained right to buy receipts are re-invested within the required timescales. The lease instalment payments will demonstrate our intention to invoke the break clause and acquire the affordable housing. The budget has been constructed on the basis that lease instalment payment can be made. This is still subject to agreement by our external auditors. If we are unable to obtain agreement from our external auditors to this approach, there is a risk that the HRA may not be able to make payment until the homes on each site are complete and the break clause in the lease is invoked.

If lease instalment payments can't be made, the HRA will explore alternative options for the re-investment of retained right to buy receipts, which include both the acquisition of land for developments anticipated later in the delivery programme and as a last resort, the acquisition of existing market homes to be let as affordable housing.

The table below details the latest budget requirements for approval as part of the HRA Budget Setting Report and the assumed number of new homes which can be delivered, recognising that this is currently subject to both planning approval and procurement of a contractor or transfer to CIP for some of the sites. The latest budget approvals for sites identified for transfer to CIP are based upon the most recent cost estimates provided by CIP, but will not be finalised until after planning is approved and each site is formally transferred, at which point the lease will include the sum payable for the affordable housing.

| Scheme | Approved (Indicative) Social Housing Units | Approved Shared Ownership Units | Latest Budget for Approval (Capital Cost net of Land Transfer) | HCA Grant, RTB Receipt and Sales Receipt Funding | Devolution Grant | Net Capital Cost to the HRA |
|--------------------------|--|---------------------------------|--|--|------------------|-----------------------------|
| Nun's Way / Cameron Road | 7 | 0 | | | | |
| Wiles Close | 3 | 0 | 2,691,000 | (807,300) | (1,829,100) | 54,600 |
| Tedder Way | 2 | 0 | | | | |
| Kendal Way | 2 | 0 | | | | |
| Queensmeadow | 2 | 0 | 582,520 | (174,750) | (407,770) | 0 |
| Hills Avenue | 1 | 0 | 249,220 | (74,770) | (174,450) | 0 |
| Wulfstan Way | 3 | 0 | 827,430 | (248,230) | (579,200) | 0 |
| Anstey Way | 54 | 0 | 11,561,210 | (1,482,180) | (3,458,420) | 6,620,610 |
| Ventress Close | 15 | 0 | 3,450,270 | (721,580) | (1,683,670) | 1,045,020 |
| Akeman Street | 14 | 0 | 4,118,680 | (1,044,130) | (2,436,320) | 638,230 |
| Colville Road Garages | 3 | 0 | 866,350 | (259,900) | (606,450) | 0 |
| Mill Road | 92 | 0 | 19,366,000 | (5,809,800) | (13,556,200) | 0 |
| Markham Close | 4 | 0 | 855,190 | (256,550) | (598,640) | 0 |
| Gunhild Way | 2 | 0 | 585,720 | (175,710) | (410,010) | 0 |
| Total Due | 204 | 0 | | | | |

Where the budgets for specific schemes are being proposed for amendment as part of this Budget Setting Report the original approval level and number of units anticipated is compared to the revised budget and number of units included as part of this report;

| Scheme | Latest Budget Approval | Original Estimated Units | Revised Budget Approval | Revised Estimated Units |
|-----------------------|-------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Queensmeadow | 430,936 | 2 | 582,520 | 2 |
| Hills Avenue | 249,216 | 1 | Retain pending review | 1 |
| Wulfstan Way | 819,500 | 6 | 827,430 | 3 |
| Anstey Way | 10,197,000 | 54 | 11,561,210 | 54 |
| Ventress Close | 4,153,000 | 19 | 3,450,270 | 15 |
| Akeman Street | 1,986,510 | 10 | 4,118,680 | 14 |
| Colville Road Garages | 692,987 | 3 | 866,350 | 3 |

The costs for the site at Hills Avenue have been indicated as having increased, but a higher budget has not been incorporated as part of this Budget Setting Report, as officers are currently investigating the revised costs and are also exploring alternative delivery options for this site.

The table below confirms the current status for each scheme:

| 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 |
| Queensmeadow | In-fill | Pre-planning | 2 |
| Hills Avenue | In-fill | Pre-planning | 1 |
| Wulfstan Way | In-fill | Pre-planning | 3 |
| Anstey Way | Existing Housing | Demolition in progress. | 54 |

| Scheme | Site Type | Status | Potential New Build Units |
|----------------|--------------------|---------------|----------------------------------|
| | | Pre-planning | |
| Ventress Close | Existing Housing | Pre-planning | 15 |
| Akeman Street | Existing Mixed Use | Design stage | 14 |
| Colville Road | Garage Site | Pre-planning | 3 |
| Mill Road | GF Commercial | Pre-planning | 92 |

Akeman Street

Although the site at Akeman Street has scheme specific approval for the delivery of 10 new affordable homes, a commitment has been made to return to Housing Scrutiny Committee with a revised and improved scheme, before planning is applied for.

The revised scheme is expected to have considered the density of units which could be re-provided on the site and whether any re-provision of commercial or community facility should be incorporated in the final scheme.

In the interim, budget approval is sought as part of this report for a scheme of 14 units, using the latest cost information that is available to allow the scheme to proceed once detail is available.

Mill Road

Following approval at Strategy and Resources on 13 November 2017, of the transfer of the General Fund owned land at Mill Road, to CIP, the acquisition of the affordable housing on the site, which was approved at 50%, has been incorporated into the Housing Capital Investment Plan. This recognises that the HRA will acquire the affordable

housing, once built, funding the scheme using a mix of Devolution Grant and retained right to buy receipts.

The Housing Capital Investment Plan, an updated version of which is attached at **Appendix K**, incorporates the funding for new build schemes as identified in the tables above. It recognises the need for gross spend on the affordable housing scheme, land values, devolution grant, other 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.

Devolution Grant and RTB Funding – Pipeline New Build Schemes

The devolution programme, which utilising the £70,000,000 grant awarded to the authority over a 5 year period, existing and anticipated right to buy receipts and other HRA resource, is expected to deliver a programme of 500 new homes.

In addition to the schemes identified in the tables above, CIP are considering a programme of pipeline schemes which include other HRA sites, General Fund sites and land externally owned, where acquisition and development may be possible.

The approved new build budget, which is yet to be allocated to specific schemes, has been reviewed as part of this report, and budget has been re-profiled in accordance with the schemes identified in the pipeline and their potential delivery timescales, in an attempt to ensure that the use of retained right to buy receipts is measured as accurately as possible.

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

Asset Acquisitions & Disposals

Consideration continues to be given to the strategic acquisition or disposal of assets, in line with the HRA Acquisition and Disposal Policy.

The capital receipt generated by a strategic disposal can currently be retained in full by the authority, subject to utilising it to invest in affordable housing or regeneration.

It is unclear from when, if at all, the authority will be compelled to sell a proportion of its vacant housing stock as part of Higher Value Voids Levy, with no announcements having been made in this regard recently, and no secondary regulations or guidance in place having been approved or issued, even in draft or consultative form.

In respect of acquisitions, a delegation was approved to the Strategic Director to draw down resource, otherwise set aside for the repayment of debt, to acquire homes on the open market if new build housing was not coming forward quickly enough to avoid the loss of right to buy receipts.

An initial budget of £5,000,000 was drawn down by the Strategic Director at the beginning of 2017/18, and confirmed formally in the HRA Medium Term Financial Strategy, and this budget has been increased by a further £1,000,000, as confirmed in this report. Attention was focussed initially in acquiring ex Council flats in blocks where the authority still owns the freehold, but as the year has progressed, other opportunities have been explored, particularly those where a number of homes can be acquired in a single transaction.

At the time of writing this report, the authority had completed the strategic disposal of 1 dwelling and the acquisition of 8 dwellings in 2017/18, with the following transactions still in progress:

| 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) | Marketed with offers received |
| 101 Gwydir Street | Bedsit in Gwydir Street off Mill Road approved for disposal on the open market | Offer accepted and in progress |
| 2-bed flat in Abbey | 2-bedroom flat in Abbey, with acquisition considered for rental purposes | Offer accepted and in progress |
| 8 x 2-bed flats and 4 x 2-bed maisonettes in Chesterton | Acquisition of 3 small flat blocks with the freehold, available in a single transaction with vacant possession already achieved. In need of some reconfiguration and decent homes work. | Offer accepted and in progress |

Capital Bids, Savings and Re-Phasing

There are capital bids incorporated as part of the 2018/19 HRA Budget Setting Report, alongside a number of areas of re-allocation and re-phasing.

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

- Inclusion of a bid for £150,000 for the replacement of the Housing Management Information System, to add to the existing allocation for the project which is deemed insufficient to meet the cost of the breadth of services tendered for.
- Inclusion of a bid for £25,000 for the replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates.

- Inclusion of a bid of £1,548,000 to increase the budget for the project to reconfigure Ditchburn Place as self-contained accommodation, based upon the latest cost estimates available for the project which is being delivered in phases, with contracts priced and awarded in this way also.
- Re-phasing of capital budgets, and associated contract overheads, for health and safety works and hard surfacing works from 2017/18 into 2018/19 in line with revised delivery timescales.
- Inclusion of £608,000 of estimated resource for Disabled Facilities Grants through the Better Care Fund for 2018/19 and the corresponding expenditure, recognising that this is still subject to confirmation by the County Council and with future years dependent upon a major review by the County Council and Home Improvement Agencies. Delegated authority is sought to adjust this budget once final grant levels have been confirmed.
- Adjustments to budgets for new build schemes that have previous approvals, recognising the latest delivery proposals for the site and associated cost estimates available, as identified in **Appendix E**.
- Re-phasing of new build schemes as identified in **Appendix E**.
- Re-phasing of the new build programme utilising both devolution grant and retained right to buy receipts, recognising the current schemes in the pipeline and their estimated delivery timescales.
- Adjustment to the level of resources held for works to new build dwellings and to meet the cost of inflation, as a result of the changes above.
- Inclusion of a £1,750,000 Section 106 affordable housing contribution as a funding source for the future delivery of affordable housing within the HRA.

Section 6

HRA Treasury Management

Background

Statutorily, the Housing Revenue Account is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions, and is also required to review this budget again during each year.

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

HRA Borrowing

As at 1 April 2017, the Housing Revenue Account supported external borrowing of £213,572,000 in 20 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

In addition to the external loans attributable to the HRA, there was the sum of £749,335 of internal borrowing from the General Fund, where the HRA is required to pay the General Fund annual interest on the debt, at a reasonable rate, as part of the Item 8 Debit to the HRA.

The Housing Revenue Account is still subject to a debt cap of £230,839,000, which provides borrowing headroom of £16,090,750. With the latest assumptions incorporated into the financial plans, additional borrowing is unlikely to be called upon in the short-term. The authority may choose to borrow up to the borrowing cap to deliver additional affordable housing, or alternatively to retain the borrowing power for later years of the business plan to ensure the existing property portfolio can still be maintained in a decent condition if other resources reduce.

Announcements as part of the Autumn 2017 Budget, included confirmation that the government will lift the borrowing cap in areas of high affordability pressure, so that more council homes can be built. Local authorities will be invited to bid for increases in their borrowing caps from 2019-20, up to a total of £1 billion by the end of 2021-22. Detail surrounding this is now awaited.

The 2018/19 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or rates available for taking out any additional borrowing at this stage. This will need to be undertaken at the point at which any borrowing is considered as part of the coming year's budget.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The current debt repayment strategy is to attempt to set-aside sufficient resource to redeem 25% of the HRA debt from the point at which the loan portfolio begins to mature, in 2037/38.

The review of this approach, as part of the Housing Transformation Programme, has been deferred until the outcome of the potential higher value voids levy is known, and this would significantly impact any alternative recommendations made.

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

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk

Equality Impact Assessment

Local authorities continue to have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy / maternity, and religion or belief as well as to promote good race relations, and to demonstrate this in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

As part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all new 2018/19 HRA Budget proposals, where any impact is anticipated. The assessment identifies the impact of a proposal, any mitigation available and includes an action plan detailing how negative impact can be addressed. All Equalities Impact Assessments are available on the Council's website. The Equalities Impact Assessment for the overall HRA budget is included at **Appendix L**.

Risk Assessment

It is imperative that consideration is given to any changes in the perceived level of internal and external risk that the housing service is subject to, ensuring that the authority is able to sustain a financially viable Housing Revenue Account .

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

HRA Reserves

Housing Revenue Account General Reserves

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

For the Housing Revenue Account the target level of reserves of £3m, with a minimum level of reserves of £2m, is proposed to be retained, recognising the need to safeguard the Council against the higher levels of risk and uncertainty in the current financial and operational environment for housing.

During 2018/19 a review will be undertaken in respect of the approach to setting the target and minimum level of reserves for the HRA, to compare the approach taken to that now taken for the General Fund. Any change in approach will be presented as part of the HRA Medium Term Financial Strategy in September 2018.

Financial Assumptions and Sensitivity

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

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

Appendix I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2018/19.

Options and Conclusions

Overview

The budget for 2018/19 has been constructed in the wider context of the national position for social housing, with the authority still seeking to achieve a balance in investment against the previously agreed priorities:

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

Imposed rent cuts for a further 2 years continue to negatively impact the housing business, whilst uncertainties in respect of regulation for some other changes in national housing policy, still pose significant challenges in predicting the future for the housing service.

Considerable work has been undertaken over the last 3 years as part of the Housing Transformation Programme, to ensure that the authority is best placed to respond to the financial challenges that it faces. There are still work streams to conclude their findings, but there is also the need for some of the changes already implemented to be allowed to bed in, with changes in working practices and processes to be explored, communicated and widely adopted. A programme of training is ongoing for staff across the Housing Service to assist with this.

Summary and Conclusions

The work undertaken as part of the 2018/19 budget process to date, has resulted in the development of proposals for the base budget of the Housing Revenue Account.

In January 2018 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions in respect of the revenue aspects of the budget, making recommendation for the housing capital budget for 2017/18 to 2022/23 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

- Approval of property rents, garage and parking space rents and service charges
- Approval of any revised budget proposals
- Approval of any unavoidable revenue pressure proposals
- Approval of any savings proposals
- Approval of any increased income proposals
- Approval of any non-cash limit items
- Approval of any capital bids, capital savings, revised scheme costs and timings

- Approval of capital resource re-allocation

The meeting of Council on 22nd February 2018 will consider the final proposed Housing Capital Budget as identified in this report for approval.

A significant proportion of the savings identified in the HRA from 2018/19 result from a reduction in the ongoing funding identified for Housing Transformation, where significant savings have been delivered with little need identified for initial investment to deliver the change.

As part of the 2017/18 budget process, additional savings have been identified in other operational areas of the HRA, including reductions in office costs, utilities, pension deficit contributions and interest payable and the proposal to delete the vacant Strategic Housing Advisor post, now that the Transformation Project is nearing completion.

Increased rent and service charge income has been identified, due in part to the decision to defer the assumption around any implementation of the higher value voids levy, coupled with increases in photo-voltaic income and in interest anticipated to be received on cash balances held.

These savings are partially offset by unavoidable revenue pressures, predominantly due to increased costs in respect of responsive and cyclical repairs, the need to recruit an additional surveyor to address health and safety and risk management across the housing stock, and the need to meet the cost of higher than anticipated service charges at Scholar's Court.

Non-cash limit adjustments in respect of depreciation and revenue funding of capital expenditure directly offset each other, having a nil net effect on the HRA. These have therefore not been detailed in **Appendix D(1)** as they have been treated as virements.

The overall position for the HRA for 2018/19 (including non-cash limit adjustments) is over-achieved by £19,180, increasing in 2019/20, by which point the savings target of £250,000 will be over-achieved by £216,080 on an ongoing basis.

There is currently no savings target incorporated from 2019/20 onwards, and it is recognised that to deliver further savings, the authority would need to accept significant changes in the level at which services are provided, or in the way in which services are delivered.

By the same token, there is no resource identified in future years for strategic investment or priority policy investment, so any areas of unavoidable revenue pressure or additional strategic investment identified, will need to be funded by the identification of savings elsewhere in the HRA.

The HRA's approach to long-term financial planning still incorporates the assumption that any surplus resource will be set-aside in the first instance, until 25% of the loan portfolio can be redeemed at maturity, with any balance available for re-investment in income generating assets, whilst also maintaining reasonable financial assumptions in ongoing investment need in the current housing stock. The review of this approach has been deferred until the outcome of the higher value voids levy is known, and this would significantly impact any recommendations arising from this review.

The inclusion of Devolution Grant in the financial projections, resulting in a programme of 500 new homes over a 5 year period, and a net increase in the housing stock over this period, with new homes outweighing those anticipated to be lost through the right to buy.

One of the biggest risks for the HRA in 2018/19 will be the ability to invest in new homes, using Devolution Grant and retained right to buy receipts, quickly enough to avoid the need to hand any right to buy receipts to central government, with interest penalties attached.

Officers are exploring routes to accelerate delivery of new homes through CIP, and also the potential to acquire land in advance of the delivery of new affordable homes on privately owned sites in the city. There may still be the need to acquire further existing homes on the open market in 2018/19, but this could jeopardise the ability to deliver 500 homes through the Devolution Programme, if right to buy receipts and other HRA resources are directed into strategic acquisition of market homes to be used for affordable rent.

In 2018/19, the delegation to the Strategic Director, to allow revenue resource previously transferred into the potential debt redemption / new build reserve to be drawn down to allow the strategic acquisition of market housing for use as affordable rented homes is retained. This will continue to mitigate the risk that delay, or lead in, to the delivery of new homes may result in a requirement to pay retained right to buy receipts over to central government, with an interest penalty attached.

There is still uncertainty in other areas of national housing policy change, with regulations surrounding the introduction of compulsory fixed term tenancies still awaited and the future of the proposals around legislation for the sale of higher value voids levy still unclear.

As part of welfare changes, the local impact of direct payment through Universal Credit is also yet to be quantified and realised, but with concerns still evident based upon the experience of authorities who are further progressed in terms of rollout.

Any review of the need to identify savings in future years will need to consider not only the need to sustain a 30 year business plan, but also the impact of any emerging housing legislation, the authorities aspirations for delivery of new build housing in the future, and the approach to continuing to set-aside resource for the redemption housing debt.

Business Planning Assumptions (Highlighting Changes)

| Key Area | Assumption | Comment | Status |
|------------------------------|--|---|----------------|
| General Inflation (CPI) | 2.6% for 2018/19, then 2.2%, 2.3% and 2% ongoing | General inflation on expenditure included at 2.6% for 2018/19, falling to 2.2% for 2019/20, 2.3% for 2020/21, and then 2% ongoing, per Bank of England forecasts. | Retained |
| Capital Inflation | 3.53% for 2018/19, 3.13%, 3.23%, then 2.93% ongoing | Based upon the mix of BCIS and CPI forecasts for the next 4 years, using an average over this period. | 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 sale of higher value voids levy is known. | 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 2018/19. | Retained |
| Pay Inflation | 1.5% Pay Progression & 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. | Retained |
| 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. | Retained |
| Social Rent Review Inflation | -1% from 2018/19 for 2 years, then CPI plus 1% for 5 years, then CPI | 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 | Retained |

| Key Area | Assumption | Comment | Status |
|---|--|---|-------------------------------------|
| | plus 0.5% from 2025/26 | CPI in preceding September is as above. | |
| Affordable Rent Review Inflation | CPI for 2 years, then CPI plus 1% for 5 years, then CPI plus 0.5% from 2025/26 | 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 | Voids 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% ongoing | Interest rates based on latest market projections, including the impact of additional CCLA investment. | Retained |
| Internal Lending Interest Rate | 1%, 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 |
| External Borrowing Interest Rate | 2.8% | Assumes additional borrowing using Capita predictions of PWLB rates, currently 2.8%, including assumed certainty rate. | Retained |
| Internal Borrowing Interest Rate | 2.8% | Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route. | Retained |
| HRA Minimum Balances | £2,000,000 | Maintain HRA minimum balance at £2,000,000, 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, pending review in 2018/19 |
| Right to Buy Sales | 50, 40, 35, 30, then 25 sales ongoing | 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. | Retained |
| Right to Buy Receipts | Settlement right to buy | Debt settlement receipts included, assuming the receipts utilised partly for | Retained |

| Key Area | Assumption | Comment | Status |
|--------------------------------|--|---|----------------|
| | and assumed one-for-one receipts included | general fund housing purposes. Anticipated one-for one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside. | |
| Void Rates | 1.16% for 2018/19. 1% for 2019/20, then 0.84% ongoing | Assumes 1.16% in 2018/19, reducing to 1%, then 0.84% from 2020/21, recognising refurbishment works and improved void processes longer-term | Amended |
| 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 |
| Savings Target | £250,000 for 2018/19, then to be reviewed | 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. | Retained |
| 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 |
| 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 |

Service Charges

Appendix B

| Charge Description | Charges 2017/18 | Charge Basis | Charges 2018/19 |
|-------------------------------------|------------------|------------------------|-----------------|
| General Stock | | | |
| Caretaking Charge | £3.26 to £4.24 | Per Week Over 48 Weeks | A |
| Building Cleaning | £0.01 to £6.59 | Per Week Over 48 Weeks | A |
| Estate Services Champion | £0.16 to £0.49 | Per Week Over 48 Weeks | A |
| Door Entry | £0.17 to £1.47 | Per Week Over 48 Weeks | A / B |
| Passenger Lifts | £0.33 to £2.40 | Per Week Over 48 Weeks | A / B |
| Gas Maintenance / Servicing | £2.17 | Per Week Over 48 Weeks | A / B |
| Digital TV Aerial Charge | £0.28 | Per Week Over 48 Weeks | A |
| Grounds Maintenance | £0.01 to £13.65 | Per Week Over 48 Weeks | A / B |
| Communal Electricity | £0.07 to £1.95 | Per Week Over 48 Weeks | A / B |
| Community Alarm Charge | £5.04 | Per Week Over 48 Weeks | C |
| Third Party Service Charge | £12.05 to £22.84 | Per Week Over 48 Weeks | A |
| General Sheltered Schemes | | | |
| Premises Charge | £0.64 to £22.03 | Per Week Over 48 Weeks | A |
| Communal Heating / Lighting | £1.99 to £7.72 | Per Week Over 48 Weeks | A |
| Individual Heating / Lighting | £4.80 to £11.02 | Per Week Over 48 Weeks | A |
| Water | £1.42 to £4.25 | Per Week Over 48 Weeks | A |
| Grounds Maintenance | £1.02 to £2.51 | Per Week Over 48 Weeks | A |
| Electrical / Mechanical Maintenance | £2.88 to £5.26 | Per Week Over 48 Weeks | B |
| Sheltered Support Charge | £6.00 to £7.40 | Per Week Over 48 Weeks | C |
| Sheltered Alarm Charge | £1.86 | Per Week Over 48 Weeks | A |
| Landlord Emergency Contact | £1.14 | Per Week Over 48 Weeks | A |
| Ditchburn Place | | | |
| Premises Charge | £2.24 to £48.71 | Per Week Over 48 Weeks | A |

| | | | |
|--|------------------|------------------------|---------|
| Flat Cleaning / Laundry Charge | £27.13 | Per Week Over 48 Weeks | A |
| Communal Heating / Lighting | £0.72 to £6.76 | Per Week Over 48 Weeks | A |
| Individual Heating / Lighting | £6.64 to £13.07 | Per Week Over 48 Weeks | A |
| Water | £2.67 to £3.91 | Per Week Over 48 Weeks | A |
| Catering | £123.25 | Per Week Over 48 Weeks | A |
| Grounds Maintenance | £1.85 | Per Week Over 48 Weeks | A |
| Electrical / Mechanical Maintenance | £2.71 | Per Week Over 48 Weeks | B |
| Sheltered Support Charge | £7.40 | Per Week Over 48 Weeks | C |
| Extra Care Support Charge | £26.47 | Per Week Over 48 Weeks | C |
| Alarm Charge | £1.86 | Per Week Over 48 Weeks | A |
| Landlord Emergency Contact | £1.14 | Per Week Over 48 Weeks | A |
| Launderette – Wash / Dry | £6.50 | Per Load As Requested | A |
| Temporary Accommodation | | | |
| Premises Charge | £37.10 to £63.10 | Per Week Over 48 Weeks | A |
| Individual Heating / Lighting | £13.46 to £28.59 | Per Week Over 48 Weeks | A |
| Water | £6.91 to £10.37 | Per Week Over 48 Weeks | A |
| Electrical / Mechanical Maintenance | £3.08 to £5.76 | Per Week Over 48 Weeks | B |
| Independent Living Services | | | |
| Private Lifelines - In City | £4.65 | Per Week Over 52 Weeks | £4.93 |
| Private Lifelines - Out City | £7.53 | Per Week Over 52 Weeks | £7.53 |
| Keysafe / Keyholding Charge | £2.68 | Per Quarter | £2.75 |
| Monitoring Charge | £0.38 | Per Week Over 52 Weeks | £0.39 |
| Leasehold Charges for Services | | | |
| Solicitors' pre-sale enquiries | £110.00 | As Requested | £110.00 |
| Copy of lease | £30.00 | As Requested | £30.00 |
| Re-mortgage Enquiry/Copy of Insurance schedule | £30.00 | As Requested | £30.00 |

| | | | |
|---|-------------------|-----------------------------|--------------------|
| Notice of Assignment / Notice of Charge | £75.00 | As Requested | £90.00 |
| Deed of Variations Administration Only CCC Solicitor Fee and Own Solicitor Fee | £150.00 | As Requested | £50.00 £550.00+ |
| Home Improvements – Administration Only Inclusive of Surveyor Visit | £30.00 £125.00 | As Requested AS Required | £30.00 £125.00 |
| Retrospective consent for improvements | Above + £25.00 | As Requested | Above +£25.00 |
| Registering sub-let details | £50.00 | As Requested | £50.00 |
| Advice Interview for Prospective Purchasers | New | As Requested | £50.00 |
| Initial Administration Fee/Survey for Application to purchase Loft Space | £175.00 | As Requested | £175.00 |

| Key | |
|-----|---|
| A | These charges are currently (or will be - in the case of any new charges), based on recovering the actual cost of service provision and the proposal is to continue to recover the full estimated cost of providing these services in 2018/19. The exception to this will be in respect of affordable homes, where total rents and service charges will be limited to Local Housing Allowance levels, and therefore full cost recovery will not always be possible. Where possible service charges will be amended, with the rent element acting as the balancing figure. |
| B | These charges were separated out from rent in 2004/05. Charges can be increased to recover up to full cost, recognising that the authority should endeavour to limit increases to inflation at 3% (CPI at September 2017 plus 1%) |
| C | Charges levied for support activities will be reviewed in line with services being provided following renegotiation of the support service for older people, where the County Council commission services across the city as a whole. |
| | Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council. |

HRA Earmarked & Specific Funds

Appendix C

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|-------------------------|------------------|----------------|------------------------|------------------|
| General Management | (982.8) | (80.7) | 0.5 | (1,063.0) |
| Special Services | (963.1) | (142.3) | 30.7 | (1,074.7) |
| Repairs and Maintenance | (306.3) | (63.3) | 0 | (369.6) |
| Total | (2,252.2) | (286.3) | 31.2 | (2,507.3) |

Tenants Survey

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|----------------|-----------------|---------------|------------------------|-----------------|
| Tenants Survey | (28.6) | (6.3) | 0.0 | (34.9) |

Debt Set-Aside (Revenue)

| | Opening Balance | Contributions | Expenditure to October | 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 October | Current Balance |
|----------------|-----------------|---------------|------------------------|-----------------|
| Debt Set-Aside | (6,876.7) | (600.3) | 0.0 | (5,679.6) |

Major Repairs Reserve

| | Opening Balance | Contributions | Expenditure to October | Current Balance |
|-----|-----------------|---------------|------------------------|-----------------|
| MRR | (3,269.9) | (1,031.2) | 0.0 | (4,301.1) |

2018/19 Budget - All Revenue Items (HRA)

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|----------------------|---|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|---|
| Savings | | | | | | | | |
| Housing - HRA | | | | | | | | |
| S4028 | Reduction in interest anticipated to be payable by the HRA | (12,640) | (11,240) | (11,240) | (11,240) | (11,240) | Julia Hovells | Nil |
| | <i>Using the latest rates assumed for interest payable to the General Fund for internal borrowing, the HRA expects to pay less in interest than previously assumed, where an external PWLB interest rate was assumed.</i> | | | | | | | None |
| S4029 | Savings in operational costs across the Housing Revenue Account | 0 | (22,700) | (22,700) | (22,700) | (22,700) | Julia Hovells | Nil |
| | <i>This saving is anticipated due to reduced operational expenditure such as IT, training, special projects and office running costs across Estates and Facilities, City Homes and HRA Departmental Overheads service areas.</i> | | | | | | | None |
| S4031 | Savings in salary costs due to staff turnover and retention | 0 | (25,800) | (25,800) | (25,800) | (25,800) | Julia Hovells | Nil |
| | <i>This saving is delivered due to new staff being appointed at lower points on the scale, and retained staff at top of scale not being in receipt of incremental progression.</i> | | | | | | | None |
| S4033 | Deletion of the Strategic Housing Advisor post | 0 | (54,600) | (54,600) | (54,600) | (54,600) | Suzanne Hemingway | Nil |
| | <i>Following completion of a 3 year programme of transformation of the Housing Service, the part-time vacant post of Strategic Housing Advisor and the associated costs of employing this post are proposed to be deleted. Future change and transformation of the Housing Service will now be led by the Strategic Director.</i> | | | | | | | None |
| S4034 | Temporary Housing operational savings | 0 | (18,700) | (18,700) | (18,700) | (18,700) | David Greening | Nil |
| | <i>It is proposed to reduce budgets across the temporary housing service based upon prior year activity, with reductions in utilities, telephone and IT costs.</i> | | | | | | | None |
| S4082 | Removal of years 1 and 2 ongoing transformation funding | 0 | (246,200) | (246,200) | (246,200) | (246,200) | Suzanne Hemingway | Nil |
| | <i>An ongoing transformation fund of £120,000 per annum for 3 years was included in the HRA to deliver major service transformation. As expenditure in years 1 and 2 has been one-off in nature, it is proposed to remove the ongoing budgetary provision, leaving £120,000 only (year 3 fund) , from April 2018 onwards.</i> | | | | | | | None |
| S4103 | Reduced pension deficit contributions from the HRA | 0 | (34,500) | (247,800) | (247,800) | (247,800) | Julia Hovells | Nil |

2018/19 Budget - All Revenue Items (HRA)

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Savings

Following the latest triennial review and negotiations for a 3 year up-front settlement, the anticipated contributions from the HRA to meet the pension deficit are lower than previously budgeted.

None

Total Savings in Housing - HRA

| | | | | |
|----------|-----------|-----------|-----------|-----------|
| (12,640) | (413,740) | (627,040) | (627,040) | (627,040) |
|----------|-----------|-----------|-----------|-----------|

Total Savings

| | | | | |
|----------|-----------|-----------|-----------|-----------|
| (12,640) | (413,740) | (627,040) | (627,040) | (627,040) |
|----------|-----------|-----------|-----------|-----------|

2018/19 Budget - All Revenue Items (HRA)

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Increased Income

Housing - HRA

| | | | | | | | | |
|--------|---|---|---------|---------|---------|---------|---------------|-----|
| II4030 | Increased income from photovoltaic installations on HRA buildings | 0 | (9,200) | (9,200) | (9,200) | (9,200) | Will Barfield | Nil |
|--------|---|---|---------|---------|---------|---------|---------------|-----|

As new build sites and refurbishment schemes progress, the income from photovoltaic generation and feed in tariffs increases. Low

| | | | | | | | | |
|--------|------------------------------------|---|-----------|-----------|-----------|-----------|---------------|-----|
| II4104 | Increased rental income in the HRA | 0 | (162,500) | (162,500) | (162,500) | (162,500) | Julia Hovells | Nil |
|--------|------------------------------------|---|-----------|-----------|-----------|-----------|---------------|-----|

An increase in rental income is anticipated in 2018/19 due to the deferral of the assumption around the sale of higher value voids coupled with budgeting assuming that all new shared ownership homes are sold by April 2018, with sales values and proportions sold based upon experience to date. None

| | | | | | | | | |
|--------|--|---|----------|----------|----------|----------|---------------|-----|
| II4105 | Net increase in service charge income in the HRA | 0 | (17,600) | (17,600) | (17,600) | (17,600) | Julia Hovells | Nil |
|--------|--|---|----------|----------|----------|----------|---------------|-----|

A net increase in service charge income to the HRA is anticipated after allowing for the anticipated expenditure and associated income for all new build sites delivered to date. The net increase is due to additional income anticipated to be received from leaseholders, partly offset by reductions in cleaning and utility charges. None

| | | | | | | | | |
|--------|-------------------------|-----------|----------|----------|----------|----------|---------------|---|
| II4123 | Interest due to the HRA | (140,170) | (98,940) | (98,940) | (98,940) | (98,940) | Julia Hovells | ? |
|--------|-------------------------|-----------|----------|----------|----------|----------|---------------|---|

Based upon the latest estimated revenue and capital balance projections, coupled with the latest interest rate assumptions, the HRA is anticipated to receive a higher level of interest from 2018/19.

| | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--|--|
| Total Increased Income in Housing - HRA | (140,170) | (288,240) | (288,240) | (288,240) | (288,240) | (288,240) | | |
| Total Increased Income | (140,170) | (288,240) | (288,240) | (288,240) | (288,240) | (288,240) | | |

2018/19 Budget - All Revenue Items (HRA)

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Unavoidable Revenue Pressure

Housing - HRA

| | | | | | | | | |
|---------|--|---|--------|--------|--------|--------|---------------|-----|
| URP4022 | Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post | 0 | 45,500 | 45,500 | 45,500 | 45,500 | Will Barfield | Nil |
|---------|--|---|--------|--------|--------|--------|---------------|-----|

Following recent tragic events at Grenfell Tower, it is necessary to employ a Statutory Inspection and Energy Surveyor to ensure that all health and safety and fire safety work is identified and carried out in a timely manner, and that any changes in legislation are responded to quickly and effectively. This bid also recognises the need to increase the Assistant Surveyor (Adaptations) post by 7 hours to be full time, following the decision made in January 2017, to introduce a new charging structure for adaptation work.

None

| | | | | | | | | |
|---------|--|---|--------|--------|--------|--------|---------------|-----|
| URP4023 | Net increase in cyclical and planned revenue repairs expenditure | 0 | 34,200 | 34,200 | 34,200 | 34,200 | Will Barfield | Nil |
|---------|--|---|--------|--------|--------|--------|---------------|-----|

Recognition of an increased need to spend in cyclical maintenance in respect of TV aerial relocation, fire safety equipment and disabled adaptation servicing and maintenance, partially offset by reductions in electrical supply costs, lift maintenance contracts and by cash limiting the fencing annual budget of £200,000.

None

| | | | | | | | | |
|---------|--|---|--------|--------|--------|--------|---------------|-----|
| URP4032 | Increased service charges at Scholar's Court | 0 | 16,400 | 16,400 | 16,400 | 16,400 | Julia Hovells | Nil |
|---------|--|---|--------|--------|--------|--------|---------------|-----|

The service charges payable to Carter Jonas for managing the Scholar's Court housing development are higher than the standard level of service charges assumed for HRA sites.

None

| | | | | | | | | |
|---------|---|---------|---------|---------|---------|---------|--------------|-----|
| URP4106 | Increase in the cost of response repairs in the HRA | 100,000 | 190,000 | 190,000 | 190,000 | 190,000 | Lui Graziano | Nil |
|---------|---|---------|---------|---------|---------|---------|--------------|-----|

The cost of response repairs across the HRA is expected to continue at the higher rate experienced during 2016/17. Although additional income is being received for special project work, the team are being required to be deployed to tackle day-to-day work when staff are absent, and an element of work is still needing to be sub-contracted. For 2017/18 the increase in costs is due to the need to survey some balconies as an urgent task.

None

| | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|--|--|--|
| Total Unavoidable Revenue Pressure in Housing - HRA | 100,000 | 286,100 | 286,100 | 286,100 | 286,100 | | | |
| Total Unavoidable Revenue Pressure | 100,000 | 286,100 | 286,100 | 286,100 | 286,100 | | | |

2018/19 Budget - All Revenue Items (HRA)

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Reduced Income

Housing - HRA

| | | | | | | | | |
|--------|--|---|--------|--------|--------|--------|--------------|-----|
| RI4024 | Net reduction in income at Ditchburn Place as a result of the refurbishment project | 0 | 21,600 | 21,600 | 21,600 | 21,600 | Laura Adcock | Nil |
|--------|--|---|--------|--------|--------|--------|--------------|-----|

A reduction in catering and other income is anticipated at Ditchburn Place as a direct result of the project to refurbish the scheme to create self-contained accommodation. The loss of income is partially offset by a reduction in anticipated spending on utilities and other operational costs. None

| | | | | | | | | |
|--------|---|---|--------|--------|--------|--------|--------------|-----|
| RI4027 | Net impact of changes in anticipated income and expenditure for the Independent Living Service | 0 | 13,200 | 13,200 | 13,200 | 13,200 | Laura Adcock | Nil |
|--------|---|---|--------|--------|--------|--------|--------------|-----|

This reduced income bid combines the impact of a reduction in income for emergency alarms and a cash limited sum anticipated from the County Council for the provision of support to older people with an increase in the sum payable to the County Council for the out of hours response service. None

| | | | | | | | | |
|--------|--|---|--------|--------|--------|--------|---------------|-----|
| RI4100 | Reduction in commercial property income HRA | 0 | 19,900 | 19,900 | 19,900 | 19,900 | Julia Hovells | Nil |
|--------|--|---|--------|--------|--------|--------|---------------|-----|

A lower level of commercial property income is anticipated in 2018/19 due predominantly to the decision not to re-let the clinic at Kingsway, but instead to convert it into 4 flats for rental. Low

| | | | | | | | | |
|--|----------|---------------|---------------|---------------|---------------|---------------|--|--|
| Total Reduced Income in Housing - HRA | 0 | 54,700 | 54,700 | 54,700 | 54,700 | 54,700 | | |
| Total Reduced Income | 0 | 54,700 | 54,700 | 54,700 | 54,700 | 54,700 | | |

2018/19 Budget - All Revenue Items (HRA)

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

Housing - HRA

| | | | | | | | | |
|--|---|---|--------|--------|--------|--------|----------------|-----|
| B4026 | Running costs for the Estate Service Champion Van | 0 | 2,000 | 2,000 | 2,000 | 2,000 | Sandra Farmer | Nil |
| <p>The Estate Service champions have an outdated van which is used for a variety of tasks across our housing estates, including the removal of bulky waste and supporting community action days. The van is now in need of replacement, with a capital bid allowing for the purchase of a 3.5 ton tipper and this revenue bid allowing for the tax, insurance, servicing, repairs and fuel associated with running the vehicle.</p> | | | | | | | | |
| B4101 | Staffing – Fraud Prevention Officer | 0 | 24,600 | 24,600 | 24,600 | 24,600 | Julia Hovells | Nil |
| <p>In order to maintain current staffing levels a bid is being made for funding of a fraud prevention officer in light of the end of DCLG funding for this post. It is proposed to fund 60% of this post from the HRA as there is a significant incidence of reclaim of council owned dwellings as part of this work. (Linked to proposal B4004).</p> | | | | | | | | |
| B4119 | Increase in the ongoing support and maintenance costs for the Housing Management Information System | 0 | 30,000 | 30,000 | 30,000 | 30,000 | Julia Hovells | Nil |
| <p>Based upon the breadth of the specification that has been tendered, and the latest price indications from the marketplace, the existing budget for the ongoing support and maintenance of the Housing Management Information System is anticipated to be insufficient to meet the full cost of supporting all modules and associated add-on products.</p> | | | | | | | | |
| B4131 | Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour | 0 | 9,000 | 9,000 | 9,000 | 9,000 | Julia Hovells | Nil |
| <p>The proposal is to introduce a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour. For employees the weighting will be paid in addition to salary and the Living Wage supplement, to bring the hourly rate to an equivalent of £10 per hour. For agency workers the weighting will apply in addition to current hourly rates and the Living Wage arrangements. The weighting will be variable, depending upon the current hourly rate and the Living Wage supplement payable at that time.</p> | | | | | | | | |
| B4132 | Digital Team Staffing - Joint 3C Approach | 0 | 26,400 | 42,800 | 42,800 | 33,600 | Jonathan James | Nil |

To create a collaborative Digital Structure working within 3C ICT that will give respective digital initiatives greater impetus and focus. The resources include the vital future hosting and development costs associated with the council's website, and will also facilitate C4065 as well as a transformational digital programme of work within the council. Strong public support for digital transformation and channel shift was evidenced in the City Council's recent budget consultation exercise. HRA element [Linked to B4068]

2018/19 Budget - All Revenue Items (HRA)

Page 7 of 7

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

Total Bids in Housing - HRA

| | | | | |
|---|--------|---------|---------|--------|
| 0 | 92,000 | 108,400 | 108,400 | 99,200 |
|---|--------|---------|---------|--------|

Total Bids

| | | | | |
|---|--------|---------|---------|--------|
| 0 | 92,000 | 108,400 | 108,400 | 99,200 |
|---|--------|---------|---------|--------|

Report Total

| | | | | |
|----------|-----------|-----------|-----------|-----------|
| (52,810) | (269,180) | (466,080) | (466,080) | (475,280) |
|----------|-----------|-----------|-----------|-----------|

2018/19 Budget - All Capital Items (HRA)

Page 1 of 1

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Capital Bids

Housing - HRA

| | | | | | | | | |
|--------------|---|---|--------|---|---|---|---------------|----|
| C4025 | Replacement of the Estate Service Champion Van | 0 | 25,000 | 0 | 0 | 0 | Sandra Farmer | +L |
|--------------|---|---|--------|---|---|---|---------------|----|

The Estate Service champions have an outdated van which is used for a variety of tasks across our housing estates, including the removal of bulky waste and supporting community action days. The van is now in need of replacement, with this bid allowing for the purchase of a 3.5 ton tipper. None

| | | | | | | | | |
|--------------|--|---|---------|---|---|---|---------------|-----|
| C4118 | Increase in purchase and implementation costs for the Housing Management Information System | 0 | 150,000 | 0 | 0 | 0 | Julia Hovells | Nil |
|--------------|--|---|---------|---|---|---|---------------|-----|

Based upon the breadth of the specification that has been tendered, and the latest price indications from the marketplace, the existing budget for the replacement of the Housing Management Information System of £500,000 is anticipated to be insufficient to meet the full cost of all modules and associated add-on products. None

| | | | | | | | | |
|--------------|---|---|-----------|---|---|---|---------------|-----|
| C4121 | Increase in costs for the refurbishment of Ditchburn Place | 0 | 1,548,000 | 0 | 0 | 0 | Julia Hovells | Nil |
|--------------|---|---|-----------|---|---|---|---------------|-----|

Based upon the latest information arising from the gateway review of this project, it is clear that the budgeted sum for this scheme will be insufficient to meet the full cost once all work packages have been fully procured and instructed. Any decision not to increase the budget, may result in a reduced scope of works for the scheme. Full review of the contract cost plan is currently in progress. None

| | | | | | | | | |
|--|--|---|-----------|---|---|---|--|--|
| Total Capital Bids in Housing - HRA | | 0 | 1,723,000 | 0 | 0 | 0 | | |
| Total Capital Bids | | 0 | 1,723,000 | 0 | 0 | 0 | | |
| Report Total | | 0 | 1,723,000 | 0 | 0 | 0 | | |

Appendix E

2018/19 Capital Budget Amendments Summary

| Area of Expenditure and Change | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Total Housing Capital Plan Expenditure per HRA MTFs | 25,102 | 49,159 | 35,130 | 36,598 | 32,994 |
| General Fund Housing | | | | | |
| Increase in Disabled Facilities Grants to match anticipated Better Care Fund Grant | 0 | 58 | 0 | 0 | 0 |
| Decent Homes and Other HRA Stock Investment | | | | | |
| Re-phasing of budget for health and safety works | (162) | 162 | 0 | 0 | 0 |
| Re-phasing of budget for hard surfacing works | (132) | 132 | 0 | 0 | 0 |
| Re-phasing of contractor overheads associated with delivery of above | (32) | 32 | 0 | 0 | 0 |
| Change in budget for decent homes works to new build dwellings | 0 | (14) | (98) | (103) | (44) |
| New Build | | | | | |
| Draw down of additional funds under delegation for strategic acquisition of market housing for use as affordable rented | 1,000 | 0 | 0 | 0 | 0 |
| Re-phasing of budget for the conversion of Kingsway clinic into 4 flats | (410) | 410 | 0 | 0 | 0 |
| Removal of budget ear-marked for up front work on General Fund sites as approach to purchase now agreed | (320) | 0 | 0 | 0 | 0 |
| Increase in budget for Anstey Way and re-phasing based upon CIP delivery estimates | (375) | (597) | 2,336 | 0 | 0 |
| Increase in budget for 2016/17 in-fill sites and re-phasing based upon CIP delivery estimates | 63 | 49 | 31 | 0 | 0 |
| Increase in budget ear-marked for larger scheme at Akeman Street and re-phasing based upon CIP delivery estimates | (51) | (214) | 2,400 | 0 | 0 |
| Reduction in budget for Ventress Close and re-phasing based upon CIP delivery estimates | (235) | (1,313) | 845 | 0 | 0 |
| Increase in budget for Colville Road garage site and re-phasing based upon CIP delivery estimates | 49 | 89 | 36 | 0 | 0 |
| Inclusion of budget for Mill Road as per | 0 | 3,268 | 6,891 | 9,206 | 0 |

| Area of Expenditure and Change | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Leader's decision at S&R | | | | | |
| Inclusion of budget for scheme at Gunhild Way | 29 | 413 | 144 | 0 | 0 |
| Inclusion of budget for scheme at Markham Close | 0 | 237 | 619 | 0 | 0 |
| Re-phasing of CIP new build and re-development programme part funded by Dev olution Grant | 0 | (11,499) | (6,235) | 15,907 | (2,760) |
| Removal of budget ear-marked for re-development as costs now incorporated within pipeline schemes | 0 | (2,000) | (2,000) | (2,000) | (2,000) |
| Sheltered Housing | | | | | |
| Increase in the budget for refurbishment of Ditchburn Place | 0 | 1,548 | 0 | 0 | 0 |
| Other HRA Capital Spend | | | | | |
| Re-phasing of budget for re-procurement of the housing management information system | (500) | 500 | 0 | 0 | 0 |
| Increase in budget for re-procurement of the housing management information system | 0 | 150 | 0 | 0 | 0 |
| Inclusion of a budget to replace the Estate Service Champion estate vehicle | 0 | 25 | 0 | 0 | 0 |
| Inflation Allowance | | | | | |
| Adjustment in inflation allowed as spend changes | 0 | 510 | 562 | 448 | (25) |
| Total Housing Capital Plan Expenditure per HRA BSR | 24,026 | 41,105 | 40,661 | 60,056 | 28,165 |

| Risk Area & Issue arising | Controls / Mitigation Action |
|--|--|
| Effects of Legislation / Regulation | |
| <p>Implications of new legislation / regulation or changes to existing are not identified</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements</p> <p>HRA Debt Settlement could be re-opened by Government (or not re-opened when changes dictate that it should)</p> <p>Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p> <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"> • Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted • 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. • The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies • Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible. • Consideration could be given to deviating from national rent policy at a local level if statute were to allow • 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 |
| Housing Portfolio & Spending Plans | |
| <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"> • Council has adopted medium and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact • 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 |

| Risk Area & Issue arising | Controls / Mitigation Action |
|--|--|
| Financial planning lacks appropriate levels of prudence | |
| <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"> • Use of external expert opinion and detailed trend data to inform assumptions • Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process • Adoption of strict medium / long-term planning • Policy on applying general capital receipts for strategic disposals only at point of receipt |
| Use of resources is not effectively managed | |
| <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"> • Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business cases is required for all strategic acquisitions, disposals and one-off areas of significant investment • Performance and contractor management procedures are robust and contracts are enforceable • 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 |

| Risk Area & Issue arising | Controls / Mitigation Action |
|--|--|
| External income / funding streams | |
| <p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p> | <ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes |
| <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"> • 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 |
| <p>Rent income is under-achieved due to a major incident in the housing stock</p> | <ul style="list-style-type: none"> • Increased resources identified for income management. Performance closely monitored to allow further positive action if required. • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents |
| <p>Delays in delivery of new build housing risks the need to pay receipts to central government with interest penalties attached</p> | <ul style="list-style-type: none"> • Ability to divert resource into market acquisitions • Potential to acquire land in advance of development |
| <p>Proposed accounting treatment for payments to CIP may not be supported by external auditors</p> | <ul style="list-style-type: none"> • Proactive early engagement with external auditors • Alternative routes for investment of resource being explored |
| <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"> • Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity |
| <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"> • Policy on applying general capital receipts for strategic disposals only at point of receipt |
| <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"> • Reconsider appropriate level of HRA reserves to hold as a minimum once any levy value is known • Retain capital receipts realised in advance of the levy in anticipation of the need for them |

Appendix G

Retained 1-4-1 Right to Buy Receipts

| Quarter date for Receipt | Retained 1-4-1 Receipt Value (Per Quarter) | Retained 1-4-1 Receipt Value (Cumulative) | Amount of New Build Expenditure Required (Cumulative) | Deadline for Receipt to be spent on New Dwelling | Qualifying Spend by Deadline (Cumulative) | Retained 1-4-1 Receipt Spent (Cumulative) | Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative) | Further New Build Spend Required by Deadline (Cumulative) |
|--------------------------|--|---|---|--|---|---|--|---|
| 30/09/2012 | 305,694.44 | 305,694.44 | 1,018,981.47 | 30/09/2015 | 6,033,316.06 | 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 |
| 30/12/2013 | 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 | 26,193,353.11 | 7,858,005.93 | 0.00 | 0.00 |
| 30/09/2014 | 517,057.26 | 7,353,738.69 | 24,512,462.30 | 30/09/2017 | 27,436,808.73 | 8,231,042.62 | - | - |
| 31/12/2014 | 1,004,106.23 | 8,357,844.92 | 27,859,483.07 | 31/12/2017 | | | 126,802.30 | 422,674.34 |
| 31/03/2015 | 831,750.78 | 9,189,595.70 | 30,631,985.67 | 31/03/2018 | | | 958,553.08 | 3,195,176.94 |
| 30/06/2015 | 595,447.59 | 9,785,043.29 | 32,616,810.97 | 30/06/2018 | | | 1,554,000.67 | 5,180,002.24 |
| 30/09/2015 | 902,092.08 | 10,687,135.37 | 35,623,784.57 | 30/09/2018 | | | 2,456,092.75 | 8,186,975.84 |
| 31/12/2015 | 857,169.10 | 11,544,304.47 | 38,481,101.49 | 30/12/2018 | | | 3,313,261.85 | 11,044,206.17 |
| 31/03/2016 | 1,591,834.76 | 13,136,139.23 | 43,787,130.77 | 31/03/2019 | | | 4,905,096.61 | 16,350,322.04 |
| 30/06/2016 | 2,263,872.93 | 15,400,012.16 | 51,333,373.88 | 30/06/2019 | | | 7,168,969.54 | 23,896,565.14 |
| 30/09/2016 | 1,874,821.59 | 17,274,833.75 | 57,582,779.18 | 30/09/2019 | | | 9,043,791.13 | 30,145,970.44 |
| 31/12/2016 | 1,293,367.76 | 18,568,201.51 | 61,894,005.04 | 31/12/2019 | | | 10,337,158.89 | 34,457,196.30 |
| 31/03/2017 | 1,313,143.16 | 19,881,344.67 | 66,271,148.90 | 31/03/2020 | | | 11,650,302.05 | 38,834,340.17 |
| 30/06/2017 | 2,045,445.56 | 21,926,790.23 | 73,089,300.80 | 30/06/2020 | | | 13,695,747.61 | 45,652,492.04 |
| 30/09/2017 | 1,779,600.43 | 23,706,390.66 | 79,021,302.23 | 30/09/2020 | | | 15,475,348.04 | 51,584,493.47 |

New Build Investment Cashflow

Appendix H

| New Build / Re-Development Scheme | 2017/18 Budget | 2018/19 Budget | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget | 2022/23 Budget |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| | £'0 | £'0 | £'0 | £'0 | £'0 | £'0 |
| New Build / Acquisition / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value) | | | | | | |
| 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 | 29,170 | 220,050 | 0 | 0 | 0 | 0 |
| Queensmeadow | 45,240 | 537,280 | 0 | 0 | 0 | 0 |
| Wulfstan Way | 58,580 | 737,860 | 30,990 | 0 | 0 | 0 |
| Anstey Way | 842,290 | 5,364,750 | 4,039,170 | 0 | 0 | 0 |
| Akeman Street | 48,150 | 1,670,450 | 2,400,080 | 0 | 0 | 0 |
| Ventress Close | 788,210 | 1,816,810 | 845,250 | 0 | 0 | 0 |
| Acquisitions or New Build - Retained RTB Investment | 5,590,000 | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 0 | 410,000 | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | 49,020 | 781,820 | 35,510 | 0 | 0 | 0 |
| Mill Road | 0 | 3,268,300 | 6,891,440 | 9,206,260 | 0 | 0 |
| Gunhild Way | 28,680 | 413,370 | 143,670 | 0 | 0 | 0 |
| Markham Close | 0 | 236,650 | 618,540 | 0 | 0 | 0 |
| Dev olution, RTB and Re-development CIP Programme | 0 | 8,101,020 | 13,764,560 | 35,906,900 | 17,239,920 | 9,815,980 |
| Re-Dev elopment Programme | 0 | 0 | 0 | 0 | 0 | 0 |
| Total New Build/ Re-Development Expenditure | 13,135,340 | 25,648,360 | 28,769,210 | 45,113,160 | 17,239,920 | 9,815,980 |

| 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 / Re-Development HCA Grant Funding | | | | | | |
| Clay Farm | (97,125) | 0 | 0 | 0 | 0 | 0 |
| New Build Dev olution 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 | (20,410) | (154,040) | 0 | 0 | 0 | 0 |
| Queensmeadow | (31,670) | (376,100) | 0 | 0 | 0 | 0 |
| Wulfstan Way | (41,010) | (516,500) | (21,690) | 0 | 0 | 0 |
| Anstey Way | (167,050) | (1,877,660) | (1,413,710) | 0 | 0 | 0 |
| Askeman Street | 0 | (996,270) | (1,440,050) | 0 | 0 | 0 |
| Centress Close | (68,680) | (1,102,200) | (512,790) | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 0 | (287,000) | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | (34,310) | (547,280) | (24,860) | 0 | 0 | 0 |
| Mill Road | 0 | (2,287,810) | (4,824,010) | (6,444,380) | 0 | 0 |
| Gunhild Way | (20,080) | (289,360) | (100,570) | 0 | 0 | 0 |
| Markham Close | 0 | (165,660) | (432,980) | 0 | 0 | 0 |
| Devolution, RTB and Re-development CIP Programme | 0 | (1,763,520) | (8,225,640) | (21,457,890) | (10,302,550) | (2,001,270) |
| Total New Build / Re-Development Funding | (1,068,335) | (11,826,400) | (16,996,300) | (27,902,270) | (10,302,550) | (2,001,270) |
| Use of Retained Right to Buy Funding | | | | | | |
| 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 | (8,750) | (66,020) | 0 | 0 | 0 | 0 |
| Queensmeadow | (13,570) | (161,180) | 0 | 0 | 0 | 0 |
| Wulfstan Way | (17,570) | (221,360) | (9,300) | 0 | 0 | 0 |
| Anstey Way | (71,590) | (804,710) | (605,880) | 0 | 0 | 0 |
| Akeman Street | 0 | (426,970) | (617,160) | 0 | 0 | 0 |
| Ventress Close | (29,440) | (472,370) | (219,770) | 0 | 0 | 0 |
| Acquisition or New Build - Retained RTB Investment | (1,677,000) | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 0 | (123,000) | 0 | 0 | 0 | 0 |
| Colville Road (Garage Site) | (14,710) | (234,550) | (10,640) | 0 | 0 | 0 |
| Mill Road | 0 | (980,490) | (2,067,430) | (2,761,880) | 0 | 0 |
| Gunhild Way | (8,600) | (124,010) | (43,100) | 0 | 0 | 0 |
| Markham Close | 0 | (71,000) | (185,550) | 0 | 0 | 0 |
| Devolution, RTB and Re-development CIP Programme | 0 | (755,790) | (3,525,290) | (9,196,240) | (3,679,480) | (2,514,010) |
| Total Use of Retained Right to Buy Funding | (3,220,070) | (5,068,450) | (7,284,120) | (11,958,120) | (3,679,480) | (2,514,010) |
| Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts | 8,846,935 | 8,753,510 | 4,488,790 | 5,252,770 | 3,257,890 | 5,300,700 |
| Total HRA Borrowing | 0 | 0 | 0 | 0 | 0 | 0 |

Key Sensitivity Analysis

Appendix I

| Topic | Business Plan Assumption | Key Sensitivity Modelled | Financial Impact |
|--|--|--|--|
| General Inflation | General Inflation using CPI at 2% for expenditure long-term | Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan. | £63 million negative revenue impact across the 30 year life of the plan. |
| Sale of Higher Value Voids Levy | Assumed deferred payment from April 2019 | The implementation of the policy could be accelerated. Assume payment due from April 2018. | Ongoing reduction in rental income from 2018/19 of £651,000. |
| Sale of Higher Value Voids Levy | Assumed deferred payment from April 2019 | Uncertainty over the policy could lead to an announcement that the legislation is to be abolished. Assume no higher value voids levy. | £263 million of additional resource over the 30 year life of the plan, which could be re-invested in new homes or the delivery of additional housing services. |
| Capital Investment Real Increase Inflation | Capital Investment Inflation at 2.93% in the longer-term | A real increase of 0.93% is allowed for building inflation for the longer-term. Assume that real inflationary increase required is 2% for remaining life of the plan. | Debt cap is breached by year 15, and the authority is unable to maintain decency in its housing stock or build new homes. |
| Arrears and Bad Debts / Welfare Reforms | Based on historic activity, with an increase in transactional collection costs | Universal Credit results in 100% of rent being collected directly from tenants. Assume, in addition to the increase in transactional costs, a bad debt rate of 10% per annum from 2018/19. | Debt cap is breached by year 6 and the authority is unable to maintain decency in its housing stock or build new homes |

HRA Summary 2017/18 to 2022/23

Appendix J

| Description | 2017/18 £0 | 2018/19 £0 | 2019/20 £0 | 2020/21 £0 | 2021/22 £0 | 2022/23 £0 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Income | | | | | | |
| Rental Income (Dwellings) | (36,740,450) | (36,661,380) | (35,941,360) | (36,873,090) | (38,407,150) | (39,854,670) |
| Rental Income (Other) | (1,119,500) | (1,128,710) | (1,153,540) | (1,180,070) | (1,203,670) | (1,227,750) |
| Service Charges | (2,724,240) | (3,004,310) | (3,065,580) | (3,131,050) | (3,189,280) | (3,248,690) |
| Contribution towards Expenditure | (3,360) | (3,450) | (3,520) | (3,600) | (3,680) | (3,750) |
| Other Income | (456,960) | (455,500) | (458,880) | (462,640) | (464,960) | (474,260) |
| Total Income | (41,044,510) | (41,253,350) | (40,622,880) | (41,650,450) | (43,268,740) | (44,809,120) |
| Expenditure | | | | | | |
| Supervision & Management - General | 3,658,940 | 3,399,340 | 3,510,770 | 3,582,320 | 3,615,770 | 3,773,350 |
| Supervision & Management - Special | 2,311,720 | 2,584,280 | 2,650,680 | 2,720,770 | 2,786,990 | 2,854,940 |
| Repairs & Maintenance | 6,590,940 | 6,571,740 | 6,744,650 | 6,978,550 | 7,237,770 | 7,552,640 |
| Depreciation – t/f to Major Repairs Res. | 9,765,080 | 10,041,820 | 10,309,370 | 10,461,630 | 10,661,380 | 10,878,030 |
| Debt Management Expenditure | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expenditure | 3,362,380 | 3,615,220 | 3,693,040 | 3,778,450 | 3,853,060 | 3,937,650 |
| Total Expenditure | 25,689,060 | 26,212,400 | 26,908,510 | 27,521,720 | 28,154,970 | 28,996,610 |
| Net Cost of HRA Services | (15,355,450) | (15,040,950) | (13,714,370) | (14,128,730) | (15,113,770) | (15,812,510) |
| HRA Share of operating income and expenditure included in Whole Authority I&E Account | | | | | | |
| Interest Receivable | (589,280) | (718,490) | (685,310) | (646,110) | (613,410) | (679,380) |
| HRA (Surplus) / Deficit for the Year | (15,944,730) | (15,759,440) | (14,399,680) | (14,774,840) | (15,727,180) | (16,491,890) |
| Items not in the HRA Income and Expenditure Account but in the movement on HRA balance | | | | | | |

| | | | | | | |
|---------------------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Loan Interest | 7,502,580 | 7,503,980 | 7,515,220 | 7,515,220 | 7,515,220 | 7,515,220 |
| Housing Set Aside | 6,769,740 | 4,472,200 | 4,472,200 | 4,472,200 | 4,472,200 | 4,472,200 |
| Appropriation form Ear-Marked Reserve | (500,000) | 0 | 0 | 0 | 0 | 0 |
| Depreciation Adjustment | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Revenue Financing of Capital | 4,614,210 | 502,530 | 4,787,180 | 6,620,790 | 1,426,740 | 4,235,010 |
| (Surplus) / Deficit for Year | 2,441,800 | (3,280,730) | 2,374,920 | 3,833,370 | (2,313,020) | (269,460) |
| Balance b/f | (10,178,140) | (7,736,340) | (11,017,070) | (8,642,150) | (4,808,780) | (7,121,800) |
| Total Balance c/f | (7,736,340) | (11,017,070) | (8,642,150) | (4,808,780) | (7,121,800) | (7,391,260) |

Housing Capital Investment Plan

Appendix K

| Description | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|------------|------------|------------|------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund Housing Capital Spend | | | | | | |
| Disabled Facilities Grants | 605 | 608 | 550 | 550 | 550 | 550 |
| Private Sector Housing Grants and Loans | 195 | 195 | 195 | 195 | 195 | 195 |
| Total General Fund Housing Capital Spend | 800 | 803 | 745 | 745 | 745 | 745 |
| HRA Capital Spend | | | | | | |
| Decent Homes | | | | | | |
| Kitchens | 206 | 274 | 655 | 640 | 252 | 484 |
| Bathrooms | 275 | 305 | 331 | 1,036 | 189 | 52 |
| Central Heating / Boilers | 1,210 | 1,583 | 2,586 | 3,536 | 1,463 | 1,568 |
| Insulation / Energy Efficiency | 112 | 758 | 583 | 274 | 758 | 539 |
| External Doors | 169 | 114 | 112 | 351 | 99 | 69 |
| PVCU Windows | 0 | 0 | 0 | 6 | 30 | 0 |
| Wall Structure | 292 | 140 | 134 | 254 | 73 | 38 |
| External Painting | 0 | 0 | 0 | 300 | 300 | 300 |
| Roof Structure | 175 | 450 | 300 | 300 | 300 | 300 |
| Roof Covering | 361 | 334 | 334 | 334 | 334 | 334 |
| Chimneys | 1 | 0 | 1 | 0 | 1 | 0 |
| Electrical / Wiring | 581 | 493 | 555 | 932 | 435 | 251 |
| Sulphate Attacks | 27 | 102 | 102 | 102 | 102 | 102 |
| Major Voids / Major Works | 0 | 0 | 0 | 0 | 0 | 0 |
| HHSRS Contingency | 50 | 150 | 100 | 100 | 100 | 100 |
| Other Health and Safety Works | 150 | 212 | 50 | 50 | 50 | 50 |

| Description | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Other External Works | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalised Officer Fees - Decent Homes | 305 | 305 | 305 | 305 | 305 | 305 |
| Decent Homes Planned Maintenance Contractor Overheads | 397 | 542 | 643 | 904 | 493 | 461 |
| Decent Homes New Build Allocation | 219 | 255 | 384 | 535 | 757 | 989 |
| Total Decent Homes | 4,530 | 6,017 | 7,175 | 9,959 | 6,041 | 5,942 |
| Other Spend on HRA Stock | | | | | | |
| Garage Improvements | 123 | 100 | 100 | 100 | 100 | 100 |
| Asbestos Removal | 100 | 50 | 50 | 50 | 50 | 50 |
| Disabled Adaptations | 878 | 878 | 878 | 878 | 878 | 878 |
| Communal Areas Uplift | 23 | 651 | 321 | 321 | 321 | 321 |
| Fire Prevention / Fire Safety Works | 96 | 50 | 50 | 50 | 50 | 50 |
| Hard surfacing on HRA Land - Health and Safety | 152 | 357 | 225 | 225 | 225 | 225 |
| Communal Areas Floor Coverings | 58 | 170 | 100 | 100 | 100 | 100 |
| Lifts and Door Entry Systems | 13 | 13 | 13 | 13 | 13 | 13 |
| Capitalised Officer Fees - Other HRA Stock Spend | 114 | 114 | 114 | 114 | 114 | 114 |
| Other Spend on HRA Stock Planned Maintenance Contractor Overheads | 159 | 249 | 191 | 191 | 191 | 191 |
| Total Other Spend on HRA stock | 1,716 | 2,632 | 2,042 | 2,042 | 2,042 | 2,042 |
| HRA New Build / Re-Development / Acquisition | | | | | | |
| 3 Year Affordable Housing Programme (Hawkins Road / Fulbourn Road) | 707 | 0 | 0 | 0 | 0 | 0 |
| Clay Farm | 4,109 | 0 | 0 | 0 | 0 | 0 |
| Anstey Way | 842 | 5,365 | 4,039 | | 0 | 0 |

| Description | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2015/16 Garage & In-Fill Sites | 523 | 2,090 | 0 | 0 | 0 | 0 |
| Uphall Road | 317 | 0 | 0 | 0 | 0 | 0 |
| 2016/17 In-Fill Sites (Queensmeadow / Hills Avenue / Wulfstan Way) | 133 | 1,495 | 31 | 0 | 0 | 0 |
| Akeman Street | 48 | 1,670 | 2,400 | 0 | 0 | 0 |
| Ventress Close | 788 | 1,817 | 845 | 0 | 0 | 0 |
| Colville Road Garage Site | 49 | 782 | 36 | 0 | 0 | 0 |
| Mill Road | 0 | 3,268 | 6,891 | 9,206 | 0 | 0 |
| Gunhild Way | 29 | 413 | 144 | 0 | 0 | 0 |
| Markham Close | 0 | 237 | 619 | 0 | 0 | 0 |
| Acquisition or New Build - Retained RTB Receipt Investment | 5,590 | 0 | 0 | 0 | 0 | 0 |
| Kingsway Clinic Conversion | 0 | 410 | 0 | 0 | 0 | 0 |
| New Build - CIP Programme (Devolution New Build and Re-Development) | 0 | 8,101 | 13,765 | 35,907 | 17,240 | 9,816 |
| Re-development of Existing HRA Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Total HRA New Build | 13,135 | 25,648 | 28,770 | 45,113 | 17,240 | 9,816 |
| City Homes Estate Improvement Programme | | | | | | |
| City Homes Estate Improvement Programme | 21 | 0 | 0 | 0 | 0 | 0 |
| Total City Homes Estate Improvement Programme | 21 | 0 | 0 | 0 | 0 | 0 |
| Sheltered Housing Capital Investment | | | | | | |
| Ditchburn Place | 2,137 | 3,428 | 0 | 0 | 0 | 0 |
| Total Sheltered Housing Capital Investment | 2,137 | 3,428 | 0 | 0 | 0 | 0 |

| Description | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Other HRA Capital Spend | | | | | | |
| Orchard Replacement / Mobile Working | 23 | 650 | 0 | 0 | 0 | 0 |
| Stores Reconfiguration | 130 | 0 | 0 | 0 | 0 | 0 |
| Estate Service Champion Estate Vehicle | 0 | 25 | 0 | 0 | 0 | 0 |
| Shared Ownership Repurchase | 300 | 300 | 300 | 300 | 300 | 300 |
| Commercial and Administrative Property | 63 | 30 | 30 | 30 | 30 | 30 |
| Total Other HRA Capital Spend | 516 | 1,005 | 330 | 330 | 330 | 330 |
| | | | | | | |
| Total HRA Capital Spend | 22,055 | 38,730 | 38,317 | 57,444 | 25,653 | 18,130 |
| | | | | | | |
| Total Housing Capital Spend at Base Year Prices | 22,855 | 39,533 | 39,062 | 58,189 | 26,398 | 18,875 |
| Inflation Allowance and Stock Reduction adjustment for Future Years | 1,171 | 1,572 | 1,599 | 1,867 | 1,767 | 1,872 |
| Total Inflated Housing Capital Spend | 24,026 | 41,105 | 40,661 | 60,056 | 28,165 | 20,747 |
| | | | | | | |
| Housing Capital Resources | | | | | | |
| Right to Buy Receipts | (527) | (532) | (537) | (543) | (548) | (548) |
| Other Capital Receipts (Land and Dwellings) | 0 | 0 | 0 | 0 | 0 | 0 |
| Major Repairs Reserve | (8,293) | (17,063) | (10,311) | (10,462) | (10,661) | (10,878) |
| Direct Revenue Financing of Capital | (4,614) | (503) | (4,787) | (6,621) | (1,427) | (4,235) |
| Other Capital Resources (Grants / Shared Ownership / R&R Funding) | (4,398) | (300) | (300) | (300) | (300) | (300) |
| Devolution Grant | (971) | (11,826) | (16,996) | (27,902) | (10,303) | (2,001) |
| Retained Right to Buy Receipts | (3,220) | (5,068) | (7,284) | (11,958) | (3,680) | (2,514) |
| Disabled Facilities Grant | (605) | (608) | (271) | (271) | (271) | (271) |
| Prudential Borrowing | 0 | 0 | 0 | 0 | 0 | 0 |

| Description | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|-----------------|---|-----------------|-----------------|-----------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Housing Capital Resources | (22,628) | (35,901) | (40,486) | (58,057) | (27,189) | (20,747) |
| Net (Surplus) / Deficit of Resources | 1,398 | 5,204 | 175 | 1,999 | 976 | (0) |
| Capital Balances b/f | (9,752) | (8,354) | (3,149) | (2,974) | (974) | 0 |
| Use of / (Contribution to) Balances in Year | 1,398 | 5,205 | 175 | 2,000 | 974 | 0 |
| Capital Balances c/f | (8,354) | (3,149) | (2,974) | (974) | 0 | 0 |
| Other Capital Balances (Opening Balance 1/4/2017) | | | | | | |
| Major Repairs Reserve | (5,549) | Utilised to fund the decent homes programme | | | | |
| Retained 1-4-1 Right to Buy Receipts | (12,536) | Built into spending by 2019/20 | | | | |
| Right to Buy Receipts for Debt Redemption | (6,877) | Set-aside for potential debt redemption | | | | |
| Total Other Capital Balances | (24,962) | | | | | |

| |
|--|
| 1. Title of strategy, policy, plan, project, contract or major change to your service: |
| HRA Budget Setting Report 2018/19 |
| 2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available) |
| |
| 3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service? |
| <p>The HRA Budget Setting Report enables the City Council to set a balanced budget for 2018/19 that reflects the Council's vision statements and takes into account councillor's priorities in its proposals for achieving the savings required. The report provides an overview of the finances for the HRA. It covers both HRA revenue and housing capital spending, highlighting the inter-relationships between the two.</p> <p>This EQIA assesses the equality impacts of the Housing Revenue Account (HRA) element of the City Council's budget; a separate EQIA has been completed for the General Fund (GF) element of the Council's budget.</p> |
| 4. Responsible Service |
| <p>Directorate: Strategic Director</p> <p>Service: Corporate Strategy and Finance have coordinated the document, with input from Housing Services and Estates and Facilities in particular.</p> |

| |
|---|
| 5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply) |
| <input checked="" type="checkbox"/> Residents of Cambridge City <input type="checkbox"/> Visitors to Cambridge City <input checked="" type="checkbox"/> Staff |
| <p>Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here):</p> |

5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)

This is a composite EqIA for all 2018 -2019 HRA budget bids and it covers all Council Housing Revenue Account services.

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):

This report involves cross organisation responsibility and input from various departments in the Council. The budget also affects some of our partnership working, notably with South Cambridgeshire District Council and Huntingdonshire District Council.

8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?

The HRA Budget Setting Report 2018-19 is being presented to Housing Scrutiny Committee in January 2018.

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?

None at this stage – this is an overall EqIA that addresses where monitoring and research may be required at the service impacts outlined in the Budget are rolled out. It is expected that those responsible for implementing services will complete a specific EqIA as required.

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

Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post will have a positive impact on the safety of residents living in blocks of flats, and those older tenants who require adaptations to their homes to support independent living.

The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on older or vulnerable tenants who will be able to get support to dispose of items they are not able to carry.

Increase in costs for the refurbishment of Ditchburn Place as self-contained accommodation will have a positive effect on current and future residents of this supported scheme; providing an enhanced level of independence whilst still maintaining the necessary levels of support for older, more vulnerable tenants.

Changes in anticipated income and expenditure for the Independent Living Service: an increase in the sum payable to the County council for the out of hours response service and a reduction in income from the community alarm service could have an impact on older and vulnerable residents if the extra budget required to cover the delivery of the service is not agreed.

(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

The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates : will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on disabled tenants who will be able to get support to dispose of items they are not able to carry.

Appointment of a Statutory Inspection and Energy Surveyor and increase in hours of the Assistant Surveyor (Adaptations) post will have a positive impact on the safety of residents living in blocks of flats, and disabled tenants who require adaptations to their homes to support independent living.

Increase the budget for the project to reconfigure Ditchburn Place as self-contained accommodation will have a positive effect on current and future disabled residents of this supported scheme; providing an enhanced level of independence whilst still maintaining

(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

the necessary levels of support for more vulnerable tenants.

Inclusion of £602,000 of resource for Disabled Facilities Grants through the Better Care Fund for 2017/18 will have a positive impact on disabled residents who require adaptations to enable them to live independently in their own home.

Changes in anticipated income and expenditure for the Independent Living Service: an increase in the sum payable to the County council for the out of hours response service and a reduction in income from the community alarm service could have an impact on disabled residents if the extra budget required to cover the delivery of the service is not agreed.

(c) Sex – A man or a woman.

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(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)

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(e) Pregnancy and maternity

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(f) Marriage and civil partnership

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(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.

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(h) Religion or belief

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

(i) Sexual orientation

No disproportionate impact has been identified in relation to marriage or civil partnership in the bid proposals contained in the 2017/18 HRA Budget Setting Report.

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

Funding contribution for a Fraud Prevention Officer – positive impact on all tenants who are waiting to receive a council property that is currently occupied fraudulently.

The replacement of the Estate Service Champion estate vehicle, which is used for estate inspections, removal of bulky waste and fly-tipping on housing estates: will have a positive impact on all tenants living in communities that are suffering with fly tipping or the accumulation of bulky waste. As the van will be used to support Community Days, where residents are encouraged to bring bulky waste for disposal, this will have a positive impact on tenants who will be able to dispose of items for free.

Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour will have a positive effect on all staff who are currently struggling with affordability in the Cambridge market.

Increase in purchase and implementation costs for the Housing Management Information System, Net increase in cyclical and planned revenue repairs expenditure, Increased service charges at Scholar's Court, Increase in the cost of response repairs in the HRA, Reduction in commercial property income HRA: any increase in the cost of services may need to be passed onto tenants or leaseholders as increased service charge where applicable.

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 EqIA accordingly.)

1. Housing Transformation Board to continue to invest time in implementing process reviews to ensure the reconfigured housing service is working effectively, and there is no negative impact on customers or staff.
2. Housing Transformation Board continue to monitor and manage increase in the costs of services against savings identified to ensure services remain affordable for tenants and leaseholders, and for the council to deliver, whilst rents are still required to be reduced each year until 2020.

12. Do you have any additional comments?

Reduction in interest anticipated to be payable by the HRA, Savings in operational costs across the Housing Revenue Account, Temporary Housing operational savings, reduced pension deficit contributions from the HRA: where savings can be made from back office functions, this will have an overall positive impact on all tenants and leaseholders as cuts to funding do not have to be made from front line services.

Savings in salary costs due to staff turnover and retention, Deletion of the Strategic Housing Advisor post, Removal of years 1 and 2 on-going transformation funding: The outcome of years 1 -3 of the Housing Transformation Programme has meant further savings can now be secured without the need to further change front line services. However it is important that monitoring of services going forward is undertaken, to ensure there is no negative impact on customers from the years 1-3 service reconfiguration.

Increased income from photovoltaic installations on HRA buildings, Increased rental income in the HRA, Net increase in service charge income in the HRA, Interest due to the HRA: An increase in income to the HRA has an overall positive impact on tenants and leaseholders in continuing to help protect services from future cuts.

13. Sign off

Name and job title of lead officer for this equality impact assessment:

Catherine Buckle – Business Development Manager (Housing)

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

Julia Hovells – Business Manager / Principal Accountant

Date of EqIA sign off: 28/11/17

Date of next review of the equalities impact assessment:

Sent to Helen Crowther, Equality and Anti-Poverty Officer?

Yes

No

Date to be published on Cambridge City Council website (if known):

04/01/18

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| |
|--|
| <p style="text-align: center;">RECOMMENDATION TO COUNCIL (Executive Councillor for Finance & Resources)</p> |
|--|

Treasury Management, Investment and Capital Strategy

The Council is required by regulations issued under the Local Government Act 2003, to produce a Treasury Management, Investment and Capital Strategy.

CIPFA have recently consulted on changes to the Prudential Code and the Treasury Management Code. The revised codes were due for publication at the time of writing the report and changes in response to the known updates have been reflected. The most notable of these changes was the requirement to produce an annual Capital Strategy which was provided at Appendix A to the report.

The DCLG have also consulted on changes to the Investment Guidance and Minimum Revenue Provision Guidance and the consultation closed on 22 December. The revised guidance is expected to be issued early in 2018 and to apply for financial years commencing on or after 1 April 2018. The report therefore reflected the new requirements. The most notable change was the requirement to expand the Investment Strategy to non-financial assets such as investments in property.

The Strategy and Resources Committee resolved to endorse the recommendations.

Accordingly, Council is recommended to:

Approve this report, including the estimated Prudential & Treasury Indicators for 2017/18 to 2020/21, inclusive, as set out in Appendix D.

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Item
**TREASURY MANAGEMENT, INVESTMENT
AND CAPITAL STRATEGY
REPORT**



To:

The Executive Councillor for Finance & Resources: Councillor Richard Robertson

Committee:

22 January 2018, Strategy and Resources Scrutiny Committee

Report by:

Caroline Ryba – Head of Finance & S151 Officer

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

Wards affected:

All Wards

Key Decision

1. Executive Summary

- 1.1 The Council is required to receive and approve, as a minimum, three main treasury management reports each year, which incorporate a variety of policies, estimates and actuals.
- 1.2 The first and most important is the Treasury Management and Investment Strategy (this report) incorporating prudential and treasury indicators which covers:
- Capital plans (including prudential indicators)
 - A Minimum Revenue Provision policy which explains how unfinanced capital expenditure will be charged to revenue over time;
 - The Treasury Management Strategy (how investments and borrowings are to be organised) including treasury indicators; and

- An investment strategy (the parameters on how investments are to be managed)
- 1.3 A mid-year treasury management report is produced to update Members on the progress of the capital position, amending prudential indicators as necessary and advise if any policies require revision.
 - 1.4 The Outturn or Annual Report compares actual performance to the estimates in the Strategy.
 - 1.5 The statutory framework for the prudential system under which local government operates is set out in the Local Government Act 2003 and Capital Financing and Accounting Statutory Instruments. The framework incorporates four statutory codes. These are:
 - The Prudential Code prepared by CIPFA
 - The Treasury Management Code prepared by CIPFA
 - The Statutory Guidance on Local Authority Investments prepared by Department for Communities and Local Government (DCLG)
 - The Statutory Guidance on Minimum Revenue Provision prepared by DCLG
 - 1.6 CIPFA have recently consulted on changes to the Prudential Code and the Treasury Management Code. The revised codes are due for publication at the time of writing this report and changes in response to the known updates have been reflected. The most notable of these changes is the requirement to produce an annual Capital Strategy which is provided at Appendix A.
 - 1.7 The DCLG have also consulted on changes to the Investment Guidance and Minimum Revenue Provision Guidance and the consultation closed on 22 December. The revised guidance is expected to be issued early in 2018 and to apply for financial years commencing on or after 1 April 2018. This report therefore reflects the new requirements. The most notable change is the requirement to expand the Investment Strategy to non-financial assets such as investments in property.
 - 1.8 The Council's S151 Officer has considered the deliverability, affordability and risk associated with the Council's capital expenditure plans and treasury management activities. The plans are considered to

be affordable and where there are risks such as the slippage of capital expenditure or reductions in income or value from investments these have been considered and are considered to be mitigated or at an acceptable level. The Council has access to specialist advice where appropriate.

- 1.9 Treasury Management Reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Strategy and Resources Committee.

2. Recommendations

The Executive Councillor is asked to recommend to Council:

- 2.1 This report, including the estimated Prudential & Treasury Indicators for 2017/18 to 2020/21, inclusive, as set out in Appendix D.

3. Background

3.1 Treasury Management Activities

- 3.2 The Council is required to comply with the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council is required to set prudential and treasury indicators, including an authorised limit for borrowing, for a three year period and should ensure that its capital plans are affordable, prudent and sustainable. The Council also follows DCLG Investment Guidance.

- 3.3 The Link Group bought the treasury division of Capita Asset Services and started trading as Link Asset Services in November 2017. All the services that Capita undertook for this Council will now be undertaken by Link Asset Services with no changes to the current level of services provided.

- 3.4 Link's specialist services include the provision of advice to the Council on developments and best practice in this area and provide information on the creditworthiness of potential counterparties, deposit and borrowing interest rates and the economy.

4. Borrowing Policy Statement

- 4.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1st April 2004.
- 4.2 At present the only debt held by the authority relates to the twenty loans from the PWLB for self-financing the HRA taken out in 2012 totalling £213,572,000.
- 4.3 The Council does not currently anticipate any new external borrowing for the period 2018/19 to 2020/21, inclusive.
- 4.4 In the event that external borrowing is undertaken the Council is able as an eligible local authority to access funds at the PWLB Certainty Rate (a 0.20% discount on loans) until 31st October 2018.
- 4.5 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

5. Minimum Revenue Provision (MRP) Policy Statement

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

- 5.4 The Housing Revenue Account share of the CFR is not subject to an MRP charge.
- 5.5 There is no requirement to make a MRP charge on an asset until the financial year after that asset becomes operational.
- 5.6 The Government has issued draft revised guidance (expected to be finalised in the new year) on the calculation of MRP. The Council is required to have regard to the guidance based on the underlying principle that the provision should be linked to the life of the assets for which the borrowing is required.
- 5.7 However, the guidance is clear that differing approaches can be considered as long as the resulting provision is prudent.
- 5.8 In general, the council will make a minimum revenue provision based on the equal installment method, amortising expenditure equally over the estimated useful life of the asset for which the borrowing is required. However, no provision will be made in respect of expenditure on specific projects where the Head of Finance determines that capital receipts will be generated by the project to repay the debt. Specifically in respect of the current capital programme:-
- The Council has made a loan to a company (which is classed as capital expenditure) to enable it to let intermediate rent properties. This will be financed from internal borrowing.
 - As this loan is to a wholly owned subsidiary company, is secured on assets and there is a plan and evidence that there is an ability to repay the loan at the end of the short 3 year pilot period, no MRP will be set aside. However, to ensure that this policy is prudent, the Council will review this loan annually and at the end of the pilot period if the company continues and the loan is renegotiated. Where there is evidence which suggests that the full amount of the loan may not be repaid, it will be necessary to reassess the need to commence MRP to recover the impaired amounts from revenue.
 - The Council is budgeted to make a capital contribution and loans to the Cambridge Investment Partnership (CIP) – a joint venture and deadlock partnership in which the Council has a 50% stake - to facilitate the development of new housing on the former Mill Road

Depot site within the city. These payments are classed as capital expenditure. As the payments will be appropriately covered by assets in the CIP and as there are detailed plans to demonstrate that all investment in the CIP will be recovered in less than five years with a significant surplus, no MRP will be set aside. However, to ensure that this policy is prudent, the Council will review the position regularly. Where there is evidence which suggests that the finance provided may not be repaid, it will be necessary to reassess the need to commence MRP to recover the impaired amounts from revenue.

- 5.9 The Council approved a programme of investment in commercial property using powers under S12 of the Local Government Act 2003 in October 2016. This is deemed capital expenditure and will be financed from cash balances. MRP will be provided for using the useful life determinant with regard to maximum lives permitted in the revised DCLG MRP guidance of 50 years for freehold land and 40 years for all other assets. MRP is made on the purchase of these properties from the date that rental income is earned.
- 5.10 The Council has agreed to finance an element of the capital cost of a new community centre at Clay Farm from internal borrowing. Using the asset life method MRP would normally be made over an asset life of 40 years. However, the element of capital cost being funded from internal borrowing will effectively be repaid over a shorter period from receipts of rental incomes from the tenant and subsidy from the site developer. The current estimate is that this repayment will take approximately 17 years. The Council has decided to make MRP on this accelerated basis in respect of this asset.

6. The Council's Capital Expenditure and Financing 2017/18 to 2020/21

- 6.1 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.

6.2 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.

| | 2017/18 Estimate £'000 | 2018/19 Estimate £'000 | 2019/20 Estimate £'000 | 2020/21 Estimate £'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| General Fund Capital Expenditure | 40,698 | 14,664 | 11,672 | 4,111 |
| HRA Capital Expenditure | 23,226 | 40,302 | 39,916 | 59,311 |
| Total Capital Expenditure | 63,924 | 54,966 | 51,588 | 63,422 |
| Resourced by: | | | | |
| • Capital receipts | 4,130 | 6,873 | 7,897 | 12,501 |
| • Other contributions | 40,714 | 39,533 | 33,491 | 48,421 |
| Total available resources for financing capital expenditure | 44,844 | 46,406 | 41,388 | 60,922 |
| Financed from cash balances | 19,080 | 8,560 | 10,200 | 2,500 |

The Council's Capital Strategy

6.3 In line with the proposed changes in the Revised CIPFA Prudential Code and proposed amendments to the DCLG Guidance, the Council's Annual Capital Strategy is presented at Appendix A.

7. The Council's Prudential and Treasury Management Indicators

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

| Capital Financing Requirement & Cumulative External Borrowing | 2017/18 Estimate £'000 | 2018/19 Estimate £'000 | 2019/20 Estimate £'000 | 2020/21 Estimate £'000 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| General Fund Capital Financing Requirement | 29,483 | 37,343 | 46,843 | 48,643 |
| HRA Capital Financing Requirement | 214,321 | 214,321 | 214,321 | 214,321 |
| Total Capital Financing Requirement | 243,804 | 251,664 | 261,164 | 262,964 |
| Movement in the Capital Financing Requirement | 18,786* | 7,860* | 9,500* | 1,800* |
| Estimated External Gross Debt/Borrowing (Including HRA Reform) | 213,572 | 213,572 | 213,572 | 213,572 |
| Authorised Limit for External Debt | 250,000 | 250,000 | 250,000 | 250,000 |
| Operational Boundary for External Debt | 243,804 | 251,664 | 261,164 | 262,964 |

*Includes Minimum Revenue Provision (MRP) of £(-) 294k in 2017/18 & £(-) 700k in later years

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

8. Investment Strategy

8.1 The Council's overall approach to investment in financial and non-financial assets is outlined in the Capital Strategy presented at Appendix A.

Financial Asset Counterparties

8.2 The full listing of approved counterparties is presented at Appendix B, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits. No changes have been proposed to these counterparties this year.

Financial Asset Performance Indicators

8.3 The Council's investments at 30 November 2017, including the principal invested, yield and credit rating as advised by Link are as follows:

| Counterparty | Link Credit Rating | Principal (£) | Yield |
|---|--------------------|--------------------|--------------|
| Fixed Term Deposits (Original Term less than one year) | | | |
| Nationwide Building Society | A | 10,000,000 | 0.32% -0.37% |
| Salford City Council | AA | 3,000,000 | 0.42% |
| Bank of Scotland Plc | A | 20,000,000 | 0.36%-0.65% |
| Barclays Bank Plc | A | 8,774,208 | 0.35%-0.40% |
| Lloyds Bank Plc | A | 20,000,000 | 0.36%-0.65% |
| Fixed Term Deposits (Original Term More than One Year) | | | |
| Doncaster MBC | AA | 5,000,000 | 0.90% |
| Liverpool City Council | AA | 5,000,000 | 0.70% |
| Newcastle-upon-Tyne City Council | AA | 6,000,000 | 0.90-0.95% |
| Rugby Borough Council | AA | 5,000,000 | 0.60% |
| West Dunbartonshire Council | AA | 5,000,000 | 0.95% |
| Variable Net Asset Value Funds | | | |
| CCLA Local Authorities' Property Fund | Unrated | 15,000,000 | 4.58% |
| ECF - Payden Sterling Reserve Fund | AAA | 5,000,000 | 0.64% |
| ECF - Royal London Cash Plus Fund | AAA | 5,000,000 | 0.42% |
| TOTAL | | 112,774,208 | |

- 8.4 There is no risk to the capital invested (other than the risk of failure of the financial institution) for fixed term deposits and constant net asset value money market funds. Variable net asset funds are priced and the market value of these funds at 30 November 2017 was £24,928,138.
- 8.5 The Council has made a loan of £7.5 million to Cambridge City Council Housing Company, a wholly owned subsidiary. This loan earns 2.02% and is secured on the properties owned by the company.
- 8.6 The Council also plans to commence making loans to Cambridge Investment Partnership, a joint venture, in 2018/19 as detailed in 5.8.

Non-Financial Asset Performance Indicators

- 8.7 As detailed in the capital strategy, in addition to recent investments in commercial property which have been funded from internal borrowing, the Council has a well-established, diversified and significant investment property portfolio.
- 8.8 Based on audited financial statements the fair value of investment properties, the yield achieved (rental income net of direct costs) and the gain in fair value for properties held in the General Fund has been as follows:

| | 2016/17 | 2015/16 |
|---|----------------|----------------|
| Rental income net of direct costs (£'000) | 8,049 | 7,857 |
| Fair Value at year end (£'000) | 148,345 | 139,046 |
| Yield | 5.4% | 5.6% |
| Gain in fair value in year (£'000) | 10,128 | 13,321 |

- 8.9 The Council has invested £15.9 million to date in 2017/18 in new properties and these are expected to earn rental income of approximately £721k for the year. A full year of rental income for these properties is estimated to be in the order of £1,018k.
- 8.10 The Council is making Minimum Revenue Provision on these properties as they are being funded from cash balances. Based on a 40 year asset life, a full year's charge of MRP on these properties is £500k.

- 8.11 The audited financial statements at 31 March 2017 show that the Net Cost of Services (net of service related income) chargeable to the General Fund was £21.4m. Net Income from Investment Properties was 37.7% of this figure. The Council does not identify specific funding sources for services, so the income from properties contributed to the overall funding resources available to the Council including council tax and income from government grants and business rates. The use of investment property income to support the Council's activities has been established over many years.
- 8.12 The Housing Revenue Account holds a small number of investment properties valued at £5.4 million at 31 March 2017 and earning rental income of around £400k per annum.

9. Brexit Update

- 9.1 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.
- 9.2 Rates have dropped following the Referendum result. Article 50 has now been triggered and it is still not clear exactly what will happen, although the UK is scheduled to leave the EU on the 29 March 2019.
- 9.3 Recent events have shown that the negotiations have been challenging, focusing on debates on the legal aspects of leaving and the approval of the House of Commons with regard to the EU (Withdrawal) Bill. There have also been some expressions of a 'no deal' scenario. This would place financial markets in a very uncertain financial environment. As the facts emerge, Members will be updated accordingly.

10. Financial Market Reforms Update

10.1 Basel III

- 10.2 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.

10.3 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. This reform has contributed to lower yields achieved.

10.4 Markets in Financial Instruments Directive II (MiFID II)

10.5 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 3rd 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.

10.6 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 is currently registering with the various Financial Institutions, in order to carry on with these investments.

10.7 Money Market Fund (MMF) Reforms

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

10.9 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. An update will be provided at the mid-year review.

11. Interest Rates & Interest Received

11.1 Link 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. Link's opinion on interest rates is presented at Appendix C.

- 11.2 Total interest and dividends of £936,744 has been received on the Council's deposits up to 30th November 2017 (for this financial year) at an average rate of 1.12% (1.09% in 2016/17). This is in line with the budget to date.
- 11.3 The Bank of England's Monetary Policy Committee decided to increase its Base Rate by 0.25% to 0.50%, on 2nd November 2017. This is reflected within Link's interest rate predictions at Appendix C.

12. 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 and Poverty Implications

No negative impacts identified.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

No community safety implications.

13. Consultation and communication considerations

- 13.1 None required.

14. Background papers

No background papers were used in the preparation of this report.

15. Appendices

- 15.1 Appendix A – The Council's Capital Strategy
Appendix B – The Council's current Counterparty list

Appendix C – Link’s opinion on UK Forecast Interest Rates
Appendix D – Prudential and Treasury Management Indicators
Appendix E – Glossary of Terms and Abbreviations

16. Inspection of papers

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

| | |
|------------------------|--------------------------------|
| Author’s Name: | Stephen Bevis |
| Author’s Title: | Accountant (VAT & Treasury) |
| Author’s Phone Number: | 01223 458153 |
| Author’s Email: | Stephen.bevis@cambridge.gov.uk |

Capital Strategy

1 Introduction

- 1.1 In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability the CIPFA Prudential Code requires that councils should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on outcomes.
- 1.2 As local authorities become increasingly complex and diverse it is important that those charged with governance understand the long term context in which investment decisions are made and the financial risks to which the Council is exposed.

2 Objectives

- 2.1 The objective of the capital strategy is to ensure that the overall strategy, governance procedures and risk appetite are clear to members. The strategy outlines how stewardship, value for money, prudence, sustainability and affordability will be secured.

3 Scope

- 3.1 The capital strategy specifically focusses on:
- Capital expenditure
 - Investments and long term liabilities
 - Debt and borrowing

4 Capital Expenditure

Approval of capital expenditure

- 4.1 In 2014 the Council undertook a significant review of projects on the capital plan, with a view to making the capital plan more deliverable and preventing excessive delays and slippage of projects into later years. The second phase of this review considered the process of how new capital projects should be considered for approval.
- 4.2 One of the key principles of the process is to ensure that when Council considers which capital projects to fund at Mid-Term Financial Strategy (MTFS) or Budget Setting Report (BSR), those projects have been properly planned and developed and appropriate risks considered and are therefore ready to be implemented, subject to any procurement requirements.
- 4.3 The business case for projects which require capital funding is developed in two parts and is overseen by the Capital Programme Board (CPB), which is an officer group on which the Council's Head of Finance sits. The Outline Business Case gives a preliminary overview and assessment of the project and allows the CPB to consider whether there is sufficient justification to develop the project further. The Full Business Case (FBC) provides a comprehensive assessment of the rationale, objectives and funding proposals for the project so that the Capital Programme Board, Executive Members and Scrutiny Committees and Council can determine whether to support and fund the project. In summary the process for approval is:
- CPB consider all Full Business Cases
 - CPB recommend FBCs if the capital cost is less than £1m for funding at MTFS/BSR
 - Scrutiny Committee considers and Executive Councillors recommend prioritised FBCs if capital cost is £1m or more for funding at MTFS/BSR
 - Council consider all prioritised capital projects at MTFS/BSR
 - Approved projects are included on Capital Plan
 - Project commences
- 4.4 The Council's accounting policies have a de minimis of £15,000 (£2,000 for vehicles) for capital assets which are reflected in the processes above.
- 4.5 Where projects are to be funded by S106 contributions:

- Projects are allocated S106 funding by the appropriate area committee or Executive Councillor via the S106 priority-setting process
- S106 priority projects still need to have their business cases reported to the Capital Programme Board, but managers need to use a template which is tailored to the needs of S106-funded projects.

4.6 The HRA capital programme is scrutinised by the Housing Management Team and the Housing Committee prior to decisions being taken as part of the Housing BSR and MTFS.

Monitoring of capital expenditure

4.7 Capital expenditure and achievement of the capital plan is monitored by the Capital Programme Board. Project managers are also required to report regularly on the 'RAG' (Red/Amber/Green) status of their project. This is reported regularly to Senior Management Team and the Executive.

4.8 Variances are formally scrutinised by relevant Committees at outturn. Revisions to capital funding are considered at MTFS and BSR stages as required.

Financing of capital expenditure

4.9 Consideration of the financing of capital projects is integral to the governance procedures outlined above.

4.10 In general the Council finances capital expenditure from existing resources including reserves and capital receipts or from specific grant funding sources. This ensures that capital expenditure is both affordable and prudent.

4.11 Where the Council identifies that capital expenditure is to be internally borrowed from cash balances, rather than funded from an existing funding source it ensures that a prudent Minimum Revenue Provision (MRP) charge is made to revenue to fund the expenditure. There may be circumstances in which MRP is not judged to be required. If this is the case the reasons are specifically outlined in the MRP Policy.

Asset Management Planning

- 4.12 The Council regularly reviews the condition of its existing assets, using specialist advisors where appropriate.
- 4.13 This includes reviews of the maintenance requirements of operational property, investment properties and council housing stock.
- 4.14 With the exception of the £214m loans taken out on the inception of self-financing of the Housing Revenue Account at the end of the previous subsidy system, the Council currently has no external debt. It therefore does not need to consider the impact of past borrowing.
- 4.15 Disposal of assets is subject to scrutiny by relevant Committees and Executive Councillor approval. Detailed cases are prepared for any asset disposals and appropriate independent advice taken to ensure that best value is achieved on disposals, taking into account any strategic objectives.

Funding and Borrowing Restrictions

- 4.16 There are a number of restrictions around the borrowing and funding of capital expenditure and these are taken into account in the development and monitoring of the capital plan.
- 4.17 Under the Prudential Code the Council has discretion to undertake borrowing which is prudent, affordable and sustainable from, for example, the Public Works Loan Board.
- 4.18 However, in respect of the Housing Revenue Account there is a 'cap' on HRA debt of £231 million. This currently restricts the ability of the HRA to borrow to £16m. The 2017 Autumn Budget indicated that councils in areas of low affordability will be able to bid to increase their ability to borrow in the future.
- 4.19 The majority of the receipts from asset disposal come from the sale of council homes under the Right to Buy. The Council remains subject to the agreement with DCLG that allows the retention of right to buy receipts, subject to a set of specific conditions.
- 4.20 The receipts assumed in the HRA Self-Financing Settlement continue to be shared with DCLG in the statutorily agreed proportions, with a

proportion of the receipts from any subsequent sales kept by the authority in recognition of the debt that the authority holds in respect of the asset. The balance of capital receipts is ring-fenced for one-for-one (1-4-1) investment.

- 4.21 Currently, 1-4-1 receipts must still be spent within a 3-year timeframe, to fund the delivery of new social housing, with a maximum of 30% of the dwelling being met via this funding stream and the balance of 70% funded from the Council's own resources or borrowing.
- 4.22 Failure in delivery still results in the receipt having to be paid to central government, with interest at 4% above the base rate, which far outweighs the interest earned on the receipt whilst held by the authority.
- 4.23 It remains clear from the Housing Budget Setting Report that although a deadline has not been breached yet, which would require the authority to pay retained receipts over to DCLG with the associated interest due, there is a significant amount of new build spend required in order to avoid the penalty.
- 4.24 It may still be necessary to consider some strategic acquisitions in the short-term in order to meet the deadlines, or alternatively to pursue passing some receipts to a registered provider to deliver the affordable housing in the city, in place of the Council. Any decision in this regard, will need to take account of the subsequent impact on any future Council new build schemes.

5 Investments

Financial Assets

Approach to investments

- 5.1 The Council manages its deposits in-house and uses Link (formerly Capita) as its independent Treasury Adviser. The Council recognises that responsibility for treasury management activities remains with the organisation. The Council will ensure that the terms of Link's appointment are properly agreed and documented and regularly reviewed.
- 5.2 The Council's deposit priorities are (and in this order):-

- The Security of capital;
- The Liquidity of deposits; and;
- The Yield or return on its deposits.

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

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

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

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

5.6 In addition to considering the creditworthiness of counterparties the Council also considers the duration of deposits to ensure the appropriate liquidity of funds.

Monitoring and governance

5.7 The current investment position is reported as part of the Council’s budget monitoring reporting to Senior Management Team. Investment performance is formally reported to Strategy and Resources Scrutiny Committee and Council at the mid-year and outturn.

Loans to group undertakings

- 5.8 The Council has made a loan of £7.5 million to Cambridge City Housing Company, of which the Council owns 100% of the share capital. The granting of the loan by the Council was subject to review of the company's detailed business case. The performance of the company is regularly reviewed and a decision about the future of the company will be made at the end of the 3 year pilot. The Council has minimised the risks to which it is exposed by securing the loan on the value of the properties that the company owns. Valuations are obtained on these properties each year to ensure that the Council is not exposed to a significant risk of recovering less than the value of the loans.
- 5.9 The Council is budgeted to make equity and development loans to the Cambridge Investment Partnership, an entity in which it has a 50% stake, in respect of the redevelopment of the former Mill Road depot site. The granting of the loans is subject to a review of the detailed plans demonstrating that all investment in the CIP will be recovered with a significant surplus and will be appropriately covered by the assets in the CIP. This is to ensure that the Council is not exposed to a significant risk of recovering less than the values loaned.

Non-financial assets

- 5.10 Where the Council invests in non-financial assets, it considers Security, Liquidity and Yield, as it does for financial assets.
- 5.11 Specifically in relation to non-financial assets:
- **Security** – the Council recognises that it will normally have an asset that can be used to recoup capital invested. Therefore, it ensures through regular valuations at fair value, that there is sufficient value in assets and the portfolio as a whole to protect the funds invested.
 - **Liquidity** – the Council has a large portfolio of non-investment assets and is therefore able to look at potential disposals across it to access funds. The portfolio is well-diversified and the Council is not unduly exposed to needing to rely on the disposal of a key asset for liquidity. It should also be noted that the Council maintains significant financial investments to meet its liquidity needs.

Investment in new properties

- 5.12 The Council has historically owned a significant investment property portfolio, including retail, office and industrial properties.
- 5.13 In line with other councils, given the historically low returns on financial assets, the Council has made additional investments of c£28m over the past 3 years. Acquisitions have been made in accordance with pre-agreed criteria in terms of how an acquisition fits with the Council's existing portfolio, management issues, tenant risk, income structure and certainty, property type, condition, location, environmental and accessibility performance, financial return and lot size. Deviance from these criteria is allowed where an acquisition supports the Council's strategic land holdings in that location or its wider corporate aims and objectives.
- 5.14 The primary aim through commercial property investments has been income generation rather than regular property trading to release capital. As the preferred investments are to be in Cambridge, the opportunity for regular trading is limited due to market supply and so to focus on long term retention and income generation or investment in the retained portfolio is considered to best meet the Council's aims and objectives.
- 5.15 Prior to its recent acquisitions, the Council's existing portfolio was reviewed externally to identify the balance between the various property types (industrial/office/retail/leisure) and the nature of the investment held (eg, directly managed occupational leases, long leasehold geared ground leases). While it achieves diversity within Cambridge, true diversification is difficult to achieve without considering a much wider geographic area which is then considered to bring additional risk and issues of investing in areas not known to the Council. The Council achieves some wider geographic diversification through its investments in property funds although this represents a relatively small percentage of its property investments.
- 5.16 Where new acquisitions are made it was agreed that Agents be appointed to advise on and acquire suitable commercial property investments.

The key issues to be agreed with the agents are:

- How an investment fits with the Council's existing portfolio, for example in terms of property type, balance of risk, future opportunities.
- Location. Ideally an investment in Cambridge but a good quality investment relatively close would be considered.
- Rate of return. The Council is looking for the best rate of return reflecting its income targets and the risk of the investment.
- Risk. Certainty of income is important and so tenant and lease structure should reflect this as should the credit ratings of tenants.
- Management. An investment should ideally not be management intensive so net income is close to gross income.
- Condition. The investment should be in good condition and not require significant capital investment in the near future unless there is a pre-let agreement underwriting such investment.
- Accessibility. The property should offer good accessibility.
- Environmental performance. Given changes to the environmental performance of properties required in the future, the investment should have an EPC rating of C or above.

5.17 The exceptions to the above would be if the investment was a strategic fit with existing property such as an adjoining property or the acquisition of a long leasehold interest where the Council is also the freehold owner.

5.18 The Council has an approved process and governance arrangements for investment property acquisitions when funding is available for investment based on the pre-agreed criteria as set out above. This recognises that the local commercial property market is competitive and that success depends upon timely decisions in relation to investments. The Council has therefore delegated authority to the Head of Property Services to approve acquisitions after consultation with the relevant Executive Councillor, Committee Chair, Opposition Spokesperson and Head of Finance. Acquisitions are subsequently reported to the relevant Committee.

Monitoring the performance of the overall portfolio

5.19 The Council's sizeable property portfolio includes equity stakes in 2 major shopping centres, a selection of small business units aimed

principally at small local and start-up companies plus over 80 shops in council estate locations which provide important local services for their communities.

- 5.20 The total value of investment properties at 31 March 2017 was £154m. The Council considers that the investment property portfolio retains sufficient value (measured using the fair value model) to provide security of investment.
- 5.21 A key element of the work of Property Services is monitoring the performance of assets to identify any that are currently held which are deemed to be under-achieving, or which are no longer appropriate to hold in the portfolio. This enables consideration to be given to alternate uses or disposal. The Council has effectively undertaken such a process for a number of years through the annual Property Portfolio Review.
- 5.22 Performance of the portfolio in rental terms is monitored by Officers and Members via the budgetary control process.

Property Portfolio Review

- 5.23 The significant degree of development around the City has provided the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. This may result in significant opportunities for capital spending over the medium-term as the receipts are realised.
- 5.24 Major sites where this applies include land at Arbury Park and Clay Farm for housing and land along Cowley Road for commercial uses. Given the pressure for development other windfall sites may be identified, e.g. the redevelopment on land currently occupied by low density housing that is in need of renewal.
- 5.25 As receipts from disposals cannot be guaranteed until buyers are found and legal agreements concluded, any possible usable receipts have not been taken into account for funding purposes at this stage. On receipt they would be applied in line with the Council's financing strategy, effectively replacing existing use of reserves in the first instance. This prudent approach allows the Council to manage the financial risks around disposals and this is especially true in uncertain market conditions.

- 5.26 Figures for rental income built into the forecast allow for projected disposals. Detailed findings from the review are normally reported to Strategy and Resources Scrutiny Committee.
- 5.27 When planning any further asset disposals the revenue impact of the disposals (i.e. the potential loss of net rent income from the asset against the income which would be received from the investment of the set-aside portion of the receipt) must also be taken into account.

6 Debt and borrowing

- 6.1 The Council has external debt of £214m in respect of the loans taken out on the introduction of self-financing in 2012.
- 6.2 The Council has internal borrowing as outlined in the Treasury Management Strategy Statement.

7 Knowledge and Skills

Financial Assets

- 7.1 Treasury Management Activity is undertaken by an Accountant and Assistant Accountant in the Council's Technical and Financial Accounting Team. They are managed by a CCAB qualified Principal Accountant.
- 7.2 The team has many years of treasury management experience and has recently demonstrated that it has the skills to opt-up to Professional status under the MiFID II reforms.
- 7.3 The CIPFA Code requires the responsible officer to ensure that Members and Officers are adequately trained in treasury management. Training is arranged as required and is regularly reviewed.

Non-financial Assets

- 7.4 The Council's investment property is managed by its Property Services Team, an experienced team of 7 staff, soon to be increased to 9. The team includes 6 Chartered Surveyors each with over 25 years of property experience in both the private and public sector. This extensive experience includes dealing with a mix of property types and

professional work including professional services, landlord and tenant, statutory valuations, acquisitions and disposals, commercial and residential property management. They have extensive knowledge of the Cambridge property market with most of the team having worked in and around Cambridge for the past 10 years or so, some much longer.

- 7.5 Property Services also works with external agents where specialist expertise is required to deal with particular properties or resource is not available to deal with matters in a timely way. Examples of where external advice is used include agency, valuation, building surveying and planning work. The Council also has internal building surveying resource in its Estates and Facilities Team to advise on construction, repair and maintenance, and statutory compliance matters across its investment properties. Estates and Facilities commission and manage repairs and maintenance as well as capital investment programmes either directly or through framework contracts.
- 7.6 The Council's asset valuations for its financial statement are prepared by external agents with an agreed rolling programme of valuations for the whole Council property portfolio. All material investment properties are valued on an annual basis.
- 7.7 When acquiring new investment property, the Council has appointed external agents to advise on and negotiate the terms of acquisition, recognising that others are closer to the investment market on a day to day basis than the Council's in-house team in some cases. As well as advising prior to acquisition, the agents undertake due diligence which helps to ensure that those charged with governance can make informed decisions.

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 (£) |
|--|----------------------------------|-------------------------------|-----------|
| Specified Investments:- | | | |
| 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 Link's Credit Criteria | UK Bank | 25m |
| HSBC Bank Plc | Using Link's Credit Criteria | UK Bank | 20m |
| Standard Chartered Bank | Using Link's Credit Criteria | UK Bank | 20m |
| Bank of Scotland Plc (BoS) | Using Link's Credit Criteria | UK Bank | 20m |
| Lloyds Bank Plc | Using Link's Credit Criteria | UK Bank | 20m |

| Name | Council's Current Deposit Period | Category | Limit (£) |
|--|---|------------------------------------|-------------------------------------|
| National Westminster Bank Plc (NWB) | Using Link's Credit Criteria | UK Nationalised Bank | 20m |
| Santander UK Plc | Using Link's Credit Criteria | UK Bank | 5m |
| The Royal Bank of Scotland Plc (RBS) | Using Link's Credit Criteria | UK Nationalised Bank | 20m |
| Other UK Banks | Using Link's Credit Criteria | UK Banks | 20m |
| Members of a Banking Group (BoS Group includes Lloyds, RBS Group includes NWB) | Using Link's Credit Criteria | UK Banks and UK Nationalised Banks | 30m |
| Svenska Handelsbanken | Using Link's Credit Criteria | Non-UK Bank | 5m |
| Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/V1) | 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 |
| Other Specified Investments - UK Building Societies:- | | | |

| Name | Council's Current Deposit Period | Asset Value (£'m) – as at 10 th August 2017 | Limit (£) |
|---|---|--|--|
| Nationwide Building Society | 1 month or in line with Link'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 | Assets between £5,000m and £49,999m - £2m |
| Principality Building Society | | 8,124 | |
| West Bromwich Building Society | | 5,839 | |
| Non-Specified Investments:- | | | |
| 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) |

| Name | Council's Current Deposit Period | Category | Limit (£) |
|---|----------------------------------|--------------------------------------|-------------------------------|
| Certificates of Deposit (with UK Building Societies) | Liquid Rolling Balance | Financial Instrument | 2m (per single counterparty) |
| Certificates of Deposit (with Foreign Banking Institutions) | Liquid Rolling Balance | Financial Instrument | 2m (per single counterparty) |
| Commercial Property Investments funded from cash balances | Over 1 year | Commercial Property | 20m (in total) |
| Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/V1) | Over 1 year and up to 5 years | Financial Instrument | 10m (per single counterparty) |
| Municipal Bonds Agency | N/A | Pooled Financial Instrument Facility | 50,000 |
| Supranational Bonds – AAA | Using Link'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.

Link’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 (Link) on UK Interest Rates as currently predicted.

Interest rates

Members of the Bank of England Monetary Policy Committee (MPC) increased the bank rate by 0.25% to 0.50% and no change to current Quantitative Easing (QE) value of £435bn, on 2nd November 2017. The vote was 7-2 in favour of an increase to the bank rate. Going-forward, the Council’s treasury advisor, Link (formerly Capita), has provided the following interest rate forecasts issued on 7th November 2017:-

| | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18* | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|-----------------------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 0.75% | 1.00% | 1.00% | 1.00% | 1.25% | 1.25% | 1.25% |
| 3 Month LIBID | 0.40% | 0.40% | 0.40% | 0.40% | 0.60% | 0.60% | 0.60% | 0.70% | 0.90% | 0.90% | 1.00% | 1.20% | 1.20% | 1.20% |
| 6 Month LIBID | 0.50% | 0.50% | 0.50% | 0.60% | 0.80% | 0.80% | 0.80% | 0.90% | 1.00% | 1.00% | 1.10% | 1.30% | 1.30% | 1.40% |
| 12 Month LIBID | 0.70% | 0.80% | 0.80% | 0.90% | 1.00% | 1.00% | 1.10% | 1.10% | 1.30% | 1.30% | 1.40% | 1.50% | 1.50% | 1.60% |
| | | | | | | | | | | | | | | |
| 5yr PWLB Rate | 1.50% | 1.60% | 1.60% | 1.70% | 1.80% | 1.80% | 1.90% | 1.90% | 2.00% | 2.10% | 2.10% | 2.20% | 2.30% | 2.30% |
| 10yr PWLB Rate | 2.10% | 2.20% | 2.30% | 2.40% | 2.40% | 2.50% | 2.60% | 2.60% | 2.70% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% |
| 25yr PWLB Rate | 2.80% | 2.90% | 3.00% | 3.00% | 3.10% | 3.10% | 3.20% | 3.20% | 3.30% | 3.40% | 3.50% | 3.50% | 3.60% | 3.60% |
| 50yr PWLB Rate | 2.50% | 2.60% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.00% | 3.10% | 3.20% | 3.30% | 3.30% | 3.40% | 3.40% |

* Link Asset Services predict that the next Bank of England Rate Change will be in December 2018, with a rise of 0.25% to 0.75%.

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

| | Estimate 2017/18 £'000 | Estimate 2018/19 £'000 | Estimate 2019/20 £'000 | Estimate 2020/21 £'000 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| PRUDENTIAL INDICATORS | | | | |
| Capital expenditure | | | | |
| - General Fund | 40,698 | 14,664 | 11,672 | 4,111 |
| - HRA | 23,226 | 40,302 | 39,916 | 59,311 |
| Total | 63,924 | 54,966 | 51,588 | 63,422 |
| | | | | |
| Incremental impact of capital deposit decisions on: | | | | |
| Band D Council Tax (City element) | £0.03 | £0.40 | £-0.02 | £-0.04 |
| Average weekly housing rent | £0.00 | £-0.02 | £0.03 | £0.07 |
| Capital Financing Requirement (CFR) as at 31 March | | | | |
| - General Fund | 29,483 | 37,343 | 46,843 | 48,643 |
| - HRA | 214,321 | 214,321 | 214,321 | 214,321 |
| Total | 243,804 | 251,664 | 261,164 | 262,964 |
| Change in the CFR | 18,786 | 7,860 | 9,500 | 1,800 |
| | | | | |
| Deposits at 31 March | 100,713 | 96,348 | 85,586 | 71,162 |
| | | | | |
| External Gross Debt | 213,572 | 213,572 | 213,572 | 213,572 |
| Ratio of financing costs to net revenue stream | | | | |
| | | | | |
| -General Fund | -582 | -561 | -496 | -418 |
| -HRA | 6,323 | 6,215 | 6,313 | 6,430 |
| Total | 5,741 | 5,654 | 5,817 | 6,012 |
| % of net revenue expenditure | | | | |
| -General Fund | -2.25% | -2.87% | -2.76% | -2.19% |
| -HRA | 15.41% | 15.07% | 15.54% | 15.44% |
| Total (%) | 13.16% | 12.20% | 12.78% | 13.25% |

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

| | Probable Outturn 2017/18 £'000 | Estimate 2018/19 £'000 | Estimate 2019/20 £'000 | Estimate 2020/21 £'000 |
|---|---|------------------------------|------------------------------|------------------------------|
| TREASURY INDICATORS | | | | |
| Authorised limit | | | | |
| for borrowing | 250,000 | 250,000 | 250,000 | 250,000 |
| for other long term liabilities | 0 | 0 | 0 | 0 |
| Total | 250,000 | 250,000 | 250,000 | 250,000 |
| HRA Debt Limit | 230,839 | 230,839 | 230,839 | 230,839 |
| Operational boundary | | | | |
| for borrowing | 243,804 | 251,664 | 261,164 | 262,964 |
| for other long term liabilities | 0 | 0 | 0 | 0 |
| Total | 243,804 | 251,664 | 261,164 | 262,964 |
| Upper limit for total principal sums deposited for over 364 days | 50,000 | 50,000 | 50,000 | 50,000 |
| Upper limit for fixed & variable interest rate exposure | | | | |
| Net interest on fixed rate borrowing/deposits | 6,910 | 6,931 | 6,996 | 7,074 |
| Net interest on variable rate borrowing/deposits | -18 | -15 | -15 | -15 |
| Maturity structure of new fixed rate borrowing | | Upper Limit | Lower Limit | |
| 10 years and above (PWLB borrowing for HRA Reform) | | 100% | 100% | |

Treasury Management – Glossary of Terms and Abbreviations

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

| Term | Definition |
|---------------------------------------|--|
| 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 banks London banks borrow Eurocurrency deposits from other banks |
| Liquidity | A measure of how readily available a deposit is |
| MPC | Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate |
| Minimum Revenue Provision (MRP) | Revenue charge to finance the repayment of debt |
| 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 typically beyond 1 year |
| Operational Boundary | Limit which external borrowing is not normally expected to exceed |
| 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 |
| PWLB | Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates |
| Security | A measure of the creditworthiness of a counter-party |

| Term | Definition |
|------------------------------|---|
| 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 |

RECOMMENDATION TO COUNCIL (The Executive)

Budget-Setting Report (BSR) 2018/19

Recommendations of the Executive, which met on 25 January 2018, are set out in the Budget-Setting Report which originally went to Strategy & Resources Scrutiny Committee on 22 January 2018 (version 1).

Unless otherwise specified, all references in the recommendations to Appendices, pages and sections relate to this version of the Budget-Setting Report (Version 3 - Council). This can be found via the Council agenda page:

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=3256&Ver=4>

Accordingly, Council is recommended to:

General Fund Revenue Budgets: [Section 5, page 31 refers]

- a) Agree any recommendations for submission to Council in respect of:
 - Revenue Pressures shown in Appendix C (a) and Savings shown in Appendix C (b).
 - Bids to be funded from External or Earmarked Funds as shown in Appendix C (c).
 - Non-Cash Limit items as shown in Appendix C (d).
- b) Recommend to Council formally confirming delegation to the Chief Financial Officer (Head of Finance) of the calculation and determination of the Council Tax taxbase (including submission of the National Non-Domestic Rates Forecast Form, NNDR1, for each financial year) which will be set out in Appendix A (a).
- c) Recommend to Council the level of Council Tax for 2018/19 as set out in Section 4 [page 28 refers].

Note that Cambridgeshire County Council, the Cambridgeshire Police & Crime Commissioner, Cambridgeshire & Peterborough Fire Authority and the Cambridgeshire & Peterborough Combined Authority have issued precepts to the Council for the year 2018/19.

Other Revenue:

- d) Recommend to Council delegation to the Head of Finance authority to finalise changes relating to any corporate and/or departmental restructuring and any reallocation of support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).
- e) Recommend to Council approval of setting up an earmarked fund - the "GF development fund" [with the remit as page 27 refers]. The council will provide loans to Cambridge Investment Partnership (CIP), of which it is a member, to support the development of the former council depot on Mill Road. The proposals and resulting interest income are covered in more detail in Section 5. It is proposed to retain income from this and other CIP developments in an earmarked reserve reflecting

uncertainty in both timings and quantum, and to provide a contingency fund reflecting the potential risks in this scheme and future schemes under development.

Capital: [Section 7, page 37 refers] Capital Plan:

- f) Recommend to Council the proposals outlined in Appendix E (a) for inclusion in the Capital Plan, including any additional use of revenue resources required.
- g) Recommend to Council the revised Capital Plan for the General Fund as set out in Appendix E (d), the Funding as set out in Section 7, page 40 and note the Projects Under Development list set out in Appendix E (e).

General Fund Reserves:

- h) Note the impact of revenue and capital budget approvals and approve the resulting level of reserves to be used to support the budget proposals as set out in the table [Section 8, page 45 refers].

Version 3
Council

Budget-Setting Report 2018/19



February
2018

2018/19

Cambridge City Council

Version Control

| Version No. | Revised version / updates for: | Content / Items for Consideration |
|-------------|--|---|
| 1 | Strategy & Resources Scrutiny Committee (22 January 2018) | Initial budget overview and budget proposals |
| | The Executive (25 January 2018) | Proposals of the Executive |
| 2 (N/A) | Special Strategy & Resources Scrutiny Committee (12 February 2018) | Amendments to Executive proposals Opposition budget amendment proposals |
| Current | 3 Council (22 February 2018) | Final Proposals to Council incorporating updates relating to: <ul style="list-style-type: none"> - Head of Finance final Section 25 report - Final Local Government Finance Settlement 2018/19 - Appendix A(b) Council Tax Setting following receipt of County Council, Police, Fire and Combined Authority precepts |
| | | 4 Council (Final) |

Anticipated Precept Setting Dates

| Cambridgeshire Police & Crime Commissioner | Cambridgeshire & Peterborough Fire Authority | Cambridgeshire County Council | Cambridgeshire & Peterborough Combined Authority |
|--|--|-------------------------------|--|
| 31 January 2018 | 8 February 2018 | 9 February 2018 | - |

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

The country has now suffered for over seven years from the imposition of the austerity policies by successive governments. Public services for many in Cambridge have been cut, while at the same time market forces have been allowed to dictate rising costs. Failing to regulate markets, including private rented housing and energy, has brought great hardship to many and often the same people who have suffered from welfare benefit cuts.

National evidence shows this has hit lower income local households far more than those on higher incomes, and the gap in wealth across Britain 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 target for assistance. The poorest in our city need direct help and support via the community organisations we grant-fund and our extra housing investment. Everyone in Cambridge deserves the opportunity to share in the city's growing prosperity.

The Council budget for Cambridge in 2018/19 is based on our vision to lead a united city that is "One Cambridge - Fair for All", in which economic dynamism and prosperity are combined with social justice and equality. It's a vision we will share and develop, working with our residents and partner organisations.

This budget will provide the resources to deliver our seven objectives of:

- Delivering sustainable prosperity for Cambridge and fair shares for all
- Tackling the city's housing crisis and delivering our planning objectives
- Making Cambridge safer and more inclusive
- Investing in improving transport
- Protecting our city's unique quality of life
- Protecting essential services and transforming council delivery
- Tackling climate change, and making Cambridge cleaner and greener.

In producing a budget to achieve these objectives, existing resources have been reviewed and reused or, where appropriate, rechannelled into providing improvements in delivery of existing services. For example, we have invested in shared council service delivery and joint digital technology projects with Huntingdonshire and South Cambridgeshire which involves

extra initial costs, but which then cuts our overall operating costs, and improves service quality.

This budget continues our strategy of identifying and allocating new resources to further develop priority services and add new ones.

Building 500 New Council Homes, Tackling Homelessness, and Wider Capital Investment

Over the last year great progress has been made in establishing the joint venture to develop housing, especially social homes, in sites across the city. The City Council's programme of "*500 New Council Homes for Cambridge*" has secured £70m in government grant and up to £30m of receipts from Right-to-Buy sales to invest in new housing, plus the reuse of council land suitable for high quality, sustainable new housing.

The separate Housing Revenue Account (HRA) budget report contains more details, and this General Fund budget adds plans to invest £5.76m in the development of the council's Mill Road depot site. This funding will enable the site to be built with an enhanced 50% level of council housing rather than the 40% affordable housing which is the usual standard and is elsewhere not always achieved. This programme and funding exemplifies our commitment to funding social housing and will be paid for using the capital receipt from the land and our share of the profits on the Mill Road depot redevelopment.

The main vehicle for building our new council homes will be the Cambridge Investment Partnership or CIP, a 50/50 partnership between the City Council and respected local house builders Hill Investment Partnership. The Council will provide capital and loans to enable CIP to construct homes on sites, with viability often assisted by the sale of the private homes once built. Interest will also be earned by the Council from this funding.

On homelessness in Cambridge, the council's extensive work to cut homelessness and poor accommodation in the private housing sector will be further supported by Government grant and 6 additional staff to implement the Homelessness Reduction Act with its emphasis on prevention. A further new post will help speed up assessment and support to enable those in need to be housed more quickly. Additional funding will be provided for the Housing Development Agency to ensure it is well established to manage the development of further new housing, especially in conjunction with the Cambridge Investment Partnership.

Digital Investment to Increase Efficiency and Further Improve Responsiveness to Residents

Underpinning the running of council services and responding to the needs of residents there needs to be strong and well managed administration and especially the use of latest

computing and digital technology and expanded IT capacity. In April 2017, this service was put fully into the hands of the joint service with Huntingdonshire and South Cambridgeshire councils and this has enabled plans for £1.7m of capital investment by the City Council, matched by contributions from the other two councils where services are shared:

- “My Cambridge City” online portal for residents to more easily access a range of services critical to their needs
- “Council Anywhere” to provide an upgraded digital platform to control and secure the work of council systems and enable staff from all Cambridge locations, not just council offices
- New software to develop further efficiencies in managing the waste collection and disposal service shared with South Cambridgeshire
- A further revenue bid to provide a permanent new team across the three councils developing innovative digital systems for a wide range of applications such as hand held devices for housing supervisors or environmental health officers to use on site to record information direct to council systems
- Upgrading all the city's 103 CCTV cameras including in our car parks, recorders, software and wireless links, in the joint CCTV service with Huntingdonshire.

Cambridge Initiatives to Cut Poverty

A further £200,000 will be allocated to the Sharing Prosperity Fund taking the total investment in tackling poverty to over £1.5m since its inception in 2014/15. Extra projects in 2018 to be paid for from this fund include:

- Work to reduce fuel and water poverty in Cambridge with staff and a winter warmer campaign
- Support for the Street Aid scheme providing help to rough sleepers to help it become self-sustaining
- Outreach work to advise and help those needing support when Universal Credit is imposed in Cambridge
- Increased digital access for those on low incomes
- Outreach work by Cambridge CAB in health centres to reach our most isolated and disadvantaged residents.

Tackling Climate Change and Cutting Pollution

The council is committed to increasing the city's future sustainability, acting locally to make a difference globally. We will continue to work to encourage businesses and other

organisations reduce their carbon footprint, partly by the council leading the way. Our Climate Change Fund will be topped up with a further £250,000 enabling extra work to reduce the council's carbon footprint, including:

- A solar PV and/or thermal system to provide hot water at Parkside Pool,
- A biomass boiler at Kings Hedges learner pool,
- Heating and lighting improvements at the Corn Exchange, and
- working towards our objective of a carbon neutral Cambridge by 2050, or earlier if that proves possible.

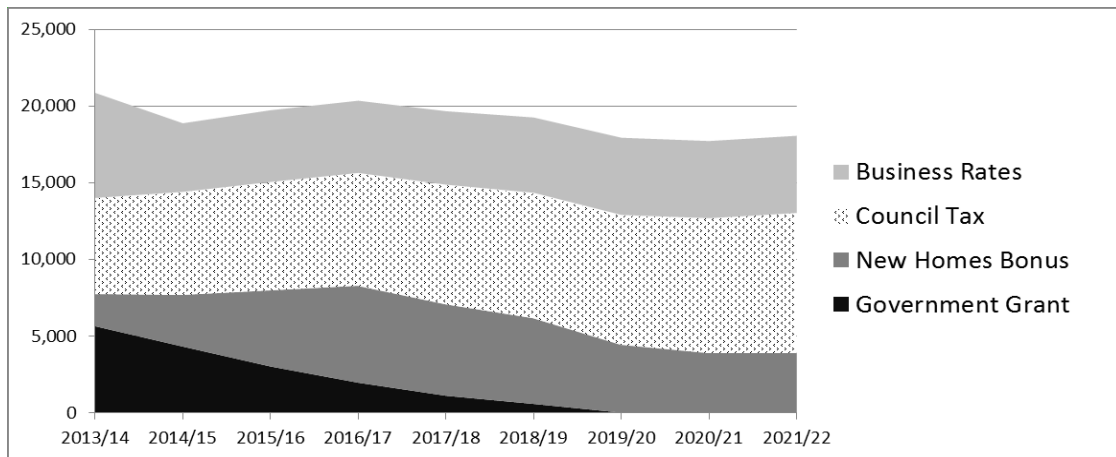
Developing a new Joint Greater Cambridge Plan to 2050, and Improving Planning

The council's planning function will be given increased support in its work of seeking to influence and control developments both large and small. It is vital that we do what we can to protect our environment whether plans affect one of the many Conservation areas in the city or whole areas of land in new locations for development. This budget includes: Funding the establishment of a stronger, unified joint Greater Cambridge Planning Service with South Cambridgeshire.

- Committing four year's funding of £600,000 to 2022 to fund the joint new Local Plan with South Cambridgeshire and new planning strategies for sustainable growth and environmental and community improvements across Cambridge
- Funding essential preparatory work to develop the last major undeveloped brownfield site in Cambridge, on the north-east fringe including seeking £193 million in national Housing Infrastructure Funding to help move the sewage and wastewater recycling plant, to enable up to 7,600 new homes to be built in that corner of the city
- Funding an extra full-time city planning enforcement officer, given the need to ensure planning rules are followed by all.

Funding the budget

The national government is continuing to fail to apply progressive taxes on the very rich, while cutting grants to local government and failing to adequately fund vital national services such as the NHS. In Cambridge our core funding has changed greatly over the last few years



Graph: Historic and projected Grant and Tax income in £000s

This chart shows the annual Government Grant to the city council dropping from over £5,000,000 in 2013 to nil in 2019. It also shows the reducing value of New Homes Bonus funding following the changes announced by the Government in 2016. The combination of these cuts puts more pressure on the council's budgets in the next few years and demonstrates the Government's intention that councils should be funded primarily locally, through the Council Tax and Business Rates. These are both regressive forms of taxation applied uniformly regardless of income, and this change highlights the importance of the council's strategies of:

- supporting those in most need
- running the council as efficiently as possible.
- establishing ways which make us less reliant on Government funding.

This budget contains many proposals for developing income from new sources such as our further investment in commercial property. Another example is our vehicle maintenance garage at Waterbeach which is now established and developing work with businesses and other councils on their commercial vehicles.

Despite the austerity cuts imposed by the government this Budget continues the vital work of this administration for the whole Cambridge community in 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. "One Cambridge, Fair for All"

Councillor Lewis Herbert, Leader of the Council

Councillor Richard Robertson, Executive Councillor for Finance & Resources

Section 1

Introduction

Purpose

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

On 19 October 2017 the council approved the Medium Term Financial Strategy (MTFS). The MTFS set out the financial strategy for the council in light of local and national policy priorities, external economic factors and the outlook for public sector funding. The MTFS also reviewed key assumptions and risks, thereby confirming the framework for detailed budget work for 2018/19 and beyond.

The BSR reviews the impacts of developments since the MTFS and sets the financial context for the consideration of detailed recommendations and budget finalisation to be made at council on 22 February 2018. The document proposes a detailed budget for the next financial year, and indicative budget projections for the following four years.

Background

The financial planning context for the BSR is set by the MTFS. This identified a total net savings requirement of around £1m over the 4 years latter years of the 5 year period, after taking into account changes to base assumptions and pressures and savings identified at that time.

| | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m |
|-------------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Net savings requirement | - | 0.245 | 0.245 | 0.245 | 0.245 | 0.980 |

These savings requirements stem from reductions in government funding, unavoidable cost increases and pressures, including the additional net cost of services for every new home in

the City. Increased income from commercial property together increased parking fees due to the postponement of major works at Park Street have given us the opportunity to reduce the savings target in the medium term although this will be reviewed annually at the MTFS. However, considerable levels of risk and uncertainty remain, including the possible impacts of the review of business rates retention and associated additional responsibilities, appeals resulting from business rates revaluation as at April 2017 and the future of New Homes Bonus. Whilst the council has a record of identifying and delivering savings through service reviews and value for money improvements, many such savings have already been delivered and it is becoming more difficult to identify and deliver further savings and efficiencies.

The council continues to deliver a programme of on-going transformation targeted at the way it delivers services and interacts with residents, tenants and other parties. There is an increasing emphasis on identifying and implementing proposals for income generation to make the council more financially sustainable. This BSR builds on what has been achieved, with particular emphasis on the continuing delivery of transformation projects, including shared services with neighbouring councils and the consolidation and improvement of the council's office accommodation.

Key dates

The key member decision-making dates are as follows:

| Date | Task |
|-------------|--|
| 2018 | |
| 22 January | Strategy and Resources Scrutiny Committee considers BSR |
| 25 January | The Executive recommends BSR to Council |
| 12 February | Special Strategy and Resources Scrutiny Committee considers any budget amendment proposals |
| 22 February | Council approves the budget and sets the council tax for 2018/19 |

Section 2

Local and national policy

Local policy priorities

The local policy priorities for the council are identified through the budget consultation and the council's annual statement which in turn feed into the corporate plan. The plan sets out in more detail how the vision 'Building a fairer Cambridge together' will be delivered. The current plan, which will be reviewed during 2018-19, can be found at <https://www.cambridge.gov.uk/corporate-plan>.

MTFS 2017 included a foreword by the Leader of the Council and the Executive Councillor for Finance and Resources which supplements the annual statement and confirms the direction of travel for the council. It advocates developing a strategy to deliver a balanced budget through partnership working, either with other public sector organisations or local businesses, whilst investing significantly in our commercial property portfolio. These strategies will deliver savings to build on 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, planning ahead to make the council more productive and less reliant on external funding while maintaining and developing services. This is reflected in the detailed framework for the budget work.

Corporate plan

The corporate plan sets out the strategic objectives for Cambridge City Council for the years 2016-19. It sets out key activities the council will undertake in order to achieve its strategic objectives and deliver its vision. Success measures and key performance indicators (KPIs) are shown, as are lead Executive Councillors and officers. The corporate plan provides a key component of the local policy context looking forward over the three year period it covers. It has been updated to reflect structures and responsibility changes.

Review of demographic factors

Demographic factors impact on the council's financial strategies in terms of their effect on the level of demand for services, the specific types and nature of services and the income available to the council through council tax.

Services use projections and estimates of population growth and the number of new dwellings to plan for the impacts of growth. The expected location of these changes can also be significant. Whilst Office of National Statistics (ONS) mid-year population estimates show a growth of 3,000 people or 2.5% for Cambridge as a whole over the past three years (2014 to 2016), Trumpington ward has seen the bulk of this increase, growing by 2,800 people or 30% of its ward population during the same period.

The direct budgetary impact of increased population could be a simple proportional uplift of service costs. However in other cases, a review of the current model of service delivery may be required, factoring in not only growth in population and dwellings, but also changes in demand, changes in the nature of that demand and the available funding envelope.

Growth of Cambridge

With the on-going implementation of the planned housing and economic growth of Cambridge, the city's population is set to increase by more than 25% between 2011 and 2031. The council is already focussed on meeting the needs of new communities and residents through better use of technology, joint services with other local authorities and partnership working (through the Greater Cambridge Partnership and Combined Authority) in order to lever in funding for infrastructure improvements.

Whilst new homes generate new council tax income for providing services, the increase in the student population (with council tax exemptions) and the number of commuters, plus the particular needs of new residents as they settle into new communities, can present additional service demands and financial pressure however. This is at a time on on-going financial pressures facing council budgets with the phased withdrawal of core grants from central government.

The council will continue to explore ways to make better use of resources (say, for managing and maintaining new open spaces being created as part of new

neighbourhoods and to enable new communities to become established and thrive on their own sooner).

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 City Deal (now the Greater Cambridge Partnership). The agreement 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 funding will enhance the status of Greater Cambridge 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 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 organisations¹ in Cambridgeshire, including Cambridge City Council, agreed a devolution deal with the government to form the Cambridgeshire and Peterborough Combined Authority (CPCA). The deal gives delegated powers to the CPCA 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 CPCA.

The CPCA 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

¹ 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

- improving transport and digital infrastructure.

It has been agreed that CPCA 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 CPCA (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 CPCA. Each Council could also decide voluntarily to make a financial contribution to the CPCA.

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

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 partners) | Legal (3) | ICT (3) |
| Home Improvement Agency (3) | Payroll (2) | CCTV (2) |
| Internal Audit (2) | Waste & Recycling (2) | |

Staff consultation is underway for The Greater Cambridge Planning Service together with the drafting of a Memorandum of Understanding. The business transfer is due on 1 April 2018 with full systems integration by December 2018.

Cambridge Investment Partnership (CIP)

CIP is a partnership between the City Council and Hill Investment Partnership. It is a 50:50 Limited Liability Partnership (LLP). The investment partnership model provides an opportunity for the Council to benefit from the experience and additional resource that a development partner can bring. Each partner shares the outputs (financial and social) in proportion to the value of its input, and therefore the model allows the partners to share the development risk and the development uplift arising from a scheme.

The agreed objectives of CIP as set out in the Members Agreement are:-

- Investment in the development of land to create successful new places that meet both the financial objectives (primarily a revenue return) and social objectives of Cambridge City Council (particularly housing that is affordable and is needed locally), provided always that individual sites may be developed to meet either financial or social objectives;
- Improve the use of council assets and those of other public sector bodies in the Cambridge, or Cambridge-wide area;
- Maximise the financial return through enhanced asset value (with reference to the first bullet above);
- Provide a return to the investment partners commensurate to their investment and the level of risk in respect to such investment.

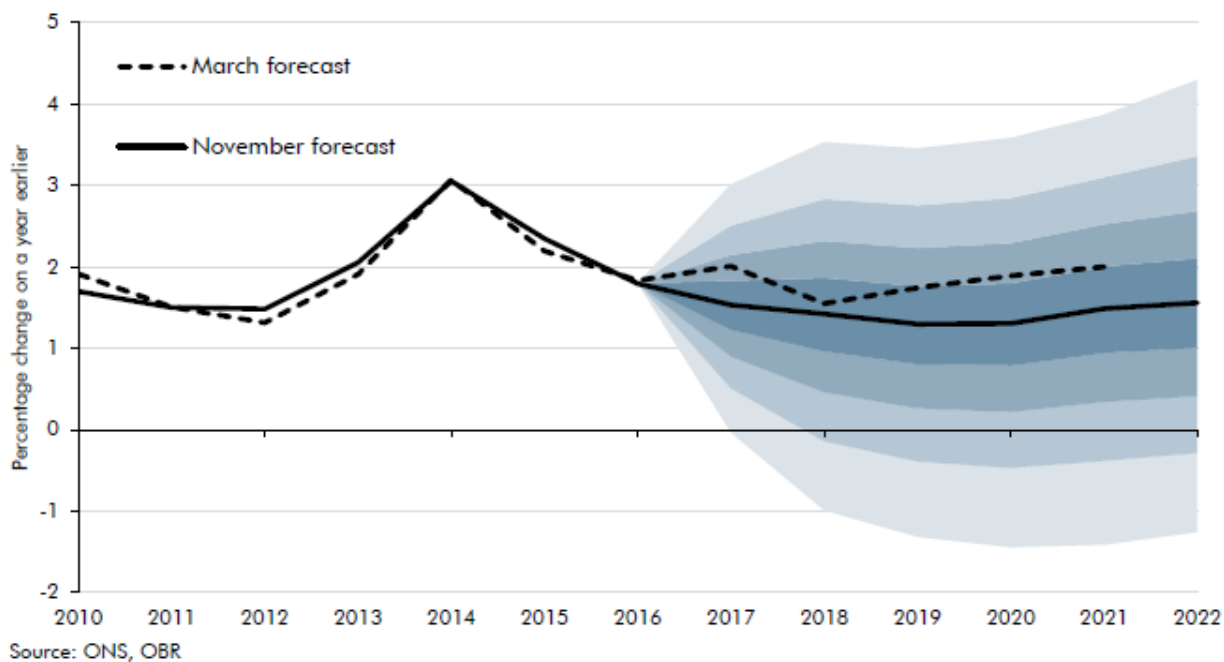
National policy framework

Economic factors

2017 has seen a number of developments in the UK, EU, US and beyond that have a major impact on economic forecasts. These include Brexit and the results of the US Presidential election, UK General Election and the risk of a change of government. These have caused volatility in currency, bond and stock markets around the world and make forecasting fraught with difficulty. In particular, the decline in the £ sterling against the US Dollar has contributed to a higher rate of inflation. Economic forecasters are considering various factors which, whilst not directly impacting on the delivery of public services in general and those of second tier authorities in particular, will give rise to uncertainty in their minds and thus in their published prognoses. Areas causing concern include:

- The pace of Brexit negotiations
- The eventual timing of the UK leaving the EU
- The pace of GDP growth
- Recovery of sterling against major currencies
- Changes to net migration figures and their impact on the economy
- Overall unemployment

The Office of Budget Responsibility (OBR) forecasts a reduction in Gross Domestic Product (GDP) growth but continuing low unemployment until the National Living Wage prices some workers out of employment. The key contributor in the downward GDP forecast is the reduction in productivity which depresses growth in GDP and in the major tax bases. The real (GDP) fan chart below illustrates the level of future uncertainty.



Forecasts confirm that the government is unlikely to achieve a balanced budget in the current parliament. Originally a budget surplus was projected for 2020/21 but the Office for Budget Responsibility (OBR) now consider that a surplus may not be achieved until 2025/26 – which is outside their normal forecasting range.

Public sector net borrowing has fallen more quickly than anticipated:

“ ... the public finances have performed better than expected. The Office for National Statistics has revised borrowing in 2016-17 sharply lower, relative to its initial estimate and our March forecast.”²

Faced with a weaker outlook for the economy and the public finances, and growing pressures on public services following years of cuts, the government has chosen to deliver a significant near-term fiscal giveaway. Consistent with the pattern of many past fiscal events, the policy easing is then scaled back in future years, with a small fiscal tightening ultimately

² OBR “Economic and fiscal outlook – November 2017”

pencilled in for 2022-23 in the form of further cuts in public services spending as a share of GDP.

Bank of England forecasts from the November 2017 inflation report are as follows:

| Forecast % at December | 2017 | 2018 | 2019 | 2020 |
|------------------------------|------|------|------|------|
| Gross Domestic Product (GDP) | 1.4 | 1.7 | 1.7 | 1.7 |
| Consumer Index (CPI) | 3.0 | 2.4 | 2.2 | 2.1 |
| Unemployment rate | 4.2 | 4.2 | 4.2 | 4.3 |
| Bank base rate | 0.4 | 0.7 | 0.9 | 1.0 |

These inflation forecasts show an over-provision of inflation in the MTFS of approximately 0.2% in 2018/19 (~£40k) increasing marginally over time. No adjustment to budgets is proposed, as these amounts are minor in relation to overall expenditure.

Interest rates

Interest rates are set by the Bank's Monetary Policy Committee which increased the bank base rate to 0.25% on 1 November 2017 and reported:

"Inflation is above our 2% target, because of the sharp fall in the pound triggered by the EU referendum. We have to balance how quickly we take inflation back to the target with the support we give to jobs and activity. With more people in work and growth in the economy steady, there are limits to the extent to which we can accept above-target inflation. People need to be able to rely on low and stable inflation. To make sure of that, we need to keep economic growth around it's new, lower, speed limit.

To ensure a sustainable return of inflation to the target we have raised interest rates from 0.25% to 0.5%. That means taking our foot a little off the accelerator, reducing slightly the amount of support we are providing to the economy. We expect any further rises to happen at a gradual pace and to a limited extent. Interest rates are likely to remain substantially lower than a decade ago."

Latest projections for interest rates from the council's treasury management advisors (Link Asset Services) at November 2017, set out below, show a rise from the current 0.5% to 1.25% by September 2020.

| | NOW | Dec 2017 | Mar 2018 | Jun 2018 | Sep 2018 | Dec 2018 | Mar 2019 | Jun 2019 | Sep 2019 | Dec 2019 | Mar 2020 | Jun 2020 | Sep 2020 | Dec 2020 | Mar 2021 |
|----------------|------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Bank Rate | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.25 | 1.25 | 1.25 |
| 3 month LIBID | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.60 | 0.60 | 0.60 | 0.70 | 0.90 | 0.90 | 1.00 | 1.20 | 1.20 | 1.20 |
| 6 month LIBID | 0.45 | 0.50 | 0.50 | 0.50 | 0.60 | 0.80 | 0.80 | 0.80 | 0.90 | 1.00 | 1.00 | 1.10 | 1.30 | 1.30 | 1.40 |
| 12 month LIBID | 0.65 | 0.70 | 0.80 | 0.80 | 0.90 | 1.00 | 1.00 | 1.10 | 1.10 | 1.30 | 1.30 | 1.40 | 1.50 | 1.50 | 1.60 |
| 5 yr PWLB | 1.50 | 1.50 | 1.60 | 1.60 | 1.70 | 1.80 | 1.80 | 1.90 | 1.90 | 2.00 | 2.10 | 2.10 | 2.20 | 2.30 | 2.30 |
| 10 yr PWLB | 2.10 | 2.10 | 2.20 | 2.30 | 2.40 | 2.40 | 2.50 | 2.60 | 2.60 | 2.70 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 |
| 25 yr PWLB | 2.70 | 2.80 | 2.90 | 3.00 | 3.00 | 3.10 | 3.10 | 3.20 | 3.20 | 3.30 | 3.40 | 3.50 | 3.50 | 3.60 | 3.60 |
| 50 yr PWLB | 2.40 | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 | 3.00 | 3.10 | 3.20 | 3.30 | 3.30 | 3.40 | 3.40 |

Interest rates projection at November 2017(Link Asset Services)

2017 Budget Statement

The government published the Budget on 22 November 2017.

In the light of the deteriorating economic context, the government has chosen to borrow to invest in infrastructure and innovation targeted at improving productivity. Government departments will continue to deliver spending plans set at Spending Review 2015. The efficiency review announced at Budget 2016, designed to deliver £3.5bn of savings, was reaffirmed. As a result government department spending control totals are unchanged and are expected to grow with inflation in 2021/22 and 2022/23.

The statement contained some items of relevance to the council, with little or no impact on the council's GF budget in the short-term, but with prospects for a longer term effect :

- 3% rise in business rates with the inflator moving from RPI to the lower CPI. The frequency of business revaluations will increase from quinquennial to triennial.
- The national Living Wage will be increased by 4.4% to £7.83/hour from April 2018 as recommended by the Low Pay Commission. The £9/hour target by 2020 is unlikely to be met
- Reforms to off payroll working rules introduced last year in the public sector will move to the private sector by 2019. Experience has shown that this merely increases staff costs because, in a scarce employment market, the contractor can demand and secure, the same effective net income.
- A reduction in liability to Stamp Duty Land Tax (SDLT) for first time house buyers up to £300,000 subject to a maximum property value of £500,000.

- The Chancellor confirmed that he would move away from the 1% public sector pay cap
- The government has agreed a pilot of 100% business rates retention in London in 2018-19.
- Universal credit wait reduced from 5 to 4 weeks; implementation in Cambridge deferred from June to October 2018
- £1.7 billion for a Transforming Cities Fund to improve local transport connections

Cambridge – Milton Keynes – Oxford corridor

- the Budget sets out an integrated programme of infrastructure, housing, business investment and development for the corridor between Oxford and Cambridge.
- The government aims to build 1 million new homes in the area by 2050 to maximise its economic potential, starting with a housing deal with Oxfordshire for 100,000 homes by 2030 and working with Central and Eastern sections on commitments in 2018.
- By 2024 the western section of East West Rail will be complete, allowing services between Oxford and Bedford, and Aylesbury and Milton Keynes. A new East West Rail Company is being established to accelerate delivery of the central section between Bedford and Cambridge, aiming for completion by the mid-2020s.
- Working in partnership with local stakeholders, the government is committing £5 million to develop proposals for Cambridge South station, and is starting a study on the enhancements needed to accommodate future rail growth across Cambridgeshire.
- Construction will begin on key elements of the Expressway between Cambridge and Oxford in the second Roads Investment Strategy. The government will accelerate work on the 'missing link' elements of the Expressway so that it is ready to open by 2030.

Planning

In an effort to re-energise the housing market the Chancellor made several announcements:

- Consultation to ensure that allocated land should be taken out of a plan if there is no prospect of a planning application being made
- Intervention where there is a failure to progress Local Plans
- First-time buyer led developments will be granted permission on land outside their plan where a high proportion are offered for discounted sale for first-time buyers, or for affordable rent

- Increasing housing density in urban areas, including conversion of retail and employment land to housing
- Expecting local authorities to bring forward 20% of their housing supply as small sites
- A consultation into the setting and indexation of Community Infrastructure Levy (CIL)

This was the government's first Autumn Budget, the next statement being an early 2018 forecast from the OBR followed by a Spring Statement.

Section 3

Public budget consultation

Context and approach

The council has carried out a budget consultation exercise annually since 2002.

This year the council chose to focus its budget consultations on finding out what a representative sample of local people think about approaches to finding savings that the council is either currently following or considering. As a part of this participants were also invited to offer any other additional saving ideas that the council could investigate. This approach was followed this year because it was felt, based on previous experience, wider residents' views about services or the council were unlikely to have changed since 2016, when a broader residents' survey was carried out.

The budget consultation was undertaken by an independent market research company during September 2017, with 445 randomly selected households participating. In addition two workshops were held with people from low income households to get their perspective. Local businesses were also invited to participate in the consultation and 74 returned completed questionnaires.

Key consultation findings

Headline results

The headline findings from budget consultation 2017 were:

- Just under two thirds (59%) of residents were aware of the council's need to find savings. Awareness rose to three quarters (75%) for local businesses.
- Residents offered their highest level of support to the council working with other nearby local councils to deliver "shared services" (83%) and for the Council to put more services online and to improve IT (80%).

- Residents were less keen on the council reducing its capital spending on physical assets (11%) and maintaining services but doing some things less frequently or offering less (32%).
- Local businesses on the other hand offered their highest level of support to the council putting more services online and to improve IT (87%) and for the council to look at alternative ways of delivering services, such as local trusts or other not for profit partnerships.
- Local business were also less keen on the council reducing its capital spending on physical assets (17%) and maintaining services but doing some things less frequently or offering less (22%).

Residents participating in the low income workshop said that they highly valued the council's community, housing and leisure services. They felt strongly that the council should continue to put more services online and encourage local people to "self-serve" but said that certain groups of people, such as the elderly, should be offered support or other provision to allow them to fully engage with the council. They were also happy for the council to continue to "share services" with other local authorities but didn't want this to be at the expense of more limited accountability to residents and access decision-makers.

You can find the full budget consultation 2017 here:

<https://www.cambridge.gov.uk/budget-consultation>

By comparison, the headline findings from the Residents' Survey 2016 were:

- 76% of residents were satisfied with the way the council runs services, which was an improvement of 20% since the survey was last conducted in 2011
- 55% of residents agreed that the council provides value for money, which was an improvement of 22% since 2011
- 80% of residents agree that the city council is accessible to the public, 79% agree that it cares about the environment and 75% agree that the city council is easy to contact, and
- 78% of residents indicate they are well informed about how to contact the city council and 64% said the council keeps them "well informed".

Next steps

The council will continue to work hard to deliver good quality services, against a background of financial challenges. The council will take time to consider all of the detail from the budget consultation 2017 and will look closely at what people have said so that we can continue to improve the way we work.

Section 4

General Fund resources

Local government finance settlement 2018/19

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 2020/21.

The provisional finance settlement was published on 19 December 2017 and the final settlement on 6 February 2018. The settlement provides funding figures for 2018/19 and indicative figures for the following year. However, certain elements are subject to the funding guarantee described above.

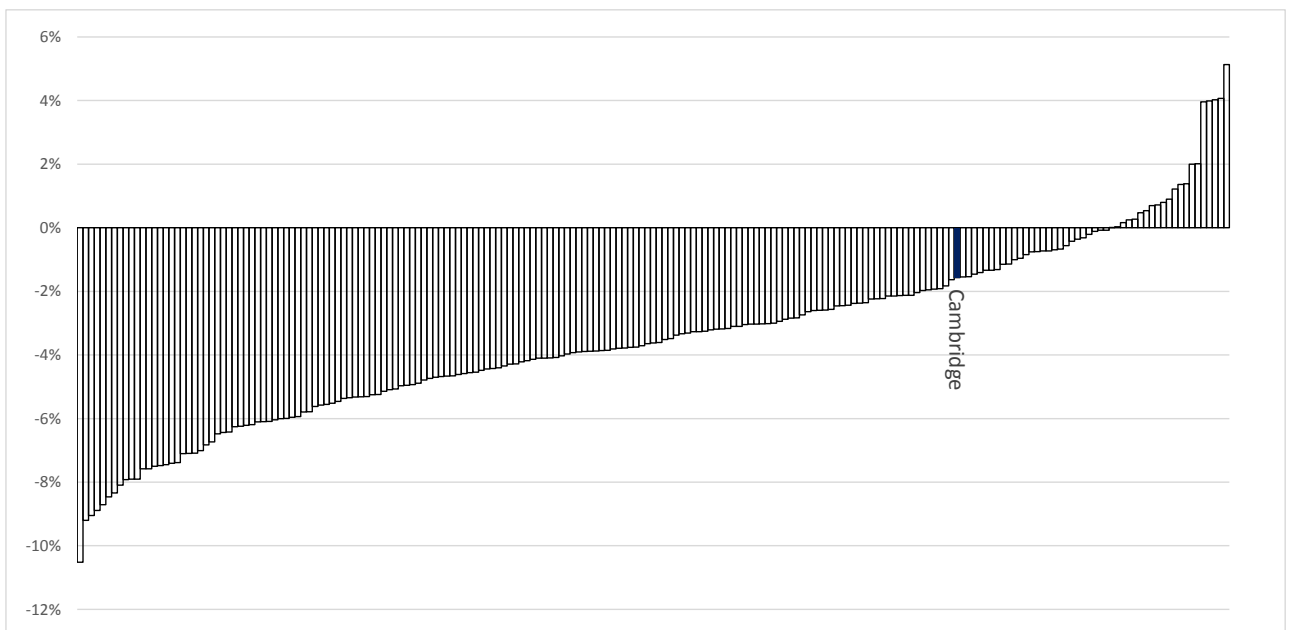
Uncertainty remains for 2020/21 and beyond as government continues to develop the 100% business rates retention scheme, although there are now indications that retention may not progress beyond 75%. This work includes identifying further responsibilities to devolve to councils to match higher levels of business rates retention and a review of needs and distribution, now known as the Fair Funding Review. The government has confirmed expectations that the Fair Funding Review will be finished in time for implementation in April 2020.

Core spending power

| Element of core spending power (£000) | 2017/18 | 2018/19 Provisional | 2018/19 Final | Change 2017/18 to 2018/19 Final | 2019/20 |
|---|---------------|---------------------|---------------|---------------------------------|---------------|
| Settlement Funding Assessment (SFA): | | | | | |
| - Revenue Support Grant (RSG) | 1,104 | 571 | 571 | (48.3%) | 0 |
| - Business rates baseline | 3,989 | 4,109 | 4,109 | 3.0% | 4,200 |
| - Business rate tariff adjustment | - | - | - | - | (24) |
| | 5,093 | 4,680 | 4,680 | (8.1%) | 4,176 |
| Compensation for underindexation of business rate multiplier | 60 | 86 | 94 | 56.7% | 128 |
| New Homes Bonus (NHB) grant ¹ including returned funding | 5,973 | 5,596 | 5,596 | (6.3%) | 5,177 |
| Council tax income ¹ | 7,839 | 8,298 | 8,298 | 5.9% | 8,784 |
| Core spending power | 18,965 | 18,660 | 18,668 | (1.6%) | 18,265 |

¹ – Figures based on government projections

Lower Tier Authorities: Change in core spending power 2018/19



The core spending power measure, based on illustrative amounts for NHB, shows a decline of 3.7% over the four years of the spending review period.

There are no material changes in the SFA from that included in MTF5 2017, as this funding has been guaranteed following the government's acceptance of the council's efficiency plan.

Future prospects

Projections assume that the level of Settlement Funding Assessment (SFA) for 2019/20 will be as indicated in the 2018/19 settlement. There is considerable uncertainty relating to the SFA for 2020/21, 2021/22 and 2022/23, as this is beyond the current parliamentary term and after the possible implementation of 100% business rates retention. Indeed, it is now thought that the local share of business rates will only increase to 75% rather than 100% and that the tier split may also be changed. The outcome of the Fair Funding Review and a probable baseline reset create further uncertainty. All these changes represent a total rebasing of the business rate funding system for local government, therefore in the absence of better information, the overall SFA has been assumed to remain at 2019/20 levels.

| | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue Support Grant (RSG) | 1,104 | 571 | - | - | - |
| Business rates baseline | 3,989 | 4,109 | 4,264 | 4,392 | 4,523 |
| Business rate tariff adjustment / negative RSG | - | - | (24) | (152) | (283) |
| Total SFA - per 2018/19 finance settlement | 5,093 | 4,680 | 4,240 | 4,240 | 4,240 |

The final settlement has provided confirmed amounts for the SFA for 2018/19 and 2019/20. It should be noted that the business rates baseline is now indexed by CPI rather than RPI, with compensation for the change being contained within the 'Compensation for underindexation of the business rate multiplier' line within core spending power. As a result, no changes have been made in the above projections.

Local retention of business rates

The SFA approach enables local authorities to benefit directly from supporting local business growth. The assessment includes a baseline level of business rates receivable (indexed linked from an initial assessment in 2013/14) with the level of rates receivable

above that being taken by government as a 'tariff' – which will be used to 'top up' local authorities who would receive less than their funding level. Government intends that this will be fixed until 2020.

In addition, the council can retain 50% of any business rates collected above the assumed baseline level, paying the remainder to central government as a 'levy'. If business rates income falls to less than 92.5% of the baseline, the council receives a 'safety net' payment so that any loss of income below the baseline is capped at 7.5%

One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new / revised valuations, together with their timing.

Although there has been growth in the tax base in the city since the scheme started in 2013/14, there have also been significant reductions as a result of the settling of appeals against rateable value (including backdated aspects).

Forecasting the effects and timing of new development and redevelopment on the city's tax base remains difficult. Significant development is continuing, for example on the Cambridge Biomedical campus and in the station area. The council expects some growth in 2018/19 as Astra Zeneca start to occupy their new research and head office buildings, Royal Papworth Hospital opens and Cambridge Assessment occupy their new office at The Triangle. However, the timing and speed of these major projects remains subject to change.

There are also significant uncertainties around the operation of the business rates retention scheme in the next few years.

The DCLG began working with local authorities and other interested parties in 2016 on changes to the local government finance system to pave the way for the implementation of 100% business rate retention. Progress on the design of any future scheme was halted by the General Election and it became clear that there was unlikely to be the capacity for government to consider the primary legislation required for 100% retention. However, as part of the settlement announcement in December the DCLG gave some indication about the future shape of Business Rates Retention.

The Secretary of State has announced that the local share in the Business Rates Retention Scheme (BRRS) will increase from 50% to 75% in 2020/21.

The review is likely to rebalance the distribution of business rates away from district councils towards those authorities with social care responsibilities, for example by changing the tariff and top up payments, or the relative shares of income between the tiers of local government. The government has also indicated that the increase in the retention percentage will mean the transfer of additional responsibilities to local government.

It remains difficult to forecast the appeals position accurately. There was a business rates revaluation at 1 April 2017. Alongside this there was a move to a process of 'Check, Challenge, Appeal' in respect of valuations. Nationally there has been very little activity in respect of businesses appealing their rateable values and this makes the appeals position for the 2017 list particularly challenging.

There are also uncertainties in respect of residual 2010 list appeals. with appeals settled elsewhere in the country having knock-on effects nationally. NHS Foundation Trusts, including those in the city, are also pursuing a claim for award of mandatory charitable relief, backdated a number of years.

Given these uncertainties the BSR takes a cautious approach to forecasting business rates income. The overall position is currently projected to reflect additional net income above the baseline of £800k in each year.

New Homes Bonus

The allocation of NHB for 2018/19 was announced by the DCLG in December 2017 and forms the basis for BSR 2018/19. An illustrative amount for 2019/20 was provided within the provisional and final finance settlements, see above.

The settlement confirms that the length of time that the bonus is paid for will reduce from five to four years as expected. The threshold over which the bonus is paid will remain at 0.4% for 2018/19, allaying some concerns that the government would use this mechanism to reduce payments further.

The government has also decided not to go ahead with changes consulted on which would have meant the bonus being withheld for homes that have been approved on appeal.

The table below includes estimates of future NHB payments based on expected housing completions, four years of payment for bonus awarded in 2018/19 and thereafter and 0.4% deadweight threshold. 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. Currently 40% of NHB is set aside as a contribution to the Greater Cambridge Partnership (GCP) 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 GCP Investment and Delivery Fund. It can be seen that from 2020/21 onwards, it is no longer possible to set aside 40% to the GCP Fund without creating an unacceptable deficit in this funding stream. The allocation of this funding stream for 2020/21 and beyond will be addressed in MTFS 2018.

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Confirmed NHB funding at February 2017 BSR | (5,962) | (4,108) | (2,522) | (1,161) | - | |
| Add | | | | | | |
| Confirmed NHB receipts for 2018/19 | | (1,487) | (1,487) | (1,487) | (1,487) | - |
| Estimated NHB receipts for 2019/20 | | | (440) | (440) | (440) | (440) |
| Estimated NHB receipts for 2020/21 | | | | (816) | (816) | (816) |
| Estimated NHB receipts for 2021/22 | | | | | (1,150) | (1,150) |
| Estimated NHB receipts for 2022/23 | | | | | | (1,197) |
| Potential New Homes Bonus Total | (5,962) | (5,595) | (4,449) | (3,905) | (3,894) | (3,604) |
| | | | | | | |
| Commitments against NHB | | | | | | |
| Funding for officers supporting growth e.g. within planning | 785 | 785 | 785 | 785 | 785 | 785 |
| Replacement of Homelessness Prevention Funding subsumed into the SFA | 564 | 564 | 564 | 564 | 564 | 564 |
| Public Realm Officer - Growth X3782 | 35 | 35 | - | - | - | - |
| Direct revenue funding of capital | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 |
| Contribution to Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund | 2,385 | 2,238 | 1,780 | 1,562 | 1,558 | 1,442 |
| Further approvals | | | | | | |
| A14 mitigation contribution funded from reserved amounts | | | (1,500) | | | |
| Spend from A14 mitigation Fund | | | 1,500 | | | |
| Contribution to GCP Investment and Delivery Fund | 400 | | | | | |
| Total commitments against NHB | 5,244 | 4,697 | 4,204 | 3,986 | 3,982 | 3,866 |
| | | | | | | |
| NHB reserved for A14 mitigation | 718 | 782 | - | - | - | - |
| | | | | | | |
| Cumulative amounts reserved for A14 mitigation | (718) | (1,500) | - | - | - | - |
| NHB (uncommitted) / overcommitted | - | (116) | (245) | 81 | 88 | 262 |

The above summary shows significant levels of reduction in expected NHB receipts in future years, demonstrating the importance of keeping this funding distinct from the core funding required to support ongoing services.

Earmarked and specific funds

In addition to general reserves, the council maintains a number of earmarked and specific funds held to meet major expenditure of a non-recurring nature or where the income has been received for a specific purpose but not yet spent. Details of opening and closing balances, with approved/anticipated use over the budget period are set out in Appendix F.

These funds have been rationalised over the last couple of years, with the aim of retaining only major policy led funds. A number of funds still remain with residual balances and commitments; however these will be closed as soon as the commitments are delivered.

Existing funds

Sharing prosperity fund

The fund provides resources to fund fixed-term and one-off projects and proposals that support the objectives of the council's Anti-Poverty Strategy, namely:

1. Helping people on low incomes to maximise their income and minimise their costs
2. Increasing community pride, raising skills and aspirations, and improving access to higher value employment opportunities for people on low incomes
3. Improving health outcomes for people on low incomes
4. Helping people with high housing costs, increasing numbers of affordable homes, and improving the condition of people's homes
5. Supporting groups of people that are more likely to experience poverty and social isolation, including children and young people, older people, women, people with disabilities, and BAME residents

To date a total of £1,334,760 has been allocated to the SPF. A total of £1,329,930 has been allocated to date to 25 projects for delivery between 2014/15 and 2018/19. Some of the projects supported by the fund to date have included:

- Living Wage campaign officer and associated promotional budget

- Work to promote financial inclusion, including appointing a Financial Inclusion officer, promoting affordable finance options including credit unions, and money management projects in schools
- A programme of apprenticeships in council services
- Outreach advice work for people with mental health issues associated with low income and debt
- Work to address fuel and water poverty, including promotion of water meters, energy efficiency measures and Cambridgeshire County Council's collective energy switching scheme
- Free swimming lessons for children from low income families
- Promotion of healthy eating through cookery skills workshops for low income families
- An exercise referral scheme to support residents in low incomes areas with medical conditions to take physical exercise
- A programme of free holiday lunches at community centres and other venues
- Promoting 'Time Credits' to support volunteering in local communities
- A programme of arts and cultural activity to develop self-awareness, resilience and leadership skills amongst young people from low income families
- Provision of training and other support to promote digital skills and access

An additional £100,000 was allocated to the SPF through MTFS 2017. It is proposed that a further £200,000 be allocated to the fund for 2018/19 through the BSR in February 2018.

This additional funding will support a number of new and ongoing anti-poverty projects, which are likely to include:

1. Providing a skilled outreach advisor based at JobCentre Plus to support households impacted by the roll-out of Universal Credit in Cambridge
2. Continuing to fund an outreach advisor in health centres to provide financial and debt advice for residents experiencing mental health issues
3. Continuing to provide staff resources and a promotional budget to encourage Cambridge employers to pay their staff the Real Living Wage and engage in wider projects to address poverty
4. Continued funding of the Fuel and Water Poverty Officer post
5. Continuing work to promote digital access for low income residents, including work with older people, a social housing project and a 'Microhub' offering digital access at a range of venues across the city

Climate change fund

The council's five key objectives in relation to climate change are set out in its Climate Change Strategy for 2016-2021. The first of these objectives is 'reducing emissions from the City Council estate and operations'.

To ensure a strategic approach to this objective, the council has produced two Carbon Management Plans for 2011/12 - 2015/2016 and 2016/17 - 2020/21. We delivered 47 carbon reduction projects during the period of the first plan, and 5 projects were delivered during the first year of the current plan (2016/17), with 11 more scheduled for completion during 2017/18.

In 2008 the Council established a dedicated Climate Change Fund (CCF) to finance projects that will contribute to the reduction of carbon emissions from the Council's estate and operations. The fund supports projects focussing on:

- Energy and fuel efficiency;
- Sustainable transport;
- Waste minimisation; or
- Management of climate change risks.

Activities that can be supported include infrastructure, equipment, feasibility studies and awareness activities to change the behaviour of staff. Project proposals are assessed using a number of key criteria, including:

- Annual reduction in carbon dioxide emissions;
- Cost effectiveness (£ per tonne of CO2 saved);
- Annual financial savings resulting from the project; and
- Payback period on investment.

Between 2008/09 and 2016/17, £984k has been allocated to the Climate Change Fund and 36 projects have been supported by the fund, including some of those set out in the Carbon Management Plans. In addition to this, a range of other sources of funding have been used to support carbon reduction projects. Projects funded to date through the CCF have included:

- A solar thermal system to provide hot water at Abbey Pool, pool covers at Parkside and Abbey Pools, and energy efficiency measures at Parkside Pool changing rooms

- LED lighting at Mandela House, the Corn Exchange, the Crematorium, and Grafton West, Grafton East and Grand Arcade car parks
- Voltage optimisation technology at the Guildhall, Mandela House and Grafton East car park
- Upgrading boilers and installing heating controls at a number of community centres, leisure centres and administrative buildings.

It is proposed that an additional £250,000 be allocated to the CCF in the Budget Setting Report to support projects identified in the Carbon Management Plan for 2018/19 and beyond. Subject to the outcome of feasibility studies to be carried out during the remainder of 2017/18, potential projects could include:

- a solar PV or solar thermal installation at Parkside Pools;
- a biomass boiler at Kings Hedges Learner Pool; and
- heating and lighting improvements at the Corn Exchange.

The feasibility studies for these projects will identify more accurate estimates of financial savings, but we would expect any projects that are taken forward to have a payback period of between 5 and 10 years, which would mean that potential financial savings from these projects are likely to be between £25k and £50k per annum.

Greater Cambridge Partnership (GCP) (formerly City Deal) investment and delivery fund

The council has committed to pooling a proportion of gross NHB receipts with its local authority partners to provide funding to enable delivery of GCP objectives which will support and address the impacts of growth. The governance of the fund will be aligned with the governance of the GCP.

Invest for income fund

This fund was set up at BSR 2015 with contributions of £8m over three years. The purpose of the fund is to invest to create income streams to support service delivery in future years. Since inception, work has been undertaken to identify, investigate and evaluate a number of investment proposals. The Invest for income fund could be used to fund schemes where there is a high likelihood of achieving returns of 5% or more and is in addition to the £28m released for investment in commercial property.

Asset replacement funds

These are maintained to fund the periodic replacement of assets. Annual contributions are based on estimated replacement costs, spread over the anticipated life of the assets; these funds are kept for vehicles only.

Office accommodation strategy fund

This fund was set up at BSR 2016 to fund the ongoing programme of office / depot rationalisation. The office accommodation strategy works towards consolidating the council's city centre office accommodation at the Guildhall and developing longer term options for building rationalisation. The depot will be released by relocating operational services to new depot facilities elsewhere in Cambridge and to Waterbeach Shared Waste and Garage sites. A significant amount of cultural change in how and where staff work will be required. This will include smart working, changes in how teams are managed, reductions in space per desk and desk to staff ratios. These will need to be underpinned by investment in smart working technology and further roll out of data and records management regimes.

A14 mitigation fund

As referred to in the NHB section above, a temporary earmarked fund has been set up to accumulate NHB contributions to meet the requirement for funding of projects to mitigate the impacts in Cambridge of the A14 upgrade.

Proposed new fund

General Fund (GF) development fund

The council will provide loans to Cambridge Investment Partnership (CIP), of which it is a member, to support the development of the former council depot on Mill Road. The proposals and resulting interest income are covered in more detail in Section 5. It is proposed to retain income from this and other CIP developments in an earmarked reserve reflecting uncertainty in both timings and quantum, and to provide a contingency fund reflecting the potential risks in this scheme and future schemes under development. The remit of the GF development fund is as follows:-

GF development fund – remit

The primary purpose of the GF development fund is to provide contingency funding to support the GF development programme. It is recognised that the council is and will be undertaking a number of key schemes that present additional risks. Whilst seeking to

mitigate these risks in a number of ways, including working with partners experienced in this regard, this fund will provide some additional funding to meet unexpected costs during development.

The balance on the fund will be kept under review through the programme, to ensure that it remains proportionate to risk. Where balances can be released they will be used for GF investment in commercial or residential property or for enabling works. Allocations from this fund will be made in accordance with the council's budget framework.

Tax base and council tax

Tax base

The tax base is one element in determining both the level of council tax to be set and the amount it is estimated will be collected. This calculation is governed by regulation and the formal setting of the tax base is delegated to the Head of Finance to enable notification to be made to the major precepting authorities during January each year.

The tax base reflects the number of domestic properties in the city expressed as an equivalent number of band D properties, calculated using the relative weightings for each property band. The calculation of the tax base takes account of various discounts (for example a 25% discount for single adult households) exemptions and reliefs. Allowances are also made for the projected growth in the number of dwellings as well as including a deduction assumed for non-collection.

The tax base for 2018/19 has been calculated as 42,988.6 (2017/18 was 41,977.2) and details of its calculation are given in Appendix A(a) and will form the basis of the final approved level for tax setting and precepting purposes. This reflects a 2.4% increase in the tax base compared with 2017/18.

Collection fund

Operation of the fund

The collection fund is a statutory fund, maintained by billing authorities such as the City council, into which income from council tax and business rates is recorded and out of which respective amounts set for the year, are paid to the City council and precepting bodies.

Forecast position at 31 March 2018

The collection fund for council tax is projected to have a deficit at the end of the current year of £138,237. The City council's share of this projected year end deficit is £15,830 and this will need to be taken into account in setting the council's budget for 2018/19. The position for business rates was described earlier in this section.

Council tax thresholds

Under the Localism Act, local authorities are required to hold a local referendum if they propose to increase council tax above the relevant limit set by the Secretary of State.

In recent years this threshold has been set at 2% for a Band D property, with some shire districts, including the City council, permitted to increase their element of council tax by up to £5, where this is higher than 2%. The government has confirmed a limit of 3% or £5, if higher, for all shire district councils for 2018/19. The budget proposal in these papers is to raise council tax by £5 for a Band D property, consistent with the increase applied in 2017/18. The 3% or £5 increase may be available in future years, but this has not been confirmed. Therefore, for future years, increases of 2% have been retained in projections of council tax income.

The overall effect of the referendum requirements is such that a local authority would need to have reasonable expectation of public support for a level of council tax increase deemed to be excessive compared to the threshold, if acting in a prudent manner.

Council tax level

Financial projections of the council tax level made for the October 2017 MTFS included the assumption of an increase of 2% for 2018/19 and 2% per annum thereafter.

In light of the position with regard to the council tax threshold, as described above, the BSR incorporates a council tax increase in 2018/19 of £5 to £191.75 for band D and proportionately for other bands.

Section 52Z of the Local Government Finance Act 1992 requires the authority to consider whether the relevant basic amount of council tax for the financial year in question is excessive, based on the principles determined by the Secretary of State. As noted above, the threshold set for 2018/19 is that an increase is excessive where it is more than 3% or £5 on the band D charge whichever is higher. Therefore the City council's proposed increase would not be deemed excessive.

The table below shows the City council element of council tax for 2017/18 for each property band together with the proposed levels for 2018/19:

| Band | City Council tax | | Difference £ |
|----------|------------------|---------------|-----------------|
| | 2017/18 £ | 2018/19 £ | |
| A | 124.50 | 127.83 | 3.33 |
| B | 145.25 | 149.14 | 3.89 |
| C | 166.00 | 170.44 | 4.44 |
| D | 186.75 | 191.75 | 5.00 |
| E | 228.25 | 234.36 | 6.11 |
| F | 269.75 | 276.97 | 7.22 |
| G | 311.25 | 319.58 | 8.33 |
| H | 373.50 | 383.50 | 10.00 |

Section 5

General Fund revenue budgets

Revised budget 2017/18

GF revenue budgets for the current year (2017/18) were reviewed as part of the MTFs. It should be noted that the revised budget includes carry forward approvals from 2016/17. No adjustment of 2017/18 revenue budgets is proposed, as budgets are monitored monthly through the review of variances and forecast outturns, and management actions taken to ensure that spending is controlled and income optimised.

Budget proposals

The GF revenue projections for 2018/19 to 2022/23 as presented in the MTFs have been reviewed and changes proposed. Proposals have arisen from policy initiatives, additional income opportunities balanced by additional staffing costs where appropriate, ongoing service transformations, unavoidable increases in costs and savings opportunities. The impact of these proposals is shown below, with the detailed proposals set out in Appendices C (a) and C (b).

Performance against savings target

| Savings Targets | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| MTFS 2017 Current Savings Target (new savings each year) | - | 245 | 245 | 245 | 245 |
| Previous year savings not achieved / (over achieved) | - | - | - | - | - |
| Revised savings target | - | 245 | 245 | 245 | 245 |
| Unavoidable revenue pressures | 437 | 321 | 328 | 341 | 341 |
| Reduced income | 50 | 50 | 50 | 50 | 50 |
| Bids | 1,605 | 805 | 456 | 399 | 399 |
| Savings | (617) | (753) | (753) | (753) | (753) |
| Increased income | (1,082) | (1,022) | (652) | (622) | (622) |

| Savings Targets | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Programme | 250 | 100 | - | - | - |
| Revised savings target / savings still to be found | 643 | (897) | 173 | 231 | 245 |
| Adjustment to savings to attain target level of reserves at the end of 5 years and smooth savings over the final 4 year period | (643) | 982 | (88) | (146) | (160) |
| Savings still to be found | 0 | 85 | 85 | 85 | 85 |

This shows that the savings target for 2018/19 should be achieved in year. For the purposes of this table, it has been assumed that where there are savings still to be found they will be achieved in the year, and will not therefore roll forward to later years. It should be noted that the council has embarked on a long term programme of savings and income generation, which will require an ongoing focus on delivery. Work is already in progress to identify more projects to contribute to savings requirements going forward.

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

- Resulted in a total level of net savings of £340k across the period from 2018/19 to 2022/23.
- Resulted in a net savings requirement of £85k per annum for the next 4 years

Review of significant proposals

Pressures:

Modernisation of ICT applications and infrastructure ³

It is proposed that bids proposals are incorporated for:

- Digital team staffing (revenue up to £143k pa)
- CCTV cameras and wireless links (capital £601k)
- The rollout of "Council Anywhere" to facilitate flexible working (capital £496k)
- "My Cambridge City" online portal (capital £236k)
- Shared Waste Services ICT management system (capital £453k)

³ See Section 7 – Capital for further details

Contribution to the Climate Change Fund

An additional allocation of £250k is proposed to support carbon reduction projects to be delivered in 2018/19, see Section 4 for more details.

Contribution to the Sharing Prosperity Fund

An additional allocation of £200k is proposed to support the delivery of projects which will support residents on low incomes and meet needs identified in the Anti-Poverty Strategy, see Section 4 for more details.

Business Transformation funding

Additional funding of £350k over two years is requested for the business transformation programme. The council has previously allocated significant funding for a complex council wide programme of transformational change, including shared services. This additional funding will enable further projects to be delivered over the next two years, providing additional change resources and other staffing costs associated with the programme.

Cambridge Northern Fringe East (CNFE) funding

Revenue funding of £799k over two years is requested to support development in Cambridge Northern Fringe East (CNFE). CNFE is the last major undeveloped brownfield site in Cambridge with potential for a new innovation quarter with a live, work and learn philosophy within an area of high connectivity. It forms the Combined Authority's priority bid for the Housing Infrastructure Fund for Capital Funding to relocate the Anglian Water Waste Treatment works as part of a major infrastructure project for housing delivery. There is a need for revenue funding to develop the bid business case and to initiate development of an Area Action Plan in 2018/19 in advance of the bid outcome in order to meet funding delivery timescales. The upfront revenue project costs in 2018/19 are estimated at £475k with £324k in 2019/20.

Business Transformation Programme

The council is currently 3 years into delivering a programme of transformational change, further contributions totalling £350k (£250k 2018/19; £100k 2019/20) are sought to facilitate delivery.

Unavoidable revenue pressures

A pressure of £150k pa for five years has arisen from the statutory provision of a joint Local Plan with South Cambridgeshire District Council who will contribute a similar sum. National planning policy places Local Plans at the heart of the planning system, so it is essential that they are in place and kept up to date. A Written Ministerial Statement published 16 November 2017 says that DCLG are intervening where 15 Local Planning Authorities have not made progress on their Local Plan and that more interventions will follow. The Cambridge Local Plan 2015 has yet to be agreed.

Savings and additional income:

Interest income on loans to Cambridge Investment Partnership (CIP)

The council will provide an equity loan to CIP to support the development of affordable and market housing on the former council depot site on Mill Road. This loan will be matched by the council's partner and both organisations will earn 5% p.a. on these loans. The value of the loan will vary depending on the cash flows of the scheme, but is expected to peak at £5.7m. Interest income of £260k over four years in excess of expected cash investment returns are estimated, but will be dependent on the actual timing and duration of the development.

The scheme will require additional development funding expected to rise to £10.7m at peak requirement. The council may choose to provide this secured loan in the place of a financial institution. Additional interest income, based on an interest rate of 7% p.a., has been estimated to provide £569k over three years from 2019/20. The actual rate of interest will be determined at the point of time that funding is required by the scheme and with reference to market rates. Therefore timing and duration will determine actual interest receivable.

It is proposed to retain this income in an earmarked reserve (see Section 4 of this report), reflecting the uncertainty in both timings and quantum, and to provide a contingency fund reflecting the potential risks in this scheme and future schemes under development.

Additional commercial property income and associated capacity to deliver

Increased rental income from commercial property, £270k in 2018/19 rising to £350k p.a. in 2019/20 and future years has been identified. This will mainly arise from the recent acquisition of commercial property in addition to ongoing rent reviews, lease renewals and lettings on existing properties

Car park income

Park Street car park is not being developed in the short term and thus previous years' adjustments for reduced income are being reversed until such time as a formal development bid is in place (£560k 2018/19, £400k 2019/20, £30k 2020/21). It is likely that holding repairs will be needed until the car park is redeveloped. A capital bid will be made next year when more information is known.

Pension contributions

The council has consolidated lump sum deficit recovery payments due in the three year period into one payment in 2017/18. This has reduced the total amount payable and provides a better return on cash than is currently available through the approved investment strategy. The GF element of the saving is £87k in 2018/19 and £170k thereafter.

Non cash limit items:

In general, non-cash limit items do not impact on savings requirements, they are use of or contributions to reserves. As such, they are only used for one off items, principally of a transformational or policy nature.

Funding variances

Differences in funding allocations and outturns from previous estimates are actioned as non-cash limit items, for example, differences on the local government finance settlement such as the changes in NHB noted above, changes arising from re estimation of the council tax base and the council's share of the council tax collection fund deficit. Detailed proposals are shown in Appendix C (c).

Section 6

General Fund: Expenditure and funding 2016/17 to 2021/22

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenditure | | | | | | |
| Net service budgets | 21,894 | 19,316 | 18,891 | 20,866 | 21,549 | 21,290 |
| Revenue Budget Proposals - BSR | 0 | 643 | (499) | (571) | (585) | (585) |
| Capital accounting adjustments | (6,155) | (6,155) | (6,155) | (6,155) | (6,155) | (6,155) |
| Capital expenditure financed from revenue | 4,279 | 1,458 | 1,786 | 1,786 | 1,786 | 1,786 |
| Contributions to earmarked funds | 5,868 | 4,470 | 3,425 | 2,747 | 2,617 | 2,408 |
| Revised net savings requirement | 0 | 0 | (85) | (85) | (85) | (85) |
| Net spending requirement | 25,886 | 19,732 | 17,363 | 18,588 | 19,127 | 18,659 |
| | | | | | | |
| Funded by: | | | | | | |
| Settlement Funding Assessment (SFA) | (5,093) | (4,680) | (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) | (5,595) | (4,449) | (3,905) | (3,894) | (3,604) |
| Appropriations from earmarked funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Council Tax | (7,807) | (8,227) | (8,483) | (8,767) | (9,094) | (9,132) |
| Contributions to / (from) reserves | (6,224) | (430) | 609 | (876) | (1,099) | (883) |
| Total funding | (25,886) | (19,732) | (17,363) | (18,588) | (19,127) | (18,659) |

Section 7

Capital

Introduction

The council's asset portfolio as at 1 April 2017 is shown below.

| Category | Value £000 | % |
|-------------------------------------|----------------|---------------|
| Operational assets: | | |
| Council dwellings | 579,588 | 62.7% |
| Other land and buildings | 138,365 | 15.0% |
| Vehicles, plant and equipment | 8,223 | 0.9% |
| Infrastructure assets | 3,848 | 0.4% |
| Community assets | 1,195 | 0.1% |
| Total operational assets | 731,219 | 79.1% |
| Non-operational assets | | |
| Investment properties | 153,706 | 16.6% |
| Surplus properties | 9,261 | 1.0% |
| Assets under construction | 30,554 | 3.3% |
| Total non-operational assets | 193,521 | 20.9% |
| Overall total | 924,740 | 100.0% |

The portfolio includes council housing, assets for direct service provision such as swimming pools, community centres, car parks, vehicles and equipment, as well as substantial areas of common land. In addition to the assets used for service provision, the council has a portfolio of commercial property. Each asset needs to provide an appropriate return on the investment made by the council and also be fit for the purpose for which it is used.

The council has developed long term accommodation strategy to consider the best use of our administrative buildings. This review is linked to work to determine the most appropriate

service delivery models (e.g. shared services) and working practices (e.g. flexible and/or remote working) for the future.

Capital strategy

In line with emerging guidance, the council has prepared a capital strategy, which is presented to the Strategy and Resources Scrutiny Committee and Council alongside its treasury management and investment strategies.

Capital plan

The council's capital plan shows anticipated expenditure for the next 5 years, where relevant, for each programme or scheme.

Capital proposals

The majority of capital bids address the ongoing renewal, updating and major repairs of the council's buildings and operational assets. As such they support income generation (car parks, commercial property), and the delivery of services (vehicles, building repairs, etc). All capital proposals are shown in detail in Appendix E (a) and the funding requirements in Appendix E (b). Approvals since the MTFS Oct 2017 are shown in Appendix E (c).

Significant Capital Bids

Vehicle replacements (waste and estates)

The number of vehicles required has been reviewed and replacements delayed where vehicles remain in good condition, The estates fleet will be reduced by seven vehicles. Most vehicles are diesel; for larger vehicles such as waste trucks, the electric alternatives are very new to the market and as such relatively unproven and very much more expensive than the diesel versions. This bid is for £1.1m and is funded from the Asset Replacement Reserve.

ICT bids (total £1,786k)

Council Anywhere – desktop transformation

This bid (£496k) is for investment in a Desktop Transformation programme to provide a platform fitting the ICT Strategy, to support the work of the council and provision of its

services, improving efficiency and support. This solution will standardise desktop hardware, MS Office software and the network environment needed to control and secure the desktop infrastructure. The bid includes costs for hardware, software, licences and the professional costs to reconfigure the underlying network.

Closed Circuit Television (CCTV) equipment

The replacement of 103 obsolete CCTV cameras with new Digital IP High Definition cameras together with the obsolete digital CCTV recording platform (£601k). The bid includes funding to upgrade the CCTV radio network so that it is resilient and uses an OFCOM licenced frequency to prevent interference and ensure stable usage in line with operational requirements.

Street and Open Spaces (S&OS) and Shared Waste Service - ICT management system

This bid (£453k) represents investment in a single, integrated ICT operational management system, including mobile working technologies. Currently S&OS has no digital operational management system in place, whilst the Shared Waste Service is working with different legacy systems originating in the two partner councils. One system will enable increased efficiency of the Shared Waste Service.

'My Cambridge City' Account - Online Customer Portal

This bid (£236k) will support the implementation of a 'single Customer Account' portal, enabling Cambridge's citizens to access a range of services from a single online portal. The resultant channel shift and related savings are expected to make the portal self-financing in the longer term.

Redevelopment of Silver Street toilets

These toilets were originally constructed in 1985 and have received no modernisation. The condition of the toilets is aesthetically poor with the underground facilities reported wet under foot during heavy rainfall. Tourism to the city has seen a large rise in numbers which has also placed considerable demand on the current provision situated at an important historical destination on the Backs. The current proposal (2018/19 £283k 2019/20 £283k) is an opportunity to bring the toilets up to current standards befitting the city, with an emphasis on preserving the integrity and character of its location.

Mill Road redevelopment – capital contribution and loans

A capital contribution of £5,760k is proposed to support the redevelopment of the council's Mill Road depot, principally for affordable and market housing. This development will be delivered by CIP providing the council with a capital receipt for the land and a projected surplus on the scheme.

Capital proposals are also presented for the provision of equity and secured development loans to the CIP to fund the development phase of the scheme.

The council will provide an equity loan to CIP, matched by the council's partner, and both organisations will earn 5% p.a. on these loans. The value of the loan will vary depending on the cash flows of the scheme, but is expected to peak at £5.7m.

The scheme will require additional development funding expected to rise to £10.7m at peak requirement. The council may choose to provide this loan in the place of a financial institution. The rate of interest will be determined at the point in time that funding is required by the scheme and with reference to market rates.

Financing

Capital schemes are funded from a variety of internal and external funding sources. The use of certain funding types is restricted, for example developer and other contributions, grants, and earmarked and specific funds.

Internal:

- Earmarked and specific funds (e.g. Asset Replacement Reserve)
- Capital receipts
- NHB
- Revenue resources
- Internal borrowing

External:

- Developer and other contributions
- Grants, National Lottery etc.
- Prudential borrowing

The following table shows the latest funding position, updated since MTFS Oct 2017:

| Capital funding Available | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Funding available and unapplied (MTFS Oct 2017) | - | (1,042) | (1,761) | (1,761) | (1,786) | (1,786) |
| Additional funding (Warkworth Lodge capital receipt) | (251) | (1,273) | (76) | - | - | - |
| Urgent approval since MTFS Oct 2017 (Park Street equipment) | 145 | - | - | - | - | - |
| Schemes removed from capital plan (see above) and rephased into 2018/19 | - | - | - | - | - | - |
| Capital bids requiring funding (Appendix E(b)) | 106 | 2,315 | 455 | - | - | - |
| Net Funding Available | - | - | (1,382) | (1,761) | (1,786) | (1,786) |

The projections in the remainder of the BSR assume that all of the capital proposals are approved.

The current capital plan, updated for schemes approved since the MTFS 2017 and proposals for new schemes, is shown in detail in Appendix E (d). The tables below summarise the changes since the MTFS Oct 2017, the latest capital plan and shows how it is funded.

| Capital plan spending | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Spend MTFS Oct 2017 | 38,334 | 1,845 | 272 | 866 | 61 | - |
| Approvals since MTFS Oct 2017 see Appendix E (c): | | | | | | |
| Pre-planning development costs for Silver Street toilets capitalised | 48 | - | - | - | - | - |
| Under urgency | 145 | - | - | - | - | - |
| Section 106 (with funding) | 315 | 50 | - | - | - | - |
| Capital Plan total before new proposals | 38,842 | 1,895 | 272 | 866 | 61 | - |
| New proposals see Appendix E (d) | 1,056 | 11,966 | 10,655 | 2,500 | - | - |
| Total Spend | 39,898 | 13,861 | 10,927 | 3,366 | 61 | - |

| Capital plan spending | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Programmes | 23,834 | 1,864 | - | - | - | - |
| Projects | 10,364 | 11,735 | 10,831 | 2,550 | - | - |
| Sub total | 34,198 | 13,599 | 10,831 | 2,550 | - | - |
| Provisions | 5,700 | 262 | 96 | 816 | 61 | - |
| Total Spend | 39,898 | 13,861 | 10,927 | 3,366 | 61 | - |

| Capital plan funding | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| External support | | | | | | |
| Developer Contributions | (4,792) | (185) | 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 |
| Total External support | (6,941) | (330) | (151) | (25) | 0 | 0 |
| City Council | | | | | | |
| Direct Revenue Financing (DRF) - GF Services | (336) | 0 | 0 | 0 | 0 | 0 |
| Direct Revenue Financing (DRF) - Use of Reserves | (4,279) | (1,458) | (1,786) | (1,786) | (1,786) | (1,786) |
| Earmarked Reserve - Capital Contributions | (3,214) | (922) | 0 | 0 | 0 | 0 |
| Earmarked Reserve - Climate Change Fund | (333) | 0 | 0 | 0 | 0 | 0 |
| Earmarked Reserve – Asset Replacement Reserve | (2,991) | (1,106) | 0 | 0 | 0 | 0 |
| HRA Capital Balances | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal Borrowing - Temporary Use of Balances | (21,421) | (8,772) | (10,296) | (3,316) | 0 | 0 |
| Other Sources | 0 | 0 | 0 | 0 | 0 | 0 |
| Prudential Borrowing | 0 | 0 | 0 | 0 | 0 | 0 |
| Usable Capital Receipts | (383) | (1,273) | (76) | 0 | (61) | 0 |
| Total City Council | (32,957) | (13,531) | (12,158) | (5,102) | (1,847) | (1,786) |
| Total funding | (39,898) | (13,861) | (12,309) | (5,127) | (1,847) | (1,786) |
| Net Funding Available | - | - | (1,382) | (1,761) | (1,786) | (1,786) |

Projects under development (PUD)

The council maintains a list of projects which may come forward for funding in due course. These projects may be fully planned and ready for delivery, or require further feasibility work and outline project planning before they are ready to be included on the capital plan. When there is funding available, schemes that have been fully developed and costed will be considered for funding.

The PUD list, with an indication of the status of each project, shown in brackets [xxx], is included at Appendix E (e).

Section 8

Risks and reserves

Risks and their mitigation

Risks and sensitivities

The council is exposed to a number of risks and uncertainties which could affect its financial position and the deliverability of the proposed budget. These risks include:

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- Funding from central government (NHB and other grants) may fall below projections;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- 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;
- 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 set aside for this purpose;
- The business rates revaluation, which came into effect in April 2017, may reduce business rates receipts and increase the level of appeals;
- The impact of 100%/75% business rates retention, coupled with any additional responsibilities handed down to the council at that time and the outcome of the Fair Funding Review, 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; 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.

The budget process addresses these risks by applying principles of prudence and sustainability throughout. The sensitivity of the budget to estimates and assumptions has been assessed and is presented in Appendix D.

Equality impact assessment

As a key element of considering the changes proposed in this BSR, an Equality impact assessment has been undertaken covering all of the Budget 2018/19 proposals. This is included in this report at Appendix G. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show that they have treated everyone fairly and without discrimination.

Section 25 Report

Section 25 (s. 25) of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) reports to the authority, when it is making the statutory calculations required to determine its council tax or precept, on the following:

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

This includes reporting and taking into account:

- the key assumptions in the proposed budget and to give a view on the robustness of those assumptions;
- the key risk areas in the budget and to assess the adequacy of the council's reserves when reviewing the potential financial impact of these risk areas on the finances of the council; and
- it should be accompanied by a reserves strategy

This report has to be considered and approved by full council as part of the budget approval and council tax setting process.

The majority of the material required to meet the requirements of the Act has been built into the key reports prepared throughout the corporate budget cycle, in particular:

- MTFS 2017
- The corporate plan and the budget reports to the January cycle of meetings.

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

This also reflects the work in terms of risk assessment and management that is built into all of the key aspects of the council's work.

The Section 25 report will be included as Section 10 in the version of the BSR to be submitted to council.

General reserves

GF reserves are held as a buffer against crystallising risks, and to deal with timing issues and uneven cash flows. As such, the level of reserves required is dependent on the financial risks facing the council, which will vary over time. The prudent minimum balance (PMB) and target level of GF reserves were reviewed and amended in the MTFS. No further changes are recommended at this time.

| GF reserves | £m |
|---|-----------|
| October 2017 MTFS / February 2018 BSR – Recommended levels | |
| - Target level | 6.42 |
| - Minimum level | 5.35 |

The projected levels of reserves for the budget setting period, based on the proposals included in this report, and assuming that all net savings requirements are delivered, are as follows:

| 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) | (8,758) | (9,367) | (8,491) | (7,392) |
| Contribution (to) / from reserves | 6,224 | 479 | (576) | 867 | 1,061 | 883 |
| Non-Cash Limit items (Appendix C(d)) | - | (49) | (33) | 9 | 38 | - |
| Balance as at 31 March (c/fwd) | (9,188) | (8,758) | (9,367) | (8,491) | (7,392) | (6,509) |

Section 9

Future strategy and recommendations

Future issues and prospects

The impact of a number of uncertainties and challenges outlined below are likely to become clearer in the early part of 2018/19. The new or developing issues and projects which are not clear at the time of agreeing this BSR include:

- **New Homes Bonus (NHB)** – certain elements of the 2016 consultation on the future of this funding stream have yet to be finalised, with the outcome of further consultations still outstanding. Additionally the implementation of a deadweight factor which can be adjusted by the government year by year increases the level of uncertainty surrounding any projections of NHB income.
- **100% (or 75%) business rates retention** – it is still unclear how this policy will be implemented, and therefore its impact on the council finances cannot be assessed at this point. In particular, the ongoing Fair Funding Review may result in changes to the council's funding baseline and therefore to the amount of tariff that it pays.
- **Delivery of planned savings** – the council has delivered significant savings in previous years. As a result, current and future savings are more difficult to deliver and the council is undertaking a complex, cross cutting programme of change, both on its own and with partners to achieve them. This represents a considerable challenge for the organisation.
- **Financial pressures on other partners** - as other agencies come under spending pressure there may be direct impacts on services which are currently funded by them or in partnership with them. The County council is facing significant cuts over coming years and the Cambridgeshire and Peterborough health economy continues to be under stress. Even where there are not direct cuts to city council funding there are likely to be indirect impacts on our community based services.

- **Welfare Reform** – the government's plans to reform the country's system of welfare payments continue to have implications for the Council not least the introduction of Universal Credit. The timing of the migration of services is expected to start from October 2018, with completion by 2022. The government has made clear its expectation that staff will not TUPE across to the Department for Work and Pensions (DWP) and so the council will need to transform the service as migration of caseload to DWP takes effect.
- **Changes to housing policy** - the significant impact recent changes to government policy is having on the HRA will require significant in housing related savings funded by the HRA. They will also have a knock on impact on support services funded through the HRA and other housing related services funded by the GF.

Future savings strategy

Our efficiency plan

The council submitted its efficiency plan to government in October 2016 and the Minister for Local Government, Marcus Jones, wrote to the council in November 2016 confirming that this efficiency plan will be rewarded by a multi-year financial settlement. This means the council can now expect at least the minimum stated allocation of business rates and revenue support grant up to 2019-20. In return the council will continue its ambitious programme of service transformation.

The programme laid out in the efficiency plan tackles the need to deliver good services with fewer resources through five complementary strands of activity:

- Transforming the way the council delivers services by focusing on what's important to service users and delivering that well, sharing services with neighbouring councils where possible to reduce costs and to create stronger and more resilient teams.
- Reducing the number of council offices and reusing other assets.
- Developing new council businesses and ensuring all services think commercially and explore income generating opportunities.

- Investing money wisely so it does not sit in bank accounts earning very little but works to generate a better return for council tax payers.
- Challenging the council's capital programme to reduce capital commitments and ensuring those schemes that do go ahead are well planned and delivered in a timely way.

Underpinning all of this is a commitment to targeting scarce resources to help people who need help and to meet the needs of most vulnerable.

Delivery of our transformation programme in 2018

Transforming the way the council delivers services by focusing on what's important to service users and delivering that well, sharing services with neighbouring councils where possible to reduce costs and to create stronger and more resilient teams

We will continue to pursue plans to share services with other councils focusing particularly on the opportunities for sharing planning with South Cambridgeshire Council during 2018/19. We will look at the opportunities to develop our digital agenda in partnership with other councils and the opportunities for reforming public services as a result of devolution. We will also continue to look at the services we already share to identify whether further efficiencies can be generated. Our programme of systematic service reviews will continue the next phase focusing on our digital strategy

Reducing the number of council offices and re using other assets

We will continue with the implementation of our office and accommodation strategy which will see staff at Mill Road depot relocated to Cowley Road and the redevelopment of the Mill Road site for housing and supporting community facilities.

Developing new council businesses and ensuring all services think commercially and explore income generating opportunities

We will continue to identify further opportunities for more commercial approaches to our services.

Investing money wisely so it does not sit in bank accounts earning very little but works to generate a better return for council tax payers

In total £50 million in underused financial reserves has been freed up since 2014 to secure more commercial property assets, and to invest in housing via Cambridge City Housing Ltd, generating income for reinvestment while addressing affordable housing need.

Challenging the council's capital programme to reduce capital commitments

The Capital Programme Board continues to scrutinise potential capital projects to make sure they are underpinned by credible business cases. There are a number of capital bids in the 2018/18 budget focused on ICT investment to enable future efficiencies.

Conclusions

This report presents a balanced budget for 2018/19 and a continuing strategy to maintain the council on a firm financial footing in the medium term. However, significant financial challenges and uncertainties remain.

The overall budget and medium term financial strategy are not without risk, as they rely on the successful delivery of a challenging programme of transformational projects, some of which rely on collaborative working with partners. They are also dependent on increasing levels of income which could be adversely impacted by local or national economic factors, such as Brexit. The council actively manages the level of its reserves to give some protection against these risks.

Increasingly, the financial health of the council and hence its ability to deliver services to local residents and visitors to the city will be under the council's control. The key will be to balance policy driven spending with commercialism, and prudent management with well-considered risk taking for reward.

Section 10

Section 25 Report

Section 25 of the Local Government Act 2003 requires the Council's S151 officer to report to the council when it is considering its budget requirement and consequent council tax. The report must deal with the robustness of the estimates made for the purposes of the calculations and the adequacy of the reserves allowed for in the budget proposals.

The rationale is to ensure that the estimates are sufficient to cover regular recurring costs plus any reasonable risks and uncertainties and, in the event of unexpected expenditure, there are adequate reserves to draw on. The calculations relate to the budget for the forthcoming year and the legal requirement may, therefore, be interpreted as reporting only on the 2018/19 estimates and reserves up to 31 March 2019.

Robustness of estimates

The council has well established and robust budget processes. These have been followed when compiling the 2018/19 budget and medium-term projections.

Estimates and assumptions were reviewed during the preparation of the MFR in October 2017, and confirmed during the development of this BSR. Appendix D reviews these estimates and assumptions and indicates the sensitivity of each in financial terms.

The key driving factor through the process has been the requirement to identify savings to address projected decreases in core funding. The savings requirement has been addressed in two principal ways:-

- By continuing the transformation programme, sharing services with other local councils and working to reduce the number of council buildings ; and
- Using cash balances and earmarked reserves released to generate additional income.

These actions require substantial change to be delivered within the organisation to demanding timescales and in a controlled way. The transformation programme includes savings resulting from sharing services with other local authorities, and the modernisation and upgrade of administrative buildings and ICT. There are, therefore, significant levels of

risk around the estimation of potential income and savings and the timing of their delivery. These risks are mitigated, to a certain extent, by management review and challenge of the proposals, regular budget monitoring and management, and the implementation of governance processes for the transformation programme.

The council has also embarked on an ambitious development programme with a private sector partner. Whilst designed to use council land assets to provide housing and generate income and capital surpluses, it represents a significant change in approach, to the scale of developments undertaken, and therefore increased financial risk to the council. However, at this stage neither projected income nor projected surpluses from the programme have been used to support the delivery of council services or assumed as funding for future developments.

Adequacy of reserves

The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

It is the responsibility of the S151 officer to advise local authorities on the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.

The council holds two types of general fund reserves:

- The general fund is a working balance to cushion the impact of uneven cash flows. The reserve also acts as a contingency that can be used in year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or within the council's control. The reserve also provides cover for grant and income risk.
- Earmarked reserves are set aside for specific and designated purposes or to meet known or predicted liabilities, e.g. insurance claims.

Earmarked reserves remain legally part of the general fund, although they are accounted for separately.

A key mitigation for financial risk is the S151 officer's estimate of a prudent level of reserves.

A risk assessment was undertaken in MFR 2017 to determine the level of non-earmarked general reserves required by the council. Section 8 of this report recommends no changes to the assessment at this time. In making the recommendation for the level of reserves, the S151 officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances. The risk analysis shows that a prudent minimum level of reserves for 2018/19 will be of the order of £5.35m.

The final table in Section 8 shows that the anticipated level of the general fund reserves will remain above the prudent minimum level for the duration of the medium term planning period.

I therefore consider that the estimates for the financial year 2018/19 to be sufficiently robust and the financial reserves up to 31 March 2019 to be adequate.

Caroline Ryba

Head of Finance and S151 Officer

Appendix A(a)

Calculation of Council Tax Base 2018/19

| | Council Tax Bands | | | | | | | | | |
|--|---|----------------|----------------|------------------------------------|----------------|----------------|----------------|----------------|--------------|-----------------|
| | A entitled to disabled relief reduction | A | B | C | D | E | F | G | H | Total |
| Dwellings on the valuation list | | 4,142 | 10,195 | 19,410 | 9,849 | 5,650 | 3,619 | 3,121 | 482 | 56,468 |
| Dwellings treated as exempt | | (768) | (546) | (921) | (662) | (460) | (288) | (391) | (168) | (4,204) |
| Adjustments for disabled relief (i.e. reduced by one band) | | (1) | (12) | (40) | (31) | (17) | (6) | (11) | (3) | (121) |
| | 1 | 12 | 40 | 31 | 17 | 6 | 11 | 3 | 0 | 121 |
| Total chargeable dwellings | 1 | 3,385 | 9,677 | 18,480 | 9,173 | 5,179 | 3,336 | 2,722 | 311 | 52,264 |
| Number of dwellings included in the totals above: | | | | | | | | | | |
| Where there is a liability to pay 100% council tax | 0 | 1,584 | 4,542 | 12,742 | 6,705 | 3,935 | 2,672 | 2,293 | 267 | 34,740 |
| That are assumed to be subject to a discount or premium | 1 | 1,801 | 5,135 | 5,738 | 2,468 | 1,244 | 664 | 429 | 44 | 17,524 |
| Dwelling Equivalents: | | | | | | | | | | |
| Number of dwelling equivalents after applying discounts and premiums to calculate taxbase | 0.8 | 2,920.3 | 8,357.5 | 16,992.8 | 8,521.0 | 4,852.5 | 3,162.3 | 2,611.5 | 296.8 | 47,715.3 |
| Ratio to Band D | 5/9 | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 | |
| Band D equivalents | 0.4 | 1,946.8 | 6,500.3 | 15,104.7 | 8,521.0 | 5,930.8 | 4,567.7 | 4,352.5 | 593.5 | 47,517.7 |
| Band D equivalent contributions for Government properties | | | | | | | | | | 0.0 |
| Allowance for Council Tax Support | | | | | | | | | | (3,904.9) |
| Tax base after allowance for Council Tax Support | | | | | | | | | | 43,612.8 |
| | Add | | | Estimated net growth in tax base | | | | | | 618.6 |
| | Less | | | Adjustment for student exemptions | | | | | | (676.6) |
| | Less | | | Assumed loss on collection at 1.3% | | | | | | (566.2) |
| Total Band D Equivalents – Tax base for Council Tax and Precept Setting Purposes | | | | | | | | | | 42,988.6 |

Appendix A (b)

Council Tax Setting 2018/19

1. The Council calculated its Council Tax Base 2018/19 for the whole Council area as **42,988.6** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
2. The Council calculates that the Council Tax requirement for the Council's own purposes for 2018/19 is **£8,243,060**
3. That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:

- | | | |
|-----|---------------------|--|
| (a) | £178,220,260 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act |
| (b) | £169,977,200 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act |
| (c) | £8,243,060 | being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. [Item R in the formula in Section 31B of the Act] |
| (d) | £191.75 | being the amount at 3(c) above (Item R), all divided by the amount at 1 above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. |

4. To note that Cambridgeshire County Council, the Cambridgeshire Police & Crime Commissioner, Cambridgeshire & Peterborough Fire Authority and the Cambridgeshire & Peterborough Combined Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2018/19 for each of the categories of dwellings in the Council's area.

| Dwelling Band | City Council £ | County Council £ | Police & Crime Commissioner £ | Fire Authority £ | Cambridgeshire & Peterborough Combined Authority £ | Aggregate Council Tax £ |
|----------------------|---------------------------|-----------------------------|--|-----------------------------|---|------------------------------------|
| A | 127.83 | 833.22 | 132.48 | 45.84 | 0.00 | 1,139.37 |
| B | 149.14 | 972.09 | 154.56 | 53.48 | 0.00 | 1,329.27 |
| C | 170.44 | 1,110.96 | 176.64 | 61.12 | 0.00 | 1,519.16 |
| D | 191.75 | 1,249.83 | 198.72 | 68.76 | 0.00 | 1,709.06 |
| E | 234.36 | 1,527.57 | 242.88 | 84.04 | 0.00 | 2,088.85 |
| F | 276.97 | 1,805.31 | 287.04 | 99.32 | 0.00 | 2,468.64 |
| G | 319.58 | 2,083.05 | 331.20 | 114.60 | 0.00 | 2,848.43 |
| H | 383.50 | 2,499.66 | 397.44 | 137.52 | 0.00 | 3,418.12 |

6. The Council determines that, in accordance with Section 52ZB of the Local Government Finance Act 1992, the basic amount of its council tax for 2018/19 is not excessive.

A Local Poverty Rating Index to assist in assessing Budget Proposals 2018/19

To assist members in assessing the impacts of budget proposals on low income groups of people in the City a local poverty rating composite index ("the Index") has been developed and has been applied for this year's budget proposals for 2018/9 (as used in last year's process as a revised version of the methodology first used in the previous year). The impact classifications are shown in the table below:

| Impact classification of impact | Assessment |
|---------------------------------|---|
| High | The bid is a good fit with the areas of focus in the council's Anti-Poverty Strategy and targets people on low incomes that are experiencing pressing and urgent problems that will affect their ability to meet their basic needs, such as housing, food, warmth and security in the short-term. |
| Medium | The bid touches on or is outside the areas of focus in the council's Anti-Poverty Strategy but will deliver improvements to people and families living on low incomes in the short to medium-term. |
| Low | The bid is outside the areas of focus in the council's Anti-Poverty Strategy but will deliver improvements to people and families, including those living on a low income. |
| None | The level of service to low income people and families will not change. |
| Negative | The bid is likely to reduce or restrict access to services by people or families living on a low income. |

The council's full [Anti-Poverty Strategy](#) shows the objectives and areas of focus for the Cambridge Anti-Poverty Strategy.

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

Environmental Services & City Centre

| | | | | | | | | |
|--------------|---|---|--------|---|---|---|------------|-----|
| B4043 | Visit Cambridge & Beyond (VCB) unbudgeted provision for pension increase | 0 | 17,000 | 0 | 0 | 0 | Joel Carre | Nil |
|--------------|---|---|--------|---|---|---|------------|-----|

Visit Cambridge & Beyond (VCB) is seeking interim financial support to cover an unavoidable increase in its annual employer pension contributions from 18.5% to 23.7% in 2018/19. This significant increase was not budgeted for in the Council's approved business case to establish VCB as a long term sustainable tourism service delivery model. VCB is seeking one year's interim financial support to cover this unavoidable and unforeseen budget pressure, as, by 2019/20, it will have been able to adapt its business model to accommodate it.

None

| | | | | | | | | |
|--------------|------------------------------|---|---------|---|---|---|------------|-----|
| B4045 | Market Square Project | 0 | 100,000 | 0 | 0 | 0 | Joel Carre | Nil |
|--------------|------------------------------|---|---------|---|---|---|------------|-----|

A strategic development project to enhance the economic, social and environmental value of the Market Square public realm as a key community asset to support the city's growth. The project will be undertaken in two stages: stage 1 (feasibility assessment and preliminary costings) in 2018/19, to determine whether or not the project is financially viable, before proceeding to stage 2 (detailed design and associated capital investment plan) in 2019/20. The results from stages 1 and 2 will be used to support a planning application for the proposed project and to secure any additional capital and revenue resources required to support its ongoing development and delivery.

None

| | | | | | | | | |
|--------------|---|---|--------|--------|--------|--------|-------------------|-----|
| B4093 | Additional staff requirements for Shared Waste Service to support household growth | 0 | 40,000 | 40,000 | 40,000 | 40,000 | Suzanne Hemingway | Nil |
|--------------|---|---|--------|--------|--------|--------|-------------------|-----|

The service is currently experiencing an annual property growth in the region of 2,700 properties per year. This growth puts additional pressure on the service to ensure that collections are not missed. Currently this has been absorbed by the service by utilising Team Managers as relief collection staff, however this cannot continue as it is having a negative impact on the duties they should be undertaking including training and safety inspections. The collection service has been modelled and it has been determined that an additional three collection staff will be needed to support collection across the three collection streams. £40k represents half of the cost, the other half is in South Cambridgeshire District Council (SCDC) budgets for 2018/19.

None

| | | | | | | | | |
|--------------|---|---|-------|-------|-------|-------|-------------------|-----|
| B4095 | Waterbeach Facilities additional depot costs | 0 | 4,800 | 4,800 | 4,800 | 4,800 | Suzanne Hemingway | Nil |
|--------------|---|---|-------|-------|-------|-------|-------------------|-----|

The Waterbeach depot landlord has implemented charges for maintenance and service as per the lease agreement for the site which they had previously chosen not to pass on. The charges relate to use of fuelling station and vehicle wash off area both of which are required to fulfil the service operation. The £4,800 represents half of the cost to be paid by the City Council with the remaining £4,800 to be paid by South Cambridgeshire (SCDC).

None

| | | | | | | | | |
|--------------|--|---|--------|--------|--------|--------|-----------|-----|
| B4115 | Additional Administrative and Skilled Vehicle Fitter at the Waterbeach garage | 0 | 59,000 | 59,000 | 59,000 | 59,000 | David Cox | Nil |
|--------------|--|---|--------|--------|--------|--------|-----------|-----|

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

With the growth of business and the reduction in hours of the administration support staff an additional None member of staff is needed to keep pace with the workload. Also due to new contracts being signed an additional Fitter post is needed. [Linked to I14114]

Total Bids in Environmental Services & City Centre

| | | | | |
|---|---------|---------|---------|---------|
| 0 | 220,800 | 103,800 | 103,800 | 103,800 |
|---|---------|---------|---------|---------|

Finance & Resources

| | | | | | | | | |
|--------------|--|---|--------|--------|--------|--------|-----------|-----|
| B3998 | Council Tax Officer - Invest to maintain essential income | 0 | 30,000 | 30,000 | 30,000 | 30,000 | Kevin Jay | Nil |
|--------------|--|---|--------|--------|--------|--------|-----------|-----|

Despite use of on-line systems and more efficient working, the on-going increase in households has led to extended processing times and a deterioration in customer service with unnecessary repeat contacts. The current backlog is not sustainable; an additional officer will increase capacity to cope with expected growth, maintain collection rates and significantly improve customer satisfaction, providing capacity for coping with expected workload increases over the next two years, by which time the introduction of full service Universal Credit and a revised council tax reduction scheme will have necessitated a full service review. Low

| | | | | | | | | |
|--------------|--|---|--------|--------|--------|--------|-----------------|-----|
| B4004 | Staffing – Fraud Prevention Officer | 0 | 16,400 | 16,400 | 16,400 | 16,400 | Naomi Armstrong | Nil |
|--------------|--|---|--------|--------|--------|--------|-----------------|-----|

In order to maintain current staffing levels a bid is being made for funding of a fraud prevention officer in light of the end of DCLG funding for this post. The bid represents the General Fund proportion (40%) of the costs for the post. (Linked to proposal B4101). Low

| | | | | | | | | |
|--------------|---|---|--------|---------|---------|---------|----------------|-----|
| B4068 | Digital Team Staffing - Joint 3C (three council) approach with Hunts DC and South Cambs DC | 0 | 88,600 | 143,200 | 143,200 | 112,400 | Jonathan James | Nil |
|--------------|---|---|--------|---------|---------|---------|----------------|-----|

To create a collaborative Digital Structure working within 3C ICT that will give respective digital initiatives None greater impetus and focus. The resources include the vital future hosting and development costs associated with the council's website, and will also facilitate C4065 as well as a transformational digital programme of work within the council. Strong public support for digital transformation and channel shift was evidenced in the City Council's recent budget consultation exercise. GF element [Linked to B4132]

Total Bids in Finance & Resources

| | | | | |
|---|---------|---------|---------|---------|
| 0 | 135,000 | 189,600 | 189,600 | 158,800 |
|---|---------|---------|---------|---------|

Housing - General Fund

| | | | | | | | | |
|--------------|---|---|--------|--------|--------|--------|----------------|-----|
| B4013 | Funding for an additional Assessment and Support Officer | 0 | 26,500 | 26,500 | 26,500 | 26,500 | David Greening | Nil |
|--------------|---|---|--------|--------|--------|--------|----------------|-----|

To facilitate an improvement to the housing register verification process, a bid for an additional full time Assessment and Support Officer (City Pay Band 3) is proposed. This post will allow for verification of applications at the point of application as opposed to delaying until the point of offer, which should positively impact void performance for the Council and housing association partners. None

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

| | | | | | | | | |
|--------------|--|---|---------|---|---|---|-------------|-----|
| B4014 | Funding to support the Housing Development Agency (HDA) | 0 | 116,800 | 0 | 0 | 0 | Cath Conlan | Nil |
|--------------|--|---|---------|---|---|---|-------------|-----|

The HDA, in conjunction with the newly created Cambridge Investment Partnership (CIP), are driving forward delivery of the 500 new Council homes over the next four years. This bid is for additional resourcing of the staff team which needs to be at full capacity in 2018/19 to ensure delivery from 2019/20 onwards. None

Total Bids in Housing - General Fund

| | | | | |
|---|---------|--------|--------|--------|
| 0 | 143,300 | 26,500 | 26,500 | 26,500 |
|---|---------|--------|--------|--------|

Planning Policy & Transport

| | | | | | | | | |
|--------------|--|---|--------|--------|--------|--------|-------------|-----|
| B4088 | 3C's Out Of Hours Computer (ICT) Support Services | 0 | 27,500 | 27,500 | 27,500 | 27,500 | Sean Cleary | Nil |
|--------------|--|---|--------|--------|--------|--------|-------------|-----|

The original corporate ICT support contract for the City Council was set up to cover mainly office hours, Mon to Fri. The Council's multi-storey car parks peak operational periods is inclusive of weekends. The service has previously experienced loss of service which could have been mitigated if IT services were available at weekends. Having the Out of hours (OOH) support will allow continuity of services, protection of revenue streams and protection of the council's overall reputation. None

| | | | | | | | | |
|--------------|--|---|--------|--------|--------|--------|------------|-----|
| B4133 | Additional planning enforcement officer | 0 | 40,000 | 40,000 | 40,000 | 40,000 | Sarah Dyer | Nil |
|--------------|--|---|--------|--------|--------|--------|------------|-----|

Additional post to increase planning enforcement capability during the current period of major growth pressure in the city, and the need both to ensure effective enforcement action on occasions of development occurring without proper applications, and also where conditions are breached. This resource will be allocated to additional enforcement in Cambridge, and paid for by the City Council as part of the new Planning Shared Service. None

Total Bids in Planning Policy & Transport

| | | | | |
|---|--------|--------|--------|--------|
| 0 | 67,500 | 67,500 | 67,500 | 67,500 |
|---|--------|--------|--------|--------|

Strategy & Transformation

| | | | | | | | | |
|--------------|---|---|---------|---|---|---|---------------|----|
| B4005 | Additional funding for the Council's Climate Change Fund | 0 | 250,000 | 0 | 0 | 0 | David Kidston | +H |
|--------------|---|---|---------|---|---|---|---------------|----|

An additional allocation to the Council's Climate Change Fund to support carbon reduction projects to be delivered in 2018/19, subject to the outcome of feasibility studies to be carried out. Potential projects could include: a solar PV or solar thermal installation at Parkside Pools; a biomass boiler at Kings Hedges Learner Pool; and heating and lighting improvements at the Corn Exchange. None

| | | | | | | | | |
|--------------|---|---|-------|-------|-------|-------|-------------|-----|
| B4006 | Increased capacity to produce public information films | 0 | 9,000 | 9,000 | 9,000 | 9,000 | Andrew Limb | Nil |
|--------------|---|---|-------|-------|-------|-------|-------------|-----|

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

The purpose of this bid is to increase the council's capacity to produce videos that help to explain its services to residents and other audiences. These videos would be published via the council's social media channels and website, serving to increase awareness of, and access to, the council's services. Bid funds would be used to buy external professional expertise and equipment and/or increase the Council's in-house capabilities. None

| | | | | | | | | |
|--------------|---|---|---------|---|---|---|---------------|-----|
| B4007 | Future contribution to the Sharing Prosperity Fund | 0 | 200,000 | 0 | 0 | 0 | David Kidston | Nil |
|--------------|---|---|---------|---|---|---|---------------|-----|

This makes a further contribution to the Sharing Prosperity Fund. The funding will support the delivery of new or extended projects which will contribute to the delivery of the objectives of the Anti-Poverty Strategy. Potential projects include: extension of the existing Fuel and Water Poverty Officer post; continuing existing work to promote digital access for residents on low incomes and in poverty; continuation of the Living Wage campaign; and a pilot of the Cambridgeshire Culture Card with children and young people who are receiving free school meals and/or pupil premium, which will be addressed in a detailed report for decision after scrutiny by the Community Services Committee. High

| | | | | | | | | |
|--------------|---|---|--------|---|---|---|----------------|-----|
| B4008 | Review of electoral arrangements for Cambridge City Council. | 0 | 20,000 | 0 | 0 | 0 | Vicky Breeding | Nil |
|--------------|---|---|--------|---|---|---|----------------|-----|

The Local Government Boundary Commission for England are conducting a review of the number of None councillors, wards and ward boundaries within Cambridge. Extra funding is required to backfill electoral services staff time that will be taken up by the review project, and potentially to buy in additional external analytical capacity. Additional scope also required for necessary research tools and assistance.

| | | | | | | | | |
|--------------|---|---|---------|---------|---|---|--------------|-----|
| B4015 | Funding to support the Cambridge Northern Fringe East (CNFE) Bid | 0 | 475,000 | 324,000 | 0 | 0 | Fiona Bryant | Nil |
|--------------|---|---|---------|---------|---|---|--------------|-----|

The Cambridge Northern Fringe East offers the last major available undeveloped brownfield site in Cambridge as a potential site for a new innovation quarter with a live, work and learn philosophy within an area of high connectivity. It forms the Combined Authority's priority bid for the Housing Infrastructure Fund for Capital Funding to relocate the Anglian Water Waste Treatment works as part of a major infrastructure project for housing delivery (7,600 homes proposed). Revenue funding is needed firstly to establish and maintain programme governance and key management support through the bid process and beyond (18/19 £122k and if the bid is successful, a further £137k in 19/20). Secondly funding is required to develop an Area Action Plan (AAP). To meet delivery timescales the AAP process needs to be initiated in 18/19 in advance of the bid outcome. As the AAP covers a wider area than the core CNFE area, the development of an appropriate AAP will be required whatever the bid outcome. None

| | | | | | | | | |
|--------------|--|---|--------|--------|--------|---|----------------|-----|
| B4037 | Anti Social Behaviour work and Street Life Coordinator post | 0 | 26,200 | 26,200 | 26,200 | 0 | Lynda Kilkelly | Nil |
|--------------|--|---|--------|--------|--------|---|----------------|-----|

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

A one-year only bid of £59.8 was approved in 2017/18 initially to allow a full review of the ASB service, to identify future work levels and priorities for the Council. The review has been carried out and a number of workload areas have been identified that are non-HRA and that must be funded by the General Fund if they are to continue. They include two days per week required to do case work on street life community issues previously funded by the PCC, and essential to the overall strategy of the Street Life Working Group. The net bid for non-HRA work is £26.2k for 2017/18 and will be reviewed in 2020. High

| | | | | | | | | |
|--------------|---|---|--------|--------|--------|--------|-----------------|-----|
| B4040 | Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour | 0 | 28,000 | 28,000 | 28,000 | 28,000 | Deborah Simpson | Nil |
|--------------|---|---|--------|--------|--------|--------|-----------------|-----|

The proposal is to introduce a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour. For employees the weighting will be paid in addition to salary and the Living Wage supplement, to bring the hourly rate to an equivalent of £10 per hour. For agency workers the weighting will apply in addition to current hourly rates and the Living Wage arrangements. The weighting will be variable, depending upon the current hourly rate and the Living Wage supplement payable at that time. High

| | | | | | | | | |
|--------------|--|---|--------|--------|---|---|----------------|-----|
| B4110 | Support for asylum seekers and refugees | 0 | 25,000 | 25,000 | 0 | 0 | Lynda Kilkelly | Nil |
|--------------|--|---|--------|--------|---|---|----------------|-----|

A survey was commissioned with Cambridge Ethnic Community Forum to get a better understanding of asylum seekers and refugees in Cambridge not included in the Government schemes under which the Council is resettling refugees. The survey also sought to learn what issues and support is required. This 2 year funding bid will be used to commission services to help meet the needs identified, for example: High

- Providing effective information and translation services
- Tackling economic and social marginalisation
- Providing assistance with immigration status
- Finding accommodation. The funding is needed in 2018/19 as 2017/18 funding via grant, and via Home Office funding to provide advice for VNPR programme refugees no longer applies. The new service will be reviewed mid- way through year 2 to establish whether further support is required in future years.

| | | | | | |
|--|----------|------------------|----------------|---------------|---------------|
| Total Bids in Strategy & Transformation | 0 | 1,033,200 | 412,200 | 63,200 | 37,000 |
|--|----------|------------------|----------------|---------------|---------------|

Streets & Open Spaces

| | | | | | | | | |
|--------------|---------------------------------|---|-------|-------|-------|-------|-----------------|----|
| B4111 | Trees for Babies project | 0 | 5,000 | 5,000 | 5,000 | 5,000 | Matthew Magrath | +L |
|--------------|---------------------------------|---|-------|-------|-------|-------|-----------------|----|

The Trees for Babies scheme offers the opportunity for parents to receive a free tree to commemorate the birth of their baby and so help to increase the tree cover of Cambridge City. The tree can be planted at home or, with the agreement of a third party, such as a school, on other non-City Council land within the City. If the target of increasing tree cover in the City is to be achieved, supporting planting on non-City Council land has an important part to play. The number of households receiving a free tree under the scheme has risen from 25, in 2013-14; to 221, in 2016-17. This budget proposal will enable the scheme to respond to this significant increase in demand and to continue to grow, including through modest marketing activity and an extension of the target-age range to those starting schooling, in order to ensure maximum opportunity for take-up. None

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Bids

| | | | | | | | |
|-------------------------------------|---|-----------|---------|---------|---------|--|--|
| Total Bids in Streets & Open Spaces | 0 | 5,000 | 5,000 | 5,000 | 5,000 | | |
| Total Bids | 0 | 1,604,800 | 804,600 | 455,600 | 398,600 | | |

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Reduced Income

Finance & Resources

| | | | | | | | | |
|--------|--|---|--------|--------|--------|--------|-----------|-----|
| RI4002 | Local Taxation shortfall in court costs income | 0 | 38,000 | 38,000 | 38,000 | 38,000 | Kevin Jay | Nil |
|--------|--|---|--------|--------|--------|--------|-----------|-----|

The shortfall in Local Taxation court costs income is primarily due to the team's efficiency in terms of the clearing of historic arrears in prior years, which has resulted in current court cost recovery being mainly in respect of current year liability. The income budget needs to be adjusted to reflect this position and a reduced income bid is being submitted in light of this. None

| | | | | | | | | |
|--------|-----------------------------------|---|--------|--------|--------|--------|--------------|-----|
| RI4035 | Loss of Credit Card Charge Income | 0 | 12,000 | 12,000 | 12,000 | 12,000 | Charity Main | Nil |
|--------|-----------------------------------|---|--------|--------|--------|--------|--------------|-----|

Legislation will prevent organisations from recovering credit card processing costs by levying an additional fee. None

| | | | | | | | | |
|--|----------|---------------|---------------|---------------|---------------|---------------|--|--|
| Total Reduced Income in Finance & Resources | 0 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | | |
| Total Reduced Income | 0 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | | |

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Unavoidable Revenue Pressure

Environmental Services & City Centre

| | | | | | | | | |
|---------|--|---|--------|--------|--------|--------|------------------|-----|
| URP4056 | Environmental Health Officer (EHO) post to undertake technical input to Planning | 0 | 52,000 | 52,000 | 52,000 | 52,000 | Yvonne O'Donnell | Nil |
|---------|--|---|--------|--------|--------|--------|------------------|-----|

Cambridge University has funded an EHO post to provide technical input on all the University growth sites development plans, as part of a wider development service support agreement secured through Planning. The University has recently conducted a review of this agreement and decided to terminate it. This bid is proposed in order to sustain the post, as there remains a significant ongoing need for EHO technical input to planning, given the scale of development being experienced in the city, including the University's own plans. The aim would be to offset the cost of the post through recharging developers' for planning application and post-condition discharge EHO technical input. None

| | | | | | | | | |
|---------|--|---|--------|--------|--------|--------|------------------|-----|
| URP4057 | Revenue support to offset the reduction in income associated with the waiving of license fees for low emission taxis | 0 | 10,000 | 20,000 | 27,000 | 40,000 | Yvonne O'Donnell | Nil |
|---------|--|---|--------|--------|--------|--------|------------------|-----|

The Council is committed to improve air quality in the City. One proposal through the Air Quality Annual Status report to DEFRA is that the Council would tackle air quality by increasing low emission taxis coming into the City. In June 2016 a report went to Licensing Committee agreeing in principle a number of taxi policy changes in relation to environmental considerations to be implemented in April 2018. One of which was to waive the license fees for low emission taxis. As licensing has to be self-funding this waiver would have to be offset. In June 2016 a report went to Environment Scrutiny Committee which agreed in principle for revenue support to offset the reduction in income. It is likely the new policy changes will start in April 2018 with a five year lead in period. None

Total Unavoidable Revenue Pressure in Environmental Services & City Centre

| | | | | |
|---|--------|--------|--------|--------|
| 0 | 62,000 | 72,000 | 79,000 | 92,000 |
|---|--------|--------|--------|--------|

Finance & Resources

| | | | | | | | | |
|---------|--------------------|---|--------|--------|--------|--------|-------------|-----|
| URP4066 | Insurance Premiums | 0 | 30,000 | 30,000 | 30,000 | 30,000 | Karl Tattam | Nil |
|---------|--------------------|---|--------|--------|--------|--------|-------------|-----|

Changes in legislation have seen the discount rate for Personal Injury claims change from +2.5% to -0.75%, this will have an impact on insurance premiums which cover personal injury claims (Public Liability (PL), Employers' Liability (EL) and Motor). We will also increase the indemnity limits to £30 million for EL and PL covers. The impact on EL and PL premiums is unknown, this is an estimate based on the increase to Motor Premiums. None

Total Unavoidable Revenue Pressure in Finance & Resources

| | | | | |
|---|--------|--------|--------|--------|
| 0 | 30,000 | 30,000 | 30,000 | 30,000 |
|---|--------|--------|--------|--------|

Planning Policy & Transport

| | | | | | | | | |
|---------|---|---|---------|---|---|---|---------------|-----|
| URP4072 | Set up costs (revenue) Greater Cambridge Planning Partnership | 0 | 138,000 | 0 | 0 | 0 | Stephen Kelly | Nil |
|---------|---|---|---------|---|---|---|---------------|-----|

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Unavoidable Revenue Pressure

Project management and associated costs for new Greater Cambridge Planning Partnership None

| | | | | | | | | |
|---------|---|---|---------|---------|---------|---------|---------------|-----|
| URP4073 | Contribution to cost of discrete city planning strategies and the joint Local Plan | 0 | 150,000 | 150,000 | 150,000 | 150,000 | Stephen Kelly | Nil |
|---------|---|---|---------|---------|---------|---------|---------------|-----|

Cambridge City Council's proportionate share of joint Local Plan costs as part of our joint venture with South Cambridgeshire District Council in the Greater Cambridge Planning Partnership. The Local Plan is a statutory responsibility and sets out local planning policies and identifies how land is used, determining what will be built where. Adopted local plans provide the framework for development across England. This bid will also fund strategies for stand alone City policies such as the implementation of Community Infrastructure Levy (CIL) and Neighbourhood Plans. None

Total Unavoidable Revenue Pressure in Planning Policy & Transport

| | | | | |
|---|---------|---------|---------|---------|
| 0 | 288,000 | 150,000 | 150,000 | 150,000 |
|---|---------|---------|---------|---------|

Strategy & Transformation

| | | | | | | | | |
|---------|---------------------------|---|--------|--------|--------|--------|------------|-----|
| URP4009 | Members Allowances | 0 | 12,000 | 24,000 | 24,000 | 24,000 | Gary Cliff | Nil |
|---------|---------------------------|---|--------|--------|--------|--------|------------|-----|

There is further work from the Independent Remuneration Panel on special responsibility allowances and any approved increase would need funding. Also, the basic allowance for all Members will rise in line with the National Living Wage up to and including 2019/2020 and is the majority of the total bid. None

| | | | | | | | | |
|---------|--|---|--------|--------|--------|--------|---------------|-----|
| URP4020 | Increase in recharge of Asset Management Team to the General Fund | 0 | 45,100 | 45,100 | 45,100 | 45,100 | Trevor Burdon | Nil |
|---------|--|---|--------|--------|--------|--------|---------------|-----|

A review of the work undertaken by the HRA Asset Management Team results in an increase in recharge to the General Fund in respect of work to administrative buildings, compliance and commercial property, etc None

Total Unavoidable Revenue Pressure in Strategy & Transformation

| | | | | |
|---|--------|--------|--------|--------|
| 0 | 57,100 | 69,100 | 69,100 | 69,100 |
|---|--------|--------|--------|--------|

Total Unavoidable Revenue Pressure

| | | | | |
|---|---------|---------|---------|---------|
| 0 | 437,100 | 321,100 | 328,100 | 341,100 |
|---|---------|---------|---------|---------|

Report Total

| | | | | |
|---|-----------|-----------|---------|---------|
| 0 | 2,091,900 | 1,175,700 | 833,700 | 789,700 |
|---|-----------|-----------|---------|---------|

2018/19 Budget - Savings

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Increased Income

Environmental Services & City Centre

| | | | | | | | | |
|--------|---------------------------------|---|----------|----------|----------|----------|-------------------|-----|
| II4099 | Commercial Waste Service Growth | 0 | (17,500) | (17,500) | (17,500) | (17,500) | Suzanne Hemingway | Nil |
|--------|---------------------------------|---|----------|----------|----------|----------|-------------------|-----|

The shared commercial waste service is expected to achieve a £150,000 growth in income in addition to growth already achieved in the business area. This should provide an additional surplus for the service in the region of £35,000 after the cost of delivery such as collection, disposal, cost of sales including an active marketing programme. This will be a result of sales expansion including widening existing business portfolio with a focus on increasing recycling across the district as well as introducing further service efficiencies. The additional £17.5k income is shown within SCDC budgets. All additional income will be subject to the MoU agreement. None

| | | | | | | | | |
|--------|---|---|----------|----------|----------|----------|-----------|-----|
| II4114 | Garage at Waterbeach - additional income from new contracts | 0 | (59,000) | (59,000) | (59,000) | (59,000) | David Cox | Nil |
|--------|---|---|----------|----------|----------|----------|-----------|-----|

The Commercial Services manager at the garage has secured additional contracts resulting in £79k of income. [Linked to B4115] None

Total Increased Income in Environmental Services & City Centre

| | | | | |
|---|----------|----------|----------|----------|
| 0 | (76,500) | (76,500) | (76,500) | (76,500) |
|---|----------|----------|----------|----------|

Finance & Resources

| | | | | | | | | |
|--------|--|---|-----------|-----------|-----------|-----------|--------------|-----|
| II4038 | Commercial Property Acquisitions Additional Income | 0 | (180,000) | (260,000) | (260,000) | (260,000) | Dave Prinsep | Nil |
|--------|--|---|-----------|-----------|-----------|-----------|--------------|-----|

Income generated from commercial property acquisition funding of £20 million in last year's Medium Term Financial Strategy assumed c5.5% return on price after acquisition costs. Based on existing and planned acquisitions, the overall return on price is likely to be in the region of 6.5% leading to additional income generated in 2018/19. There will no be adjustment for MRP to this income as that is calculated from the expenditure which will be unchanged. None

| | | | | | | | | |
|--------|---------------------------------------|---|----------|----------|----------|----------|--------------|-----|
| II4039 | Commercial Property Additional Income | 0 | (90,000) | (90,000) | (90,000) | (90,000) | Dave Prinsep | Nil |
|--------|---------------------------------------|---|----------|----------|----------|----------|--------------|-----|

Forecast additional net income in 2018/19 and ongoing reflecting expected rent reviews, lease renewals and lettings on the existing property portfolio. None

Total Increased Income in Finance & Resources

| | | | | |
|---|-----------|-----------|-----------|-----------|
| 0 | (270,000) | (350,000) | (350,000) | (350,000) |
|---|-----------|-----------|-----------|-----------|

Planning Policy & Transport

| | | | | | | | | |
|--------|--|---|----------|----------|----------|----------|-------------|-----|
| II4122 | Introduction of hire charge for Shopmobility equipment | 0 | (45,000) | (45,000) | (45,000) | (45,000) | Sean Cleary | Nil |
|--------|--|---|----------|----------|----------|----------|-------------|-----|

2018/19 Budget - Savings

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Increased Income

The County Council no longer provide a grant which was £50,770 per year to support this service. It is None proposed to introduce charges based around a membership scheme with discounts for Cambridge residents. Most shopmobility schemes around the country already are subject to charges. The system of allowing up to 3 hours free parking to users of the service would remain unchanged.

| | | | | | | | | |
|--------|--|---|-----------|-----------|----------|---|-------------|-----|
| II4129 | Park Street Original Assumptions for redevelopment of site added back to the budget | 0 | (560,000) | (400,000) | (30,000) | 0 | Sean Cleary | Nil |
|--------|--|---|-----------|-----------|----------|---|-------------|-----|

Given there is now clarity on the short term future of Park St car park, this bid is for the increased income year None on year for the next three years or until any development begins

Total Increased Income in Planning Policy & Transport

| | | | | |
|---|-----------|-----------|----------|----------|
| 0 | (605,000) | (445,000) | (75,000) | (45,000) |
|---|-----------|-----------|----------|----------|

Streets & Open Spaces

| | | | | | | | | |
|--------|---|---|----------|----------|----------|----------|------------|-----|
| II4044 | S&OS service review - Lammas Land Car Park | 0 | (80,000) | (80,000) | (80,000) | (80,000) | Joel Carre | Nil |
|--------|---|---|----------|----------|----------|----------|------------|-----|

Introduce an appropriate car park charging scheme at Lammas Land car park to deter inappropriate long None stay use parking by commuters and shoppers. [Linked to C4116]

| | | | | | | | | |
|--------|--|---|----------|----------|----------|----------|------------|-----|
| II4048 | S&OS service review - Events income | 0 | (40,000) | (40,000) | (40,000) | (40,000) | Joel Carre | Nil |
|--------|--|---|----------|----------|----------|----------|------------|-----|

Secure additional income from Council's current commercial events programme through adopting a more None appropriate charging structure for commercial organisations. This will be achieved without increasing size or number of commercial event on Council open spaces, or alter the level of space available to the public

| | | | | | | | | |
|--------|---|---|----------|----------|----------|----------|------------|-----|
| II4049 | S&OS service review - Waste management | 0 | (10,000) | (30,000) | (30,000) | (30,000) | Joel Carre | Nil |
|--------|---|---|----------|----------|----------|----------|------------|-----|

Bring the Council's depot waste handling service 'in house', following the approval of a 2017/18 capital plan None allocation to purchase a 32 tonne grab lorry. This will deliver savings on current waste handling contract (see separate 'linked' budget proposal) and provide capacity to secure additional income from other Council services and external clients.

Total Increased Income in Streets & Open Spaces

| | | | | |
|---|-----------|-----------|-----------|-----------|
| 0 | (130,000) | (150,000) | (150,000) | (150,000) |
|---|-----------|-----------|-----------|-----------|

Total Increased Income

| | | | | |
|---|-------------|-------------|-----------|-----------|
| 0 | (1,081,500) | (1,021,500) | (651,500) | (621,500) |
|---|-------------|-------------|-----------|-----------|

2018/19 Budget - Savings

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Programme

Strategy & Transformation

| | | | | | | | | |
|----------|--|---|---------|---------|---|---|--------------|-----|
| PROG4067 | Additional funding for Business Transformation Programme | 0 | 250,000 | 100,000 | 0 | 0 | Paul Boucher | Nil |
|----------|--|---|---------|---------|---|---|--------------|-----|

The Council is currently 3 years into delivering a programme of transformational change. We are focussing the next tranche of projects around delivering the implementation of our digital transformation strategy. The programme has already helped to support the delivery of savings within other programmes through project management and procurement support. Up to 25% of project costs can be incurred without effective management. We aim to deliver more services digitally online whilst still providing support for vulnerable customers or those with complex needs. The bid supports the retention of the Programme Office to support the programme to the end of 2019/20 and provides for additional business analysis and project management resources required to deliver these projects and other staffing costs associated with the programme. None

Total Programme in Strategy & Transformation

| | | | | |
|---|---------|---------|---|---|
| 0 | 250,000 | 100,000 | 0 | 0 |
|---|---------|---------|---|---|

Total Programme

| | | | | |
|---|---------|---------|---|---|
| 0 | 250,000 | 100,000 | 0 | 0 |
|---|---------|---------|---|---|

2018/19 Budget - Savings

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Savings

Environmental Services & City Centre

| | | | | | | | | |
|-------|---|---|----------|----------|----------|----------|------------------|-----|
| S4052 | Deletion of Team Manager post within Environmental Health | 0 | (55,000) | (55,000) | (55,000) | (55,000) | Yvonne O'Donnell | Nil |
|-------|---|---|----------|----------|----------|----------|------------------|-----|

2 Team Manager vacancies arose over the last year which gave an opportunity to streamline some of the services within Environmental Health. This has led to the amalgamation of 2 teams into 1 and hence the appointment into 1 Team Manager post. This has led to a further review of Environmental Health to allow resilience within the teams to ensure service delivery continues. None

Total Savings in Environmental Services & City Centre

| | | | | |
|---|----------|----------|----------|----------|
| 0 | (55,000) | (55,000) | (55,000) | (55,000) |
|---|----------|----------|----------|----------|

Finance & Resources

| | | | | | | | | |
|-------|---|---|---------|---------|---------|---------|-----------------|-----|
| S4036 | Document Scanning savings for Customer Services | 0 | (5,000) | (7,500) | (7,500) | (7,500) | Clarissa Norman | Nil |
|-------|---|---|---------|---------|---------|---------|-----------------|-----|

Currently Cambridge City Council has a scanning contract to process documents for Revenues and Benefits. This contract is scheduled to expire on 30.06.18. The plan is to bring the workload associated with this task back into Customer Services due to reduced volumes in scanning. The work effort associated with the revised volumes equates to 1.5 FTE staff members, leaving a net saving of £5,000 in 2018/19 and £7,500 thereafter. None

| | | | | | | | | |
|-------|--|---|----------|----------|----------|----------|----------------|-----|
| S4070 | ICT Shared Service Contribution - Increase in Savings Target | 0 | (50,000) | (50,000) | (50,000) | (50,000) | Jonathan James | Nil |
|-------|--|---|----------|----------|----------|----------|----------------|-----|

Forecast increase in ICT Shared Service savings target to reflect contract efficiencies and reduced use of hired contractors. None

Total Savings in Finance & Resources

| | | | | |
|---|----------|----------|----------|----------|
| 0 | (55,000) | (57,500) | (57,500) | (57,500) |
|---|----------|----------|----------|----------|

Housing - General Fund

| | | | | | | | | |
|-------|--|---|----------|----------|----------|----------|----------------|-----|
| S4016 | Saving in inflationary element of grants to Housing Agencies | 0 | (10,900) | (10,900) | (10,900) | (10,900) | David Greening | Nil |
|-------|--|---|----------|----------|----------|----------|----------------|-----|

The 2018/19 grants to housing agencies were approved in principle at Housing Scrutiny Committee in September 2017. The total programme did not fully commit the inflationary element of the budget for the coming year, and as a result a saving is proposed. None

| | | | | | | | | |
|-------|--|---|---------|---------|---------|---------|---------------|-----|
| S4019 | Savings in operational costs across the General Fund | 0 | (5,300) | (5,300) | (5,300) | (5,300) | Julia Hovells | Nil |
|-------|--|---|---------|---------|---------|---------|---------------|-----|

2018/19 Budget - Savings

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Savings

This saving is anticipated due to reduced operational expenditure such as publicity, IT and travel costs across None Housing Advice, Town Hall Lettings, Choice Based Lettings and Housing Strategy.

| | | | | | | | | |
|--------------|--|---|----------|----------|----------|----------|---------------|-----|
| S4021 | Savings in salary costs due to staff turnover and retention | 0 | (16,800) | (16,800) | (16,800) | (16,800) | Julia Hovells | Nil |
|--------------|--|---|----------|----------|----------|----------|---------------|-----|

This saving is delivered due to new staff being appointed at lower points on the scale, and retained staff at None top of scale not being in receipt of incremental progression.

| | | | | | | | | |
|--------------|---|---|----------|----------|----------|----------|------------------|-----|
| S4054 | Deletion of Property Accreditation Scheme and associated post within Environmental Health (EH) | 0 | (41,500) | (41,500) | (41,500) | (41,500) | Yvonne O'Donnell | Nil |
|--------------|---|---|----------|----------|----------|----------|------------------|-----|

The Property Accreditation Post oversees the Property Accreditation Scheme and has been in existence for None 11 years where it has supported the good landlords by inspecting and advising them on how to improve their properties. It also provides forums and newsletters to ensure that the landlords are kept up to date with new legislations and guidance. However it has been recognised that resources need to be put into tackling the poor standards of private rented sector therefore members through Housing Scrutiny Committee agreed that the Property Accreditation Scheme and associated post should be deleted, and the Residential Team should focus more on private rented sector enforcement.

| | | | | | |
|--|----------|-----------------|-----------------|-----------------|-----------------|
| Total Savings in Housing - General Fund | 0 | (74,500) | (74,500) | (74,500) | (74,500) |
|--|----------|-----------------|-----------------|-----------------|-----------------|

Planning Policy & Transport

| | | | | | | | | |
|--------------|--|---|-----------|-----------|-----------|-----------|---------------|-----|
| S4124 | Greater Cambridge Planning Partnership - reduction in shared service cost | 0 | (166,000) | (166,000) | (166,000) | (166,000) | Stephen Kelly | Nil |
|--------------|--|---|-----------|-----------|-----------|-----------|---------------|-----|

Draft regulations have been published to allow fees to be increased on the basis that the additional income None must be spent on the Planning Service. The anticipated 20% increase in Planning Application Fees will result in a reduction in shared service cost estimated to be in the range from £150k - £200k

| | | | | | |
|---|----------|------------------|------------------|------------------|------------------|
| Total Savings in Planning Policy & Transport | 0 | (166,000) | (166,000) | (166,000) | (166,000) |
|---|----------|------------------|------------------|------------------|------------------|

Strategy & Transformation

| | | | | | | | | |
|--------------|--|---|----------|-----------|-----------|-----------|-------------|-----|
| S4102 | Reduced pension deficit contributions from the GF | 0 | (86,500) | (170,200) | (170,200) | (170,200) | John Harvey | Nil |
|--------------|--|---|----------|-----------|-----------|-----------|-------------|-----|

Following the latest triennial review and negotiations for a 3 year up-front settlement, the anticipated None contributions from the GF to meet the pension deficit are lower than previously budgeted.

| | | | | | |
|---|----------|-----------------|------------------|------------------|------------------|
| Total Savings in Strategy & Transformation | 0 | (86,500) | (170,200) | (170,200) | (170,200) |
|---|----------|-----------------|------------------|------------------|------------------|

2018/19 Budget - Savings

Page 6 of 6

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Savings

Streets & Open Spaces

| | | | | | | | | |
|--------------|--|---|-----------|-----------|-----------|-----------|------------|-----|
| S4050 | S&OS service review - Service restructure | 0 | (180,000) | (230,000) | (230,000) | (230,000) | Joel Carre | Nil |
|--------------|--|---|-----------|-----------|-----------|-----------|------------|-----|

Undertake review of S&OS operational service with aim of improving operational efficiency and lines of reporting; addressing areas of operational overlap and aligning resources to service need. The achievement of the proposed saving target is subject to the outcome of the operational service review process in March 2018. This is anticipated to deliver £130k annual saving. None

Expand the area of pictorial meadow and other such attractive and environmentally friendly perennial planting on Council managed sites across the city, including introducing such planting in existing ornamental bedding schemes. This is anticipated to deliver £50k annual saving starting in 2019/20.

Manage toilet cleaning frequencies better so that the number of cleaning visits per day corresponds more closely with its level of use. This will result in a reduction in cleaning visits per day from 4 to 2-3 visits at 12 toilet facilities. This is anticipated to deliver £50k annual saving.

| | | | | | | | | |
|---|----------|--------------------|--------------------|--------------------|--------------------|--|--|--|
| Total Savings in Streets & Open Spaces | 0 | (180,000) | (230,000) | (230,000) | (230,000) | | | |
| Total Savings | 0 | (617,000) | (753,200) | (753,200) | (753,200) | | | |
| Report Total | 0 | (1,448,500) | (1,674,700) | (1,404,700) | (1,374,700) | | | |

2018/19 Budget - External Bids

Page 1 of 1

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

External Bids

Housing - General Fund

| | | | | | | | | |
|-------|--|---|---------|---------|---|---|----------------|-----|
| X4081 | Increase staffing capacity in response to Homelessness Reduction Act | 0 | 214,900 | 214,900 | 0 | 0 | David Greening | Nil |
|-------|--|---|---------|---------|---|---|----------------|-----|

As a result of the Homelessness Reduction Act, there is an increased statutory responsibility in respect of homeless applications which will result in an increased administrative burden for the authority. This bid is for 6 FTE additional staff, with the expectation that the first two years of costs will be met from the Flexible Homeless Support Grant. The plan is for an increase in staffing which will be externally funded for at least the first two years. Staffing will be reviewed once the new legislation has been in place for 12 months, as part of a service review, and to consider future external funding availability. High

Total External Bids in Housing - General Fund

| | | | | |
|---|---------|---------|---|---|
| 0 | 214,900 | 214,900 | 0 | 0 |
|---|---------|---------|---|---|

Total External Bids

| | | | | |
|---|---------|---------|---|---|
| 0 | 214,900 | 214,900 | 0 | 0 |
|---|---------|---------|---|---|

Report Total

| | | | | |
|---|---------|---------|---|---|
| 0 | 214,900 | 214,900 | 0 | 0 |
|---|---------|---------|---|---|

2018/19 Budget - Non-Cash Limit Items

Page 1 of 3

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Non-Cash Limit Items

Non-Committee Items

| | | | | | | | | |
|----------------|--|---|--------|---|---|---|--------------|-----|
| NCL4135 | Council Tax Collection Fund Deficit | 0 | 15,830 | 0 | 0 | 0 | Charity Main | Nil |
|----------------|--|---|--------|---|---|---|--------------|-----|

The Collection Fund for Council Tax is projected to have a deficit at the end of the current year of £138,237. None The City Council's share of this projected year-end deficit is £15,830 and this will need to be taken into account in setting the Council's budget for 2018/19.

| | | | | | | | | |
|----------------|------------------------------------|---|----------|--------|--------|--------|--------------|-----|
| NCL4136 | Council Tax Base adjustment | 0 | (10,000) | 23,000 | 67,000 | 98,000 | Charity Main | Nil |
|----------------|------------------------------------|---|----------|--------|--------|--------|--------------|-----|

The projected Council Tax Base has been recalculated using the recent housing statistics which shows a None slower rise than previously anticipated, resulting in a reduction in the income from Council Tax.

| | | | | | | | | |
|----------------|--|---|----------|----------|----------|----------|--------------|-----|
| NCL4137 | Council Tax increase by £5 instead of 2% in 2018/19 | 0 | (55,000) | (56,000) | (58,000) | (60,000) | Charity Main | Nil |
|----------------|--|---|----------|----------|----------|----------|--------------|-----|

The projected Council Tax yield increase due to raising Council Tax by £5 instead of 2% in 2018/19 None

| | | | | | | | | |
|----------------|---|---|-----------|---------|---------|---------|---------------|-----|
| NCL4150 | New Homes Bonus (NHB) change to income projections | 0 | (185,000) | 649,000 | 443,000 | 245,000 | Caroline Ryba | Nil |
|----------------|---|---|-----------|---------|---------|---------|---------------|-----|

New Homes Bonus (NHB) income projections have been revised following the notification from the None Department for Communities and Local Government (DCLG) December 2017 and recalculated based on Annual Monitoring Report (AMR) housing projections. [Linked to NCL4151, NCL4152 and NCL4153].

| | | | | | | | | |
|----------------|--|---|--------|-----------|-----------|----------|---------------|-----|
| NCL4151 | Contribution to Greater Cambridge Partnership (formerly City Deal) from New Homes Bonus (NHB) | 0 | 74,000 | (259,000) | (177,000) | (98,000) | Caroline Ryba | Nil |
|----------------|--|---|--------|-----------|-----------|----------|---------------|-----|

New Homes Bonus (NHB) to support the Greater Cambridge Partnership (formerly City Deal) programme, None which is based on a contribution of 50% in 2016/17 only and 40% for all other years, has been revised following notification from the Department for Communities and Local Government (DCLG) December 2017 and recalculated based on Annual Monitoring Report (AMR) housing projections. [Linked to NCL4150, NCL4152 and NCL4153].

| | | | | | | | | |
|----------------|--|---|---------|-----------|-----------|-----------|---------------|-----|
| NCL4152 | New Homes Bonus (NHB) – unallocated | 0 | 116,000 | (395,000) | (266,000) | (147,000) | Caroline Ryba | Nil |
|----------------|--|---|---------|-----------|-----------|-----------|---------------|-----|

Net unallocated New Homes Bonus (NHB) has been revised following the notification from the Department for None Communities and Local Government (DCLG), revised allocations for Greater Cambridge Partnership (formerly City Deal) infrastructure investment and any further funding allocations. [Linked to NCL4150, NCL4151 and NCL4153].

2018/19 Budget - Non-Cash Limit Items

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Non-Cash Limit Items

| | | | | | | | | |
|---------|--|---|---------|-------|---|---|---------------|-----|
| NCL4153 | New Homes Bonus (NHB) contribution to Earmarked Reserve | 0 | (5,000) | 5,000 | 0 | 0 | Caroline Ryba | Nil |
|---------|--|---|---------|-------|---|---|---------------|-----|

New Homes Bonus (NHB) has been revised following the notification from the Department for Communities and Local Government (DCLG), revised allocations for Greater Cambridge Partnership (formerly City Deal) infrastructure investment and any further funding allocations. This adjustment reduces the previous contribution to the A14 mitigation fund to match the £1.5m spend provided for. [Linked to NCL4150, NCL4151 and NCL4152].

Total Non-Cash Limit Items in Non-Committee Items

| | | | | |
|---|----------|----------|-------|--------|
| 0 | (49,170) | (33,000) | 9,000 | 38,000 |
|---|----------|----------|-------|--------|

Strategy & Transformation

| | | | | | | | | |
|---------|---|---|----------|----------|----------|-----------|--------------|-----|
| NCL4146 | Mill Road depot redevelopment - Equity Loan to CIP - interest receivable | 0 | (14,000) | (30,000) | (48,000) | (168,000) | Fiona Bryant | Nil |
|---------|---|---|----------|----------|----------|-----------|--------------|-----|

Interest receivable in relation to CIP equity loan, in excess of budgeted investment returns None

| | | | | | | | | |
|---------|--|---|--------|--------|--------|---------|--------------|-----|
| NCL4147 | Mill Road depot redevelopment - Equity Loan to CIP - Contribution to GF development earmarked reserve | 0 | 14,000 | 30,000 | 48,000 | 168,000 | Fiona Bryant | Nil |
|---------|--|---|--------|--------|--------|---------|--------------|-----|

Interest receivable in relation to CIP equity loan in excess of budgeted investment returns moved to None earmarked reserve to provide contingency and risk mitigation for the project

| | | | | | | | | |
|---------|--|---|----------|-----------|-----------|---|--------------|-----|
| NCL4148 | Mill Road depot redevelopment - Development Loan to CIP - interest receivable | 0 | (19,000) | (350,000) | (200,000) | 0 | Fiona Bryant | Nil |
|---------|--|---|----------|-----------|-----------|---|--------------|-----|

Interest receivable in relation to CIP development loan, in excess of budgeted investment returns None

| | | | | | | | | |
|---------|---|---|--------|---------|---------|---|--------------|-----|
| NCL4149 | Mill Road depot redevelopment - Development Loan to CIP - Contribution to GF development earmarked reserve | 0 | 19,000 | 350,000 | 200,000 | 0 | Fiona Bryant | Nil |
|---------|---|---|--------|---------|---------|---|--------------|-----|

Interest receivable in relation to CIP development loan in excess of budgeted investment returns moved to None earmarked reserve to provide contingency and risk mitigation for the project

2018/19 Budget - Non-Cash Limit Items

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Non-Cash Limit Items

Total Non-Cash Limit Items in Strategy & Transformation

| | | | | |
|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 |
|---|---|---|---|---|

Total Non-Cash Limit Items

| | | | | |
|---|----------|----------|-------|--------|
| 0 | (49,170) | (33,000) | 9,000 | 38,000 |
|---|----------|----------|-------|--------|

Report Total

| | | | | |
|---|----------|----------|-------|--------|
| 0 | (49,170) | (33,000) | 9,000 | 38,000 |
|---|----------|----------|-------|--------|

Appendix D

Sensitivity Analysis

| Topic | Quantum | BSR Assumption | Commentary / Risk |
|-----------------------------|---|---|---|
| Bereavement services income | c.£1.9m | Current mortality rates built into BSR assumptions | Falling mortality rate [yet ageing population in Cambridge] Competition from sites at Great Chesterford (building commenced) and Huntingdon Success of commemoration scheme and development of other commercial activities(positive) Disruption due to works along A14 |
| Building control fee income | c. £1.0m | Based on break-even full cost recovery position for the Building Control Shared Service | Housing development levels in the sub region are not as great as anticipated or are delayed due to developers unwillingness to build Increased competition from approved inspectors leading to smaller market share |
| Car parking income | c. £10.2m | Based on officer and external consultants' projections of usage | Income stream is contingent on decisions made by the City Deal board to manage congestion in the city. An ever improving economic situation regionally has led to increase in disposable income in those using Cambridge as a shopping destination (positive) |
| Commercial property income | c. £9m | Officer assessment of current market conditions and future trends, including growth of the current property portfolio | Economic conditions lead to increase in voids, increased level of unrecoverable debts and less significant rent increases High yields are negotiated on new investments (positive) |
| Council tax base | c. 43,000 Band D equivalent properties @£191.75 (2018/19) | Projections are based on the housing trajectory indicated in the Annual Monitoring Report (AMR) | Any significant growth or deceleration in building will affect the number of houses on which council tax can be charged with the associated impact on the council tax income stream which in turn informs our savings requirement |

| Topic | Quantum | BSR Assumption | Commentary / Risk |
|---------------------------------|------------|---|---|
| Council tax income | £8.2m p.a. | £5 increase for 2018/19 and 2% per annum thereafter | <p>Criteria for triggering referendums for proposed excessive increases are published each year.</p> <p>Settlement allows for 3% but currently proposing previous maximum of £5 (2.68%)</p> <p>The requirement for rebilling and associated costs, together with the loss of council tax income, effectively provides a strong disincentive for high increase proposals.</p> <p>Economic climate may require an increase in enforcement activity and consequent reduction of funds available in the collection fund</p> |
| Developer contributions | c. £4.0m | <p>All contributions are used in compliance with terms of agreements.</p> <p>Capital bids for area-based and city-wide projects funded from developer contributions have been identified.</p> | <p>Failure to meet conditions of individual schemes leads to the requirement to repay contributions and accrued interest to developers. This is mitigated by strong funding management.</p> <p>Reduction in total unused receipts following the introduction of the Community Infrastructure Levy (CIL)</p> |
| Employer's pension contribution | £5.3m | BSR includes provision for employer's percentage and capital payments, and for one-off contributions as necessary | Subject to the outcome of the next triennial review with effect from 1 April 2020. |
| Energy costs (all) | £0.3m | Officer assessment of current conditions and trends, based on latest contracts | Volatility of world market prices. The council has contracts for electricity and gas which run from October each year and takes specialist consultant advice in determining the most advantageous terms to contract for. |
| Future capital receipts | Income | Occasional disposal of assets as outlined in the disposal programme. Income not taken into account until received. | The council's stock land available for sale is reducing with two large sites unsold. It is likely that one of these sites will be developed with a high percentage of affordable housing thus reducing our capital receipt. |
| Garage Income | £1.0m | Budget will be met | <p>Failure to maintain customers base at remote base at Waterbeach</p> <p>Failure to attract new customers</p> |
| Housing benefits | £37.0m | Officer assessment of current conditions and trends | <ul style="list-style-type: none"> - Council funded element of provision of the service - Potential increase in housing benefit fraud - Impact of universal credit implementation (October 2018) is not fully known - Council breached the thresholds (upper and/or lower) set by the DWP for local authority error overpayment subsidy, then this could materially affect the level of subsidy receivable on such amounts down from 100% to either 40% or 0%. |

| Topic | Quantum | BSR Assumption | Commentary / Risk |
|--|---|--|---|
| Interest receipts from the housing company | < £150k | An estimate of additional income for the initial three year pilot has been included to reflect the higher rate applicable to this loan above the interest rate expected on our treasury management investments | The housing company is being run as a pilot for 3 years. As this is a new venture, there will be uncertainties in the timing and amount of loan advances from the council, and therefore in the quantum of interest receipts. |
| Investment income | +/- 1% is c. £600k for 2017/18 variable investments | These are based on a mid-range level provided by market analysts | Rates fall further than anticipated or for a longer period. A faster increase in bank base rates would result in increase in investment income. (positive) |
| Land charges income | c. £0.27m | Reductions based on latest experience have been incorporated in the budget | Increased proportion of personal searches and reduced number of overall searches due to market conditions. |
| Local retention of business rates | c. £0.75m | BSR includes projections based on latest figures and guidance | Business rates are subject to the level of appeals against valuations lodged with the Valuation Office Agency (VOA) and the effects of redevelopment and growth in the city. |
| Market income | c. £0.90m | Officer assessment of current market conditions and future trends | Level of voids as a result of a changing economic climate. Any reductions will be mitigated by new traders coming to the market as we seek to widen the range of services on the market. An improving climate will see full occupancy |
| Non-pay inflation | +/- 1% for GF is ~ £200k for either income or expenditure for 2017/18 | General inflation is included as: 2018/19 - 2.6% 2019/20 - 2.2% 2020/21 - 2.3% thereafter 2.0% | General Inflation rises more quickly than anticipated placing greater pressure on cash limited budgets or on general reserves to fund those pressures. |
| Pay settlement | £28.0m | Current assumption is of 2% inflation plus pay progression and budget proposal for Cambridge weighting up to £10 an hour. Pay offer for 2 years from 1 April 2018 approximately 2% with higher % uplifts on lower scale points. | An annual percentage allowance for incremental progression was previously included pending any detailed budget adjustments to reflect performance results. Changed to projected progression cost. |
| Planning fee income | c. £1.7m | Income projections for 2018/19 have been amended to reflect current market conditions. (now forms part of Greater Cambridge Planning Partnership) | Developers retain land stock rather than building out |

| Topic | Quantum | BSR Assumption | Commentary / Risk |
|----------------------------------|----------------------|--|---|
| Shared services | n/a | Shared services will deliver savings outlined individual service business cases. | <p>Delivery of savings and other non-cashable benefits is dependent on effective partnership working in a complex political and cultural environment.</p> <p>Significant element of savings will not crystallize until support service costs have been reduced to reflect smaller client base</p> <p>Savings may be delayed, may not be deliverable in full, or there may be unforeseen costs of implementation.</p> |
| Spending review | c. £4.2m | The budget assumption, based on the 2015 autumn statement, is that Revenue support grant will cease from 2020/21, but will be offset by increased retention of Business rates. | <p>The budget is based on the 2015 Spending review and the level of Revenue support grant and locally retained business rates are budgeted accordingly.</p> <p>Certainty of income until then has been received from the DCLG following our submission of an Efficiency Plan</p> |
| Support costs charged to the HRA | c. £1.25m | Support costs ("Recharges") are charged based on various fixed and variable criteria which change from year to year. | <p>Recent budget and policy announcements from central government have given rise to the need to make significant savings in the HRA. It is likely that the size of the HRA will reduce in future years, and therefore the proportion of support service costs that are chargeable to the HRA will also reduce.</p> <p>Fixed costs such as administrative buildings, management structure, costs of democracy and long term contracts cannot be reduced immediately, if at all. There may be a perceived imbalance in the short term in the proportion of costs charged to the HRA until such time as a strategic decision is taken to allocate a lower level of costs recharged to the HRA with a corresponding increase in costs to the GF and thus the council tax payer. The onus is therefore on the council to make appropriate savings in rechargeable costs as the council reduces in size overall.</p> |
| VAT partial exemption | c. £300k if breached | No breach of partial exemption limit is anticipated for 2017/18 | Potential liability if limit is breached over a seven-year moving average |

2018/19 Budget - Capital Bids

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Capital Bids

Environmental Services & City Centre

| | | | | | | | | |
|-------|--|---|-----------|---|---|---|-----------|----|
| C4083 | Vehicle and equipment fleet replacements 2018/19 | 0 | 1,091,000 | 0 | 0 | 0 | David Cox | +L |
|-------|--|---|-----------|---|---|---|-----------|----|

This is for vehicles due for replacement in April 2018. We have reviewed the number of vehicles required and None are delaying replacements where vehicles remain in good condition, as well as reducing the size of the estates fleet by 7 vehicles. Most vehicle purchases for larger vehicles such as waste trucks are diesel as no suitable electric alternatives are currently available on the market. We will continue to investigate and price check suitable electric alternatives. [Funded from R&R]

| | | | | | | | | |
|-------|--|--------|---|---|---|---|-----------|-----|
| C4143 | The purchase of brake rollers for the garage at Waterbeach | 26,000 | 0 | 0 | 0 | 0 | David Cox | Nil |
|-------|--|--------|---|---|---|---|-----------|-----|

The testing of brakes on HGV vehicles is a legal requirement at every PMI (preventative maintenance None inspection). This is usually and ideally carried out using a roller brake tester. The garage have an old one but due to its age it cannot be connected to a printer. A print out is required to attach to the paperwork following the PMI and is part of the legal requirement. We need to replace it in the current year to meet these requirements and to retain and increase our customer base thereby increasing income to the garage.

| | | | | | |
|---|---------------|------------------|----------|----------|----------|
| Total Capital Bids in Environmental Services & City Centre | 26,000 | 1,091,000 | 0 | 0 | 0 |
|---|---------------|------------------|----------|----------|----------|

Finance & Resources

| | | | | | | | | |
|-------|--|---|--------|---|---|---|--------------------|-----|
| C4010 | Barnwell Business Park remedial works to the roofs | 0 | 90,000 | 0 | 0 | 0 | Andrew Muggerridge | Nil |
|-------|--|---|--------|---|---|---|--------------------|-----|

The project is to carry out large scale repairs to failed roof fixings. None

| | | | | | | | | |
|-------|---|---|---------|---|---|---|--------------------|-----|
| C4011 | Refurbishment of the Leaded Windows in the Large Hall - Guildhall | 0 | 101,000 | 0 | 0 | 0 | Andrew Muggerridge | Nil |
|-------|---|---|---------|---|---|---|--------------------|-----|

Refurbishment of the leaded windows to one elevation in the Large Hall. The leaded windows in the Large Hall incorporate the coat of arms of several of the City's Colleges and date back over a hundred years, these windows not only form an important part of the history of Cambridge, but also Cambridge City Council. None

| | | | | | | | | |
|-------|---|---|---------|---|---|---|--------------------|-----|
| C4012 | Resealing the roof at Robert Davies Court | 0 | 177,000 | 0 | 0 | 0 | Andrew Muggerridge | Nil |
|-------|---|---|---------|---|---|---|--------------------|-----|

The project is to recover the existing perished roof covering. None

| | | | | | | | | |
|-------|---|---|---------|--------|---|---|----------------|-----|
| C4065 | My Cambridge City' Account - Online Customer Portal | 0 | 160,000 | 76,000 | 0 | 0 | Jonathan James | Nil |
|-------|---|---|---------|--------|---|---|----------------|-----|

2018/19 Budget - Capital Bids

Page 2 of 4

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Capital Bids

Implementation of the 'Single Customer Account' portal will mean Cambridge's citizens will soon be able to access a range of critical services from a single, integrated online portal. Customers will be able to Book It, Track It, Report It and Pay It. Year one costs include implementation. With regard to year three it is expected that customer channel shift will have resulted in a significant reduction in customer contacts to enable the service to be self-financing from existing budgets through the reduction of staffing costs. Further years' savings are possible, but it is difficult to predict these as this will be based on further customer uptake of the online portal. Low

| | | | | | | | | |
|--------------|--|---|---------|--------|---|---|----------------|-----|
| C4069 | Council Anywhere - Desktop Transformation | 0 | 400,000 | 96,000 | 0 | 0 | Jonathan James | Nil |
|--------------|--|---|---------|--------|---|---|----------------|-----|

This bid is for investment in a Desktop Transformation programme to provide a platform fitting the ICT Strategy, to support the work of the council and provision of its services, improving efficiency and support. This solution would standardise the desktop hardware, Office software and the network environment needed to control and secure the desktop infrastructure. The bid includes costs for hardware, software, licences and the professional costs in order to reconfigure the underlying network. None

| | | | | | | | | |
|--------------|--|---|---------|---|---|---|-----------------|-----|
| C4117 | Adaptations to Riverside Railings | 0 | 100,000 | 0 | 0 | 0 | Alistair Wilson | Nil |
|--------------|--|---|---------|---|---|---|-----------------|-----|

A feasibility study was completed in March 2017 and concludes that at this point in time it would appear feasible to make adaptations to the riverside wall and parapet rail to enable safe access for up to seven licensed vessels (moored generally in pairs from three floating pontoons accessed by ladders from street level with lockable gates, plus one from the Stourbridge Common river bank adjacent to the end of the retaining wall). This was subject to further detailed site investigation, design work, construction estimates and liaison with principal stakeholder organisations, which has now been completed. Low

| | | | | | |
|--|----------|------------------|----------------|----------|----------|
| Total Capital Bids in Finance & Resources | 0 | 1,028,000 | 172,000 | 0 | 0 |
|--|----------|------------------|----------------|----------|----------|

Strategy & Transformation

| | | | | | | | | |
|--------------|---|--------|---------|---|---|---|------------|----|
| C4041 | Cambridge City CCTV infrastructure procurement | 80,000 | 521,000 | 0 | 0 | 0 | Joel Carre | +L |
|--------------|---|--------|---------|---|---|---|------------|----|

Invest in City Council CCTV infrastructure as follows: a) Replacement of beyond economic repair/ obsolete CCTV cameras (60 x public space and 43 x public car park) with new Digital IP High Definition cameras; b) Replacement of obsolete digital CCTV recording and software platform with new Network Video Recording and suitable software platform and client PC operator machines; and c) Upgrade CCTV radio network so that it is resilient and uses an OFCOM licenced frequency to prevent interference and ensure stable usage in line with operational requirements. Of the total associated investment, £66K is directly attributable to Parking Service CCTV infrastructure. None

| | | | | | | | | |
|--------------|---|---|-----------|---|---|---|--------------|-----|
| C4142 | Mill Road depot development - capital contribution | 0 | 5,760,000 | 0 | 0 | 0 | Fiona Bryant | Nil |
|--------------|---|---|-----------|---|---|---|--------------|-----|

2018/19 Budget - Capital Bids

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| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Capital Bids

A capital contribution of £5,760k is proposed to support the redevelopment of the council's Mill Road depot, None principally for affordable and market housing. This development will be delivered by CIP providing the council with a capital receipt for the land and a projected surplus on the scheme. [Funded by temporary borrowing]

| | | | | | | | | |
|--------------|--|---------|-----------|-----------|-----------|---|--------------|-----|
| C4144 | Mill Road depot redevelopment -Equity Loan to CIP | 950,000 | 1,250,000 | 1,000,000 | 2,500,000 | 0 | Fiona Bryant | Nil |
|--------------|--|---------|-----------|-----------|-----------|---|--------------|-----|

As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment None Partnership, to enable the development of the Mill Road depot site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing]

| | | | | | | | | |
|--------------|--|---|-----------|-----------|---|---|--------------|-----|
| C4145 | Mill Road depot redevelopment - Development Loan to CIP | 0 | 1,550,000 | 9,200,000 | 0 | 0 | Fiona Bryant | Nil |
|--------------|--|---|-----------|-----------|---|---|--------------|-----|

As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment None Partnership, to enable the development of the Mill Road depot site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing]

Total Capital Bids in Strategy & Transformation

| | | | | |
|-----------|-----------|------------|-----------|---|
| 1,030,000 | 9,081,000 | 10,200,000 | 2,500,000 | 0 |
|-----------|-----------|------------|-----------|---|

Streets & Open Spaces

| | | | | | | | | |
|--------------|---|---|---------|---|---|---|------------|----|
| C4046 | S&OS and shared waste service review - ICT management system | 0 | 453,000 | 0 | 0 | 0 | Joel Carre | +L |
|--------------|---|---|---------|---|---|---|------------|----|

Invest in single, new integrated ICT operational management system for S&OS, the shared waste service and None Hunts DC, including mobile working technologies. Currently, S&OS has no such digital operational management system in place. The City Council has Contender for their waste system and SCDC have the Whitespace system. To increase efficiency of the shared waste service one system needs to be in place.

| | | | | | | | | |
|--------------|---|---|---------|---------|---|---|---------------|----|
| C4112 | Redevelopment of Silver Street Toilets | 0 | 283,000 | 283,000 | 0 | 0 | John Richards | +M |
|--------------|---|---|---------|---------|---|---|---------------|----|

The toilets were originally constructed in 1985 and have received no modernisation. The condition of the None toilets is aesthetically poor with the underground facilities reported wet under foot during heavy rainfall. Tourism to the city has seen a large rise in numbers which has also placed considerable demand on the current provision situated at an important historical destination. The current proposal is an opportunity to bring the toilets up to current standards befitting the city with an emphasis on preserving the integrity and character of its location.

| | | | | | | | | |
|--------------|---|---|--------|---|---|---|----------------|-----|
| C4116 | Lammas Land car parking infrastructure | 0 | 30,000 | 0 | 0 | 0 | Anthony French | Nil |
|--------------|---|---|--------|---|---|---|----------------|-----|

2018/19 Budget - Capital Bids

Page 4 of 4

| Reference | Item Description | 2017/18 Budget £ | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | Contact | Climate Effect & Poverty Ratings |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|---|

Capital Bids

To purchase, deliver and install a pay machine to collect car parking charges at Lammas Land car park to encourage short term stay parking for the park users and discourage long-term stay parking for visitors attending city centre activities. Works also to include relining of car park and bays, improving the surface, displaying signage, purchasing and installing CCTV, fitting suitable lighting. [Linked to the Increased Income proposal 114044.] None

Total Capital Bids in Streets & Open Spaces

| | | | | |
|---|---------|---------|---|---|
| 0 | 766,000 | 283,000 | 0 | 0 |
|---|---------|---------|---|---|

Total Capital Bids

| | | | | |
|-----------|------------|------------|-----------|---|
| 1,056,000 | 11,966,000 | 10,655,000 | 2,500,000 | 0 |
|-----------|------------|------------|-----------|---|

Report Total

| | | | | |
|-----------|------------|------------|-----------|---|
| 1,056,000 | 11,966,000 | 10,655,000 | 2,500,000 | 0 |
|-----------|------------|------------|-----------|---|

Capital Projects Requiring Funding From Reserves

(2 pages)

Budget Setting Report - Appendix E (b)

2018/19 Budget

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

<----- Project Total ----->

| Ref | Project | Climate Change Indicator | Priority score | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Poverty rating | Linked to / Funding / Comments | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------------------|---|--------------------------|----------------|---------|---------|---------|---------|---------|----------------|--------------------------------|---------|-----------|---------|---------|---------|
| General Fund | | | | | | | | | | | | | | | |
| C4010 | Barnwell Business Park remedial works to the roofs | Nil | N 0.6 | | 90,000 | | | | None | | | 90,000 | | | |
| C4011 | Refurbishment of the Leaded Windows in the Large Hall - Guildhall | Nil | Y 1.1 | | 101,000 | | | | None | | | 101,000 | | | |
| C4012 | Resealing the roof at Robert Davies Court | Nil | N 0.6 | | 177,000 | | | | None | | | 177,000 | | | |
| C4041 | Cambridge City CCTV infrastructure procurement | +L | N 3.9 | 80,000 | 521,000 | | | | None | | 80,000 | 521,000 | | | |
| C4046 | S&OS and shared waste service review - ICT management system | +L | N 2.1 | | 453,000 | | | | None | Approved by CPB 5 Dec 2017 | | 453,000 | | | |
| C4065 | My Cambridge City' Account - Online Customer Portal | Nil | N 2.1 | | 160,000 | 76,000 | | | Low | | | 160,000 | 76,000 | | |
| C4069 | Council Anywhere - Desktop Transformation | Nil | Y 1.3 | | 400,000 | 96,000 | | | None | | | 400,000 | 96,000 | | |
| C4083 | Vehicle and equipment fleet replacements 2018/19 | +L | Y 1.7 | | | | | | None | Funding: R & R | | 1,091,000 | | | |
| C4112 | Redevelopment of Silver Street Toilets | +M | Y 2.6 | | 283,000 | 283,000 | | | None | | | 283,000 | 283,000 | | |
| C4116 | Lammas Land car parking infrastructure | Nil | N 2.6 | | 30,000 | | | | None | | | 30,000 | | | |
| C4117 | Adaptations to Riverside Railings | Nil | N 1.3 | | 100,000 | | | | Low | Approved by CPB 5 Dec 2017 | | 100,000 | | | |

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Capital Projects Requiring Funding From Reserves

(2 pages)

Budget Setting Report - Appendix E (b)

2018/19 Budget

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

<----- Project Total ----->

| Ref | Project | Climate Change Indicator | Priority score | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Poverty rating | Linked to / Funding / Comments | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--|--|--------------------------|----------------|----------------|------------------|----------------|---------|---------|----------------|--------------------------------|------------------|-------------------|-------------------|------------------|---------|
| C4142 | Mill Road depot development - capital contribution | Nil | | | | | | | None | Funding: temporary borrowing | | 5,760,000 | | | |
| C4143 | The purchase of brake rollers for the garage at Waterbeach | Nil | | 26,000 | | | | | None | | 26,000 | | | | |
| C4144 | Mill Road depot redevelopment -Equity Loan to CIP | Nil | | | | | | | None | Funding: temporary borrowing | 950,000 | 1,250,000 | 1,000,000 | 2,500,000 | |
| C4145 | Mill Road depot redevelopment - Development Loan to CIP | Nil | | | | | | | None | Funding: temporary borrowing | | 1,550,000 | 9,200,000 | | |
| Total Funding Required from Reserves : General Fund | | | | 106,000 | 2,315,000 | 455,000 | | | | | 1,056,000 | 11,966,000 | 10,655,000 | 2,500,000 | |

Capital approvals since MTF5 Oct 2017

| Ref. | Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| SC654 | Pre-planning development costs for Silver Street toilets capitalised | 48 | | | | | |
| | Urgent approval: | | | | | | |
| SC612 | Park St car park control equipment | 145 | - | - | - | - | - |
| | Section 106 miscellaneous: | | | | | | |
| PR031g | Milton Road Library Community meeting space (S106) | 50 | 50 | - | - | - | - |
| PR033s | Histon Road rec play area: paths, surfacing and landscaping (S106) | 40 | - | - | - | - | - |
| PR031s | Nun's Way rec ground: mini climbing dome (S106) | 27 | - | - | - | - | - |
| PR032q | Upgrade Nightingale Avenue play area (S106) | 60 | - | - | - | - | - |
| PR040t | Public art grant for Cambridge Live - Colours in our community (S106) | 18 | - | - | - | - | - |
| PR040q | To the river: artist in residence (S106) | 120 | - | - | - | - | - |
| | Total S106 | 315 | 50 | - | - | - | - |

Appendix E (d)

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) |
|----------------------------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Capital-GF Projects | | | | | | | | |
| 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) | A Wilson | 8 | 0 | 0 | 0 | 0 | 0 |
| PR031g | Milton Rd Library Community Meeting Space (S106) | J Hanson | 50 | 50 | 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 |
| PR031s | Nun's Way Rec Ground: mini climbing dome (S106) | A Wilson | 27 | 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 |
| PR032q | Upgrade Nightingale Avenue play area (S106) | A Wilson | 60 | 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 |
| PR033s | Histon Road Rec play area: paths, surfacing and landscaping (S106) | A Wilson | 40 | 0 | 0 | 0 | 0 | 0 |

Appendix E (d)

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) |
|--------|--|---------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 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 |
| 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) | N Black | 1 | 0 | 0 | 0 | 0 | 0 |
| PR040i | Public art grant - History Trails (S106) | N Black | 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) | N Black | 5 | 0 | 0 | 0 | 0 | 0 |
| PR040n | Public art grant - public art at Humberstone Road (S106) | N Black | 1 | 0 | 0 | 0 | 0 | 0 |
| PR040o | Public art grant - 'The place where we stand' (S106) | N Black | 3 | 0 | 0 | 0 | 0 | 0 |
| PR040q | To the River - artist in residence | C Littlechild | 120 | 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 |
| PR040t | Public art grant for Cambridge Live - Colours in our Community (S106) | N Black | 18 | 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 |

Appendix E (d)

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) |
|--------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 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 |
| PR050c | Refurnishing Guildhall 4th floor (OAS) | L Barlow | 42 | 0 | 0 | 0 | 0 | 0 |
| PR050d | Mobile working (OAS Phase II) | W Barfield | 99 | 0 | 0 | 0 | 0 | 0 |
| PR050e | Cowley Road Compound ex-Park and Ride site (OAS) | W Barfield | 566 | 0 | 0 | 0 | 0 | 0 |
| PR050f | Guildhall welfare improvements (OAS) | W Barfield | 40 | 174 | 0 | 0 | 0 | 0 |
| PR050g | Office optimisation (OAS) | W Barfield | 0 | 275 | 0 | 0 | 0 | 0 |
| SC433 | Snowy Farr Memorial Artwork (S106) | A Wilson | 0 | 0 | 0 | 0 | 0 | 0 |
| SC548 | Southern Connections Public Art Commission (S106) | 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 |

Appendix E (d)

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) |
|-------|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 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 | 715 | 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 |
| SC627 | Guildhall Large Hall Windows refurbishment | A Muggeridge | 0 | 101 | 0 | 0 | 0 | 0 |
| 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 | W Barfield | 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 |
| SC651 | Shared ICT waste management software | J Carre | 0 | 453 | 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 |

Appendix E (d)

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) |
|----------------------------|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| SC654 | Redevelopment of Silver Street toilets | D O'Halloran | 48 | 283 | 283 | 0 | 0 | 0 |
| SC655 | Resealing the roof at Robert Davies court | A Muggeridge | 0 | 177 | 0 | 0 | 0 | 0 |
| SC656 | Barnwell Business Park remedial work to the roofs | A Muggeridge | 0 | 90 | 0 | 0 | 0 | 0 |
| SC658 | Cambridge City CCTV infrastructure | J Carre | 80 | 521 | 0 | 0 | 0 | 0 |
| SC659 | My Cambridge City online customer portal | J James | 0 | 160 | 76 | 0 | 0 | 0 |
| SC660 | Council Anywhere - desktop transformation | J James | 0 | 400 | 96 | 0 | 0 | 0 |
| SC661 | Adaptations to riverside railings | A Wilson | 0 | 100 | 0 | 0 | 0 | 0 |
| SC670 | Lammas Land car parking infrastructure | A French | 0 | 30 | 0 | 0 | 0 | 0 |
| SC671 | Mill Road depot development - capital contribution | F Bryant | 0 | 5,760 | 0 | 0 | 0 | 0 |
| SC672 | Mill Road depot redevelopment - development loan to CIP | F Bryant | 0 | 1,550 | 9,200 | 0 | 0 | 0 |
| SC673 | Brake rollers for Waterbeach garage | D Cox | 26 | 0 | 0 | 0 | 0 | 0 |
| SC674 | Mill Road depot redevelopment - equity loan to CIP | F Bryant | 950 | 1,250 | 1,000 | 2,500 | 0 | 0 |
| Capital-GF Projects | | | 10,364 | 11,735 | 10,831 | 2,550 | 0 | 0 |
| Capital-Programmes | | | | | | | | |
| 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 | 1,091 | 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 |

Appendix E (d)

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) |
|------------------------------|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| PR039 | Minor Highway Improvement Programme | J Richards | 75 | 30 | 0 | 0 | 0 | 0 |
| PR050 | Office Accommodation Strategy Phase 2 (OAS) | L Barlow | 0 | 473 | 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 |
| Capital-Programmes | | | 23,834 | 1,864 | 0 | 0 | 0 | 0 |
| Capital-GF Provisions | | | | | | | | |
| 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 (\$106) | C Conlon | 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 Conlon | 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 |
| Capital-GF Provisions | | | 5,700 | 262 | 96 | 816 | 61 | 0 |
| Total GF Capital Plan | | | 39,898 | 13,861 | 10,927 | 3,366 | 61 | 0 |

Appendix E (e)

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) |
|-------------------------------------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Capital-GF Under Development | | | | | | | | |
| UD030g | [Part A] East Barnwell Comm. Centre impr. phase 1 (S106) | J Hanson | 0 | 255 | 0 | 0 | 0 | 0 |
| UD030h | [Part A] Romsey 'town square' public realm improvements (S106) | J Richards | 0 | 56 | 0 | 0 | 0 | 0 |
| UD030o | [Part A] Coldham's Lane play area improvements for older children (S106) | A Wilson | 0 | 80 | 0 | 0 | 0 | 0 |
| UD030o | [Part A] Improve Coleridge Rec Ground pavilion (S106) | A Wilson | 0 | 70 | 0 | 0 | 0 | 0 |
| UD030p | [Part A] Lichfield Road play area improvements (S106) | A Wilson | 0 | 45 | 0 | 0 | 0 | 0 |
| UD030p | [Part A] Outdoor fitness equipment near astroturf pitch by Abbey Pool (S106) | I Ross | 0 | 42 | 0 | 0 | 0 | 0 |
| UD030q | [Part A] St Matthew's Piece play area improvements (S106) | A Wilson | 0 | 35 | 0 | 0 | 0 | 0 |
| UD031p | [Part A] Alexandra Gardens play area: more equipment and landscaping (S106) | A Wilson | 0 | 35 | 0 | 0 | 0 | 0 |
| UD031r | [Part A] Chesterton Rec Ground: new skate and scooter park (S106) | A Wilson | 0 | 50 | 0 | 0 | 0 | 0 |
| UD032s | [Part A] Footbridge across Hobson's Brook at Accordia development (S106) | A Wilson | 0 | 35 | 0 | 0 | 0 | 0 |
| UD032u | [Part A] Tenby Close play area improvements (S106) | A Wilson | 0 | 50 | 0 | 0 | 0 | 0 |
| UD032v | [Part A] Gunhild Close play area improvements (S106) | A Wilson | 0 | 50 | 0 | 0 | 0 | 0 |
| UD032x | [Part A] Trumpington Rec Ground trim trail (S106) | A Wilson | 0 | 20 | 0 | 0 | 0 | 0 |
| UD032y | [Part A] Trumpington Rec skate park (S106) | A Wilson | 0 | 80 | 0 | 0 | 0 | 0 |
| UD032z | [Part A] Trumpington Rec Ground climbing frame (S106) | A Wilson | 0 | 50 | 0 | 0 | 0 | 0 |
| UD034j | [Part A] Pavilion facilities at Jesus Green (S106) | I Ross | 0 | 250 | 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 | 0 | 0 | 0 | 0 |
| UD041e | [Part A] Equipping new community centre at Darwin Green (S106) | S Roden | 0 | 25 | 0 | 0 | 0 | 0 |
| 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 | 0 | 75 | 0 | 0 | 0 | 0 |

Appendix E (e)

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) |
|-------------------------------------|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| UD042f | [Part A] Public realm improvements on Sidney Street (S106) | A Wilson | 0 | 43 | 0 | 0 | 0 | 0 |
| UD050f | Guildhall furniture (OAS) | W Barfield | 0 | 0 | 0 | 0 | 0 | 0 |
| UD475 | [Part A] Nightingale Recreation Ground Pavilion Refurbishment (S106) | I Ross | 0 | 403 | 0 | 0 | 0 | 0 |
| UD593 | [No documentation] A14 mitigation schemes (previously Keep Cambridge Moving Fund contribution) | S Hemingway | 0 | 0 | 1,500 | 0 | 0 | 0 |
| UD617 | [Part A] Re-roofing of Folk Museum | A Muggeridge | 0 | 77 | 0 | 0 | 0 | 0 |
| UD618 | [Part A] Resurfacing of commercial properties - Gwydir Street and Ronald Rolph Court | A Muggeridge | 0 | 120 | 0 | 0 | 0 | 0 |
| UD622 | [Part A] BMX track on Coldham's Common (S106) | A Wilson | 0 | 85 | 0 | 0 | 0 | 0 |
| UD626 | [Part A] River Cam public art programme (S106) | A Wilson | 0 | 280 | 0 | 0 | 0 | 0 |
| UD626 | [Part A] Improvements to Netherhall School sports hall (S106) | I Ross | 0 | 169 | 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 | 0 | 98 | 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 | 0 | 173 | 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 |
| UD662 | [Part A] Shared Planning software and implementation | M Holmes | 0 | 100 | 0 | 0 | 0 | 0 |
| Capital-GF Under Development | | | 250 | 21,877 | 2,500 | 1,550 | 0 | 0 |

Appendix E (e)

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 F

Principal earmarked and specific funds

| Fund | Balance at 1 April 2017 £000 | Anticipated contributions £000 | Forecast expenditure £000 | Forecast balance 31 March 2023 £000 |
|---|---------------------------------|-----------------------------------|------------------------------|--|
| Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund | (5,151) | (10,965) | 16,116 | - |
| Sharing Prosperity Fund | (594) | (500) | 1,084 | (10) |
| Climate Change Fund | (116) | (500) | 366 | (250) |
| Asset Replacement Fund ¹ | (2,753) | (6,000) | 8,097 | (656) |
| Bereavement Services Trading Account | (863) | (1,000) | 1,863 | - |
| Development Plan Fund ² | (145) | (1,002) | 1,147 | - |
| Office accommodation strategy fund | (2,582) | (1,534) | 4,116 | - |
| Invest for Income | (7,500) | (500) | 8,000 | - |
| A14 Mitigation Fund | - | (1,500) | 1,500 | - |
| General Fund (GF) development fund (new) | - | (829) | - | (829) |
| Total | (19,704) | (24,330) | 42,289 | (1,745) |

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

¹ 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.

² The Development Plan Fund will be a joint fund with SCDC from 1 February 2018 and the basis of cost allocation is unknown at this time because the Memorandum of Understanding is not yet complete.

Cambridge City Council Equality Impact Assessment (EqIA)



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 CityNet. For specific questions on the tool, email Helen Crowther, Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk or phone 01223 457046. Once you have drafted the EqIA please send this to equalities@cambridge.gov.uk for checking. For advice on consulting on equality impacts please contact Graham Saint, Strategy Officer, at (graham.saint@cambridge.gov.uk or 01223 457044).

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

General Fund Budget 2018/19

2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)

The BSR will be published with the papers for Strategy and Resources Committee on 3rd January 2018 here:
<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=159&MId=3292&Ver=4>

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

To enable the City Council to set a balanced budget for 2018/19 that reflects the Council's vision and takes into account councillors' priorities in proposals for achieving the savings required.

This EqIA assesses the equality impacts of the General Fund element of the City Council's budget.

An EqIA has been completed for budget proposals that are likely to result in significant service changes. This EqIA sets out the material information from EqIAs attached to individual budget bids. Some EqIAs identify very small or neutral impacts and therefore have not been

included and some projects are continuations of existing work.

This approach is intended to ensure that councillors have access to the relevant information on the equality impact of budget proposals at the point when they are being asked to make a decision. This will enable councillors to discharge their Duty under the Equality Act 2010.

The 2018/19 budget bids considered as part of this impact assessment are listed below:

B4006 - Increased capacity to produce video by Corporate Strategy service:

The purpose of this bid is to increase the council's capacity to produce videos that help to explain its services to residents and other audiences. These videos would be published via the council's social media channels and website, serving to increase awareness of, and access to, the council's services. Bid funds would be used to buy external professional expertise and equipment and/or increase the Council's in-house capabilities.

URP4037 - Anti Social Behaviour (ASB) work and Street Life Coordinator post:

A one-year only bid of £59.8k was approved in 2017/18 initially to allow a full review of the ASB service, to identify future work levels and priorities for the Council. The review has been carried out and a number of workload areas have been identified that are non-HRA and that must be funded by the General Fund if they are to continue. They include two days per week required to do case work on street life community issues previously funded by the PCC, and essential to the overall strategy of the Street Life Working Group. The net bid for non-HRA work is £26.2k for 2017/18 and will be reviewed in 2020.

B4007 - Future Contribution to the Sharing Prosperity Fund:

This makes a further contribution to the Sharing Prosperity Fund. The funding will support the delivery of new or extended projects which will contribute to the delivery of the objectives of the Anti-Poverty Strategy. Potential projects are likely to include: extension of the existing Fuel and Water Poverty Officer post; continuing existing work to promote digital access for residents on low incomes and in poverty; continuation of the Living Wage campaign; providing a skilled outreach advisor based at JobCentre Plus to support households impacted by the roll-out of Universal Credit in Cambridge; and continuing to fund an outreach advisor in health centres to provide financial and debt advice for residents experiencing mental health issues.

B4044 - S&OS service review – Lammas Land Car Park:

To purchase, deliver and install a pay machine to collect car parking charges at Lammas Land car park to encourage short term stay parking for the park users and discourage long-term stay parking for visitors attending city centre activities (currently there is no charging scheme in place). Works also to include relining of car park and bays, improving the surface, displaying signage, purchasing and installing CCTV, fitting suitable lighting.

C4041 - Cambridge City CCTV infrastructure procurement:

Invest in City Council CCTV infrastructure as follows: a) Replacement of beyond economic repair/ obsolete CCTV cameras (60 x public space and 43 x public car park) with new Digital IP High Definition cameras; b) Replacement of obsolete digital CCTV recording and software platform with new Network Video Recording and suitable software platform and client PC operator machines; and c) Upgrade CCTV radio network so that it is resilient and uses an OFCOM licenced frequency to prevent interference and ensure stable usage in line with operational requirements. Of the total associated investment, £66K is directly attributable to Parking Service CCTV infrastructure.

X4081 - Increase staffing capacity in response to Homelessness Reduction Act:

As a result of the Homelessness Reduction Act, there is an increased statutory responsibility in respect of homeless applications which will result in an increased administrative burden for the authority. This bid is for 6 FTE additional staff, with the expectation that the first two years of costs will be met from the Flexible Homeless Support Grant. The plan is for an increase in staffing which will be externally funded for at least the first two years. Staffing will be reviewed once the new legislation has been in place for 12 months, as part of a service review, and to consider future external funding availability.

B4040 - Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour:

The proposal is to introduce a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour. For employees the weighting will be paid in addition to salary and the Living Wage supplement, to bring the hourly rate to an equivalent of £10 per hour. For agency workers the weighting will apply in addition to current hourly rates and the Living Wage arrangements. The weighting will be variable, depending upon the current hourly rate and the Living Wage supplement payable at that time.

C4065 - My Cambridge City' Account - Online Customer Portal:

Implementation of the 'Single Customer Account' portal will mean Cambridge's citizens will soon be able to access a range of critical services from a single, integrated online portal. Customers will be able to Book It, Track It, Report It and Pay It. Year one costs include implementation. With regard to year three it is expected that customer channel shift will have resulted in a significant reduction in customer contacts to enable the service to be self-financing from existing budgets through the reduction of staffing costs. Further years' savings are possible, but it is difficult to predict these as this will be based on further customer uptake of the online portal.

C4112 – Redevelopment of Silver Street Toilets:

The toilets were originally constructed in 1985 and have received no modernisation. The condition of the toilets is aesthetically poor with the underground facilities reported wet under foot during heavy rainfall. Tourism to the city has seen a large rise in numbers which has also placed considerable demand on the current provision situated at an important historical destination. The current proposal is an opportunity to bring the toilets up to current standards befitting the city with an emphasis on preserving the integrity and character of its location.

B4110 – Support for asylum seekers and refugees:

A survey was commissioned with Cambridge Ethnic Community Forum to get a better understanding of asylum seekers and refugees in Cambridge not included in the Government schemes under which the Council is resettling refugees. The survey also sought to learn what issues and support is required. This 2 year funding bid will be used to commission services to help meet the needs identified, for example;

- Providing effective information and translation services
- Tackling economic and social marginalisation
- Providing assistance with immigration status
- Finding accommodation.

The funding is needed in 2018/19 as 2017/18 funding via grant, and via Home Office funding to provide advice for VNPR programme refugees no longer applies. The new service will be

reviewed mid- way through year 2 to establish whether further support is required in future years.

II4122 – Introduction of hire charge for Shopmobility equipment:

The County Council no longer provide a grant which was £50,770 per year to support this service. It is proposed to introduce charges based around a membership scheme with discounts for Cambridge residents. Most shopmobility schemes around the country already are subject to charges. The system of allowing up to 3 hours free parking to users of the service would remain unchanged.

B4014 - Funding to support the Housing Development Agency:

The HDA, in conjunction with the newly created Cambridge Investment Partnership (CIP), are driving forward delivery of the 500 new Council homes over the next four years. This bid is for additional resourcing of the staff team which needs to be at full capacity in 2018/19 to ensure delivery from 2019/20 onwards.

C4117 – Adaptations to Riverside Railings:

A feasibility study was completed in March 2017 and concludes that at this point in time it would appear feasible to make adaptations to the riverside wall and parapet rail to enable safe access for up to seven licensed vessels (moored generally in pairs from three floating pontoons accessed by ladders from street level with lockable gates, plus one from the Stourbridge Common river bank adjacent to the end of the retaining wall). This was subject to further detailed site investigation, design work, construction estimates and liaison with principal stakeholder organisations, which has now been completed. This project relates to the River Moorings Review for which an EqlA was produced.

II4129 – Park Street Original Assumptions for redevelopment of site added back to the budget:

Given there is now clarity on the short term future of Park St car park, this bid is for the increased income year on year for the next three years or until any development begins.

C4142 – Mill Road depot development – capital contribution:

A capital contribution of £5,760k is proposed to support the redevelopment of the council's Mill Road depot, principally for affordable and market housing. This development will be delivered by CIP providing the council with a capital receipt for the land and a projected surplus on the scheme. [Funded by temporary borrowing]

C4144 – Mill Road depot redevelopment –Equity Loan to CIP:

As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment Partnership, to enable the development of the Mill Road depot site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing]

C4145 – Mill Road depot redevelopment - Development Loan to CIP:

As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment Partnership, to enable the development of the Mill Road depot site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing]

4. Responsible Service

The Finance service managed the budget process, but a range of Council Services are responsible for the individual bids included in this EqIA.

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 who work in the city but do not live here): N/a

6. What type of strategy, policy, plan, project, contract or major change to your service is this?

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): This is an assessment of the Council's budget and therefore covers all of our services. The budget also affects some of the Council's partnership working, notably with Cambridgeshire Constabulary, Cambridgeshire County Council and South Cambridgeshire District Council.

8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?

The General Fund Budget Proposals for 2018/19 will form part of the Budget Setting Report, which will be presented to Strategy and Resources Scrutiny Committee on 22 January 2018 and Council on 22 February 2018.

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?

This information is based on feedback from Council Officers that lead on the individual Budget Bids, and EqIAs they have produced.

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

B4007 - Future Contribution to the Sharing Prosperity Fund (SPF): The Digital Access project, which is likely to be funded through the SPF, will have a positive impact for older people who are most likely to be digitally excluded. Also, one element of the Digital Access work focuses explicitly on increasing digital access for residents on low incomes aged over 65.

B4044 - S&OS service review - Lammas Land Car Park: It is anticipated that the changes will benefit families with children, and older people who use the nearby Lammas Land park that is close to the car park. The car park charging scheme will be designed to minimise impact on Lammas Land visitors and deter long stay parking associated with City Centre parking. For those staying longer than three hours the car parking price is inflated. The car park is particularly busy during the summer school holidays and weekends between April and September when the splash pad is open that is used by families. During these months the bowls club facility located on the park is accessed by many adults aged 60 and above. Deterring longer stay parking should make the facility more accessible for these groups as there will space available more regularly than at present whereby spaces are blocked for hours on end by long stay.

URP4017 and X4081 - Increase staffing capacity in response to Homelessness Reduction Act: The Homelessness Reduction Act places new responsibilities on local authorities to provide advice and assistance to prevent and endeavour to relieve homelessness, regardless of priority need, at an earlier stage. In increasing our capacity to respond to these new responsibilities, these two budget bids are likely to have a positive impact on younger people who are less likely to fall into a priority need¹ group unless they are aged 16 or 17, or are care leavers aged 18 to 21.

¹ For information on priority need categories see:
http://england.shelter.org.uk/housing_advice/homelessness/rules/priority_need

C4065 - My Cambridge City' Account - Online Customer Portal: Older people are less likely to use internet, but the introduction of the online portal will be unlikely to have an impact on their current access to our services. Recent research² shows that virtually all adults aged 16 to 34 years were recent internet users (99%), in contrast with 41% of adults aged 75 years and over. However, use of the internet amongst older people is increasing, as for instance, recent internet use among women aged 75 and over had almost trebled from 2011.

If this change is implemented, a number of measures will mitigate any negative impact on older people:

- It will be rolled out alongside our digital inclusion strategy that already has a number of initiatives to promote and help a number of key target groups use the internet, including older people.
- Face-to-face and phone advisers will be available to guide customers through some web use. This means that whilst doing a transaction, if a customer needs help then a "live" conversation with a phone adviser is possible to assist them at that point. Web chat will also be available to assist customers in the future.
- Customers will continue to be able to communicate with customer service advisors by telephone, email or face-to-face.

B4040 - Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour: This proposal will increase the wages of lower paid council workers, who fall within all age groups, with the exception of under 18 year olds. However, there will be a particularly positive impact for older and younger workers, especially the over 65 age group and 19-24 age group, as the numbers of employees in these age groups that will benefit are higher than numbers in the overall workforce profile. The breakdown related to age is as follows:

| Age | % of all employees | % paid Under £10 |
|-------------|--------------------|------------------|
| 18 or Under | 0 | 0 |
| 19-24 | 1.97 | 9.68 |
| 25-34 | 13.44 | 16.13 |
| 35-44 | 26.39 | 12.9 |
| 45-54 | 33.91 | 22.58 |
| 55-64 | 21.33 | 12.9 |
| 65 and over | 2.96 | 25.81 |

C4112 – Redevelopment of Silver Street Toilets: Aboveground provision on the existing site is the preferred solution for the redevelopment with existing belowground facilities retained in order to maximise provision. Older people, who are more likely to have mobility issues will benefit from having toilets situated above ground rather than the current arrangement.

B4110 – Support for asylum seekers and refugees: This service will have a positive impact on the welfare of asylum seekers and refugees of all ages, particularly children and vulnerable adults, including those with limited English Language.

² Office for National Statistics (ONS) publication Internet Access:
<https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsozialmediausage/bulletins/internetaccesshouseholdsandindividuals/2017>

II4122 – Introduction of hire charge for Shopmobility equipment: Elderly and vulnerable adults will still be able to use the full range of Shopmobility services, despite the cessation of subsidy from the county council. Nevertheless, elderly and vulnerable adults with limited financial income may not be able to use the service as frequently due to the introduction of charges.

Older people can claim Attendance Allowance to help with personal care if they have a physical or mental disability and are aged 65 or over. However, this is not intended to cover mobility needs so the charges are more likely to have a negative impact on them than other age groups. Additionally, the prevalence of disability rises with age: in 2012/13, 7% of children were disabled (0.9 million), compared to 16% of adults of working age (6.1 million), and 43% of adults over state pension age (5.1 million)³.

People aged 16 to 64 with long-term illnesses and disabilities will arguably be affected less as they can claim Personal Independence Payment (PIP) or may be on Disability Living Allowance (DLA). (PIP is replacing DLA but some people will not yet have migrated onto PIP.) PIP is a benefit that helps disabled people with the extra costs of a living with long-term health condition or disability, and is for people aged 16 to 64 and is gradually replacing DLA. Both benefits are designed to support individual's independence for both care and mobility. In the case of scooter hire and shopping escorts this could be for payment of services.

Parents or carers of children aged under 16, can be in receipt of Disability Living Allowance (DLA) for children in order to help with the extra costs of looking after a child who is under 16 and who has difficulties walking or needs more looking after than a child of the same age who doesn't have a disability.

C4041 - Cambridge City CCTV infrastructure procurement: All age groups benefit from public CCTV operations by local authorities however vulnerable groups, like children and older people, even more so. CCTV can be used to help locate/identify people who may be in difficulty, including vulnerable people.

B4014 - Funding to support the Housing Development Agency (10063): The plan addresses the strategic need for affordable housing in the city including impacts on applicants registered on Homelink. The law requires us to prioritise applications for social housing for homeless people and those at risk of homelessness from priority need groups including 16 to 27 year-olds, care leavers aged 18 to 20, families that have children aged or aged below 19 and in full-time education or training, and those classed as vulnerable due to old age. In general we do not feel there are any specific age equality or safeguarding issues as a consequence of the new build programme but needs of specific age groups' can be met and have been met previously, such as at Water Lane and the forthcoming Anstey Way where a proportion of those schemes are targeted at over 55's.

C4142 – Mill Road depot development – capital contribution; C4144 – Mill Road depot redevelopment –Equity Loan to CIP; and C4145 – Mill Road depot redevelopment - Development Loan to CIP: The proposals would enable the delivery of a new YMCA facility that works with young adults (age 16-25) to support them with accommodation and services and prepare them for independent living. The new facility proposed at Mill Road will replace the current YMCA facility at Gonville Place, as well as offering additional bedspaces to support more young people, and will provide more community facilities available to local residents. (For information on support that the current facility provides see: <https://ymcatrinitygroup.org.uk/>).

³ Papworth Trust, Disability in the United Kingdom 2016: Facts and Figures
<http://www.papworthtrust.org.uk/sites/default/files/Disability%20Facts%20and%20Figures%202016.pdf>

(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

URP4037 - Anti Social Behaviour work and Street Life Coordinator post: Continued funding for this post will have a positive impact related to disability. The loss of the Street Life Co-ordinator would negatively impact on disability, as a significant proportion of people within the street life community have disabilities. The Street Life Co-ordinator provides a Single Point of Contact (SPOC) for street life issues in Cambridge, and promotes and co-ordinates the Street Aid project, which provides grants to the street life community.

B4006 - Increased capacity to produce video by Corporate Strategy service: This proposal could have a potential positive impact. Video provides an alternative means to communicate about Council services, which may be more accessible to some people with learning disabilities.

B4007 - Future Contribution to the Sharing Prosperity Fund (SPF): It is likely that this bid will have a positive impact on disabled people through the following projects that have been identified for potential funding:

- The Digital Access projects that have been identified for SPF funding will have a positive impact for disabled people, who are more likely to be digitally excluded than other residents. Recent research shows that 22% of disabled adults had never used the internet in 2017 compared to 11% of the population as a whole.
- Fuel and Water Poverty Officer: This project can help prevent long-term health issues. It is to continue the existing SPF-funded role of the Fuel and Water Poverty Officer for an additional 2 years. The Fuel and Water Poverty Officer supports residents who are struggling to pay their energy bills or cannot keep their home at a sufficient internal temperature.
- Outreach in health centres: To contribute towards the continued funding of a full-time generalist advisor, employed by Cambridge Citizens Advice Bureau. The advisor will offer money management and income maximisation support to patients presenting with mild to moderate mental health problems (such as anxiety or stress) resulting from debt, employment and other welfare rights matters.

C4041 - Cambridge City CCTV infrastructure procurement: This proposal will have a positive impact for people with disabilities. CCTV can be used to help locate/identify people who may be in difficulty, including vulnerable people such as people with learning disabilities and mental health issues. Although recorded hate crime figures remain comparatively low in Cambridge City (20 reported incidents per month on average), disabled people are especially likely to be victims of hate crime. Hate crime motivated by hostility towards disability has increased the most over the past year compared to other forms of hate crime. Improved CCTV can ensure these incidents are dealt with more effectively by the police. Rapid response can also be initiated for personal safety.

URP4017 and X4081 - Increase staffing capacity in response to Homelessness Reduction Act: These two budget bids help us in responding to our new responsibilities under the Homelessness Reduction Act 2017. This means the budget bids are likely to have a positive impact for disabled people. Local authorities need to provide advice on preventing and relieving homelessness, and households' rights, to all persons. In particular, these services must be designed with specific vulnerable groups in mind, including persons suffering from mental illness or impairment. Also, the council is signed up to Disability Confident and will undertake necessary actions in relation to our Level 2 status with regards to recruiting and retaining people with disabilities in the new roles.

C4065 - My Cambridge City' Account - Online Customer Portal: The impact of this proposed change will be mixed for people with disabilities. For people with mobility issues, the change could be positive, as it would provide access to services from home, potentially reducing the need to travel to the Customer Service Centre. However, people with disabilities are less likely to have access to the internet than other groups of people. A number of steps will be taken to mitigate any negative impact:

- The Council is implementing a range of projects through its digital access strategy which will support people with disabilities to get online
- The Council's Web services are devised with assistive technologies in mind for example screen size/definition enhancement. These features are increasingly available on personal devices. See the Council's website for more details: <https://www.cambridge.gov.uk/accessibility>
- Face-to-face and phone advisers will be able to guide customers through some web use. This means that while doing a transaction, if a customer needs help then a "live" conversation with a phone adviser is possible to assist them at that point. Web chat will also be available to assist customers in the future.

C4112 – Redevelopment of Silver Street Toilets: The project is expected to have a significant positive impact on the usability of the facilities in relation to accessibility for people with mobility disabilities, especially by situating a number of easily accessible toilets at ground level. The budget bid does not include funding for a fully specified Changing Places toilet but we are exploring whether we can come up with a solution to this going forward that would incorporate the crucial elements of a Changing Places toilet within the set budget. (Changing Places toilets differ from standard disabled toilets in having extra space and features to help people with severe disabilities such as having a height adjustable changing bench and a tracking hoist system).

B4110 – Support for asylum seekers and refugees: This service will have a positive impact as it will provide signposting for asylum seekers and refugees to treatment and support for health issues where required.

II4122 – Introduction of hire charge for Shopmobility equipment: Disabled people will still be able to use the full range of Shopmobility services that are currently available, despite the cessation of subsidy from the county council. However, disabled people with limited financial income may not be able to use the service as frequently due to the introduction of charges. Nevertheless, many of the Shop-mobility users are likely to be in receipt of either Disability Living Allowance (DLA) or Personal Independence Payments (PIP) that help with the extra costs of a long-term health condition or disability for people aged 16 to 64. Both benefits are designed to support individual's independence for both care and mobility. PIP is gradually replacing DLA. In the case of scooter hire and shopping escorts this could be for payment of services.

B4014 - Funding to support the Housing Development Agency (10063): The plan addresses the strategic need for affordable housing in the city. Disability is a priority under Homelink bandings and related to priority need policy for homelessness applications. In order to meet needs related to disability, all new homes will meet Part M of the Building Regulations. A proportion of those homes (determined either by Planning requirement, re-provision or locally identified need) will be built either as accessible homes or wheelchair standard homes (2% of the population are wheelchair users).

C4117 – Adaptations to Riverside Railings: In making the adaptations as part of this project, improvements around access for the vessels will be considered in relation to reasonable adjustments that would be necessary for people with disabilities impacting on their mobility.

114129 – Park Street Original Assumptions for redevelopment of site added back to the budget: Currently the car park does not meet legal requirements around disability access related to the lifts. The lifts are narrow, but wheelchairs can fit inside them but it However, it can be difficult for wheelchair users to access the car park once they leave the lift on the upper levels, as there is no disabled ramp from the kerb to the car park. The budget bid around maintaining the car park will not address this issue. We have a rolling 5 year holding repair programme of works in place and up until a decision can be made on the future of the car park. The holding repairs are for maintaining the car park, keeping it operational and safe.

The negative impact of this issue is mitigated by the fact that parking for disabled people (7 spaces) is solely available on the ground floor, and that all pay stations are based on the ground floor. This means that the lifts are not required for people with disabilities if they have Blue Badges.

C4142 – Mill Road depot development – capital contribution; C4144 – Mill Road depot redevelopment – Equity Loan to CIP; and C4145 – Mill Road depot redevelopment - Development Loan to CIP: The Mill Road development would meet the requirements of the Council to deliver accessible housing. A number of the new homes will be designed specifically to meet wheelchair accessible standards (the number is yet to be determined) for both private sale and social rented. There is also an opportunity to work with potential residents and their occupational therapists to meet specific needs and requirements of future residents with bespoke property adaptations.

(c) Sex – A man or a woman.

URP4017 and X4081 - Increase staffing capacity in response to Homelessness Reduction Act:

These two budget bids help us in responding to our new responsibilities under the Homelessness Reduction Act 2017. The Homelessness Reduction Act places new responsibilities on local authorities to provide advice and assistance to prevent and endeavour to relieve homelessness, regardless of priority need, at an earlier stage. Men are less likely to fit into a priority need category,⁴ as in terms of homeless applications, single parent households still predominantly contain a female in the parental role⁵. The 'priority need blind' element of the new legislation will benefit men and have a positive impact.

The provision for local authorities to be able to discharge homelessness prevention or relief duties into the private rented sector with 6 month tenancies presents a risk that women with dependent children may be disproportionately affected and may be housed in less secure tenancies outside of Cambridge. Therefore, there could be a net negative impact on women, when compared with the current status quo. However, the new Act means it is likely that authorities will relieve homelessness before making an intentional homeless decision so this may mitigate the overall impact.

⁴ For information on priority need categories see:

http://england.shelter.org.uk/housing_advice/homelessness/rules/priority_need

⁵ Office for National Statistics (ONS) publication Families and Households

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2017>

B4040 - Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour: It is anticipated that 42% of the employees that would benefit from this proposal would be female and 58% would be male. This is broadly in line with the gender profile of City Council staff, which is 48% female and 52% male.

C4112 – Redevelopment of Silver Street Toilets: In designing the redevelopment the council is researching the impact of having gender neutral cubicles as a replacement for existing sex segregated toilets. It will investigate the advantages of unisex urinals, as there is evidence that women are using the male urinal facility of Silver Street toilets. In designing the redevelopment, the council will also assess the merits and potential problems associated with shared washing facilities in consideration of perceptions of men and women around safety.

I4122 – Introduction of hire charge for Shopmobility equipment: There are more disabled women than men in the UK. In 2012/13, there were 6.4 million disabled women (21%) and 5.5 million disabled men (18%) . This has remained broadly stable over time. Therefore, women are more likely to be impacted by the Shopmobility changes than men. It is proposed that people will be charged for the service, so they may use it less. However, the council could not afford to run the service if we did not charge for it, and, with charges, the service would run at the same capacity as is currently the case.

B4014 - Funding to support the Housing Development Agency (10063): The plan addresses the strategic need for affordable housing in the city. No specific gender issues have been identified, although it is worth noting that most of those fleeing domestic abuse for whom we have a statutory responsibility to rehouse will be women. This accounted for 3% of lettings last year. In domestic abuse cases the location where people are housed can be an important factor; for example away from the perpetrator or near to a family support network.

(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)

C4041 - Cambridge City CCTV infrastructure procurement: Although recorded hate crime figures remain low in Cambridge City (20 reported incidents per month on average), Transgender residents tend to be more vulnerable to harassment and violence associated with hate crime. In England and Wales this has increased by 45% in the past year. Improved CCTV could help the police to respond to these events effectively. Rapid response can also be initiated for personal safety.

C4112 – Redevelopment of Silver Street Toilets: The project is expected to have a positive impact, by including scope to provide individual gender-neutral cubicles as a replacement for the existing segregated facilities at ground level. Gender neutral cubicles have been shown to improve the safety of transgender individuals.

(e) Pregnancy and maternity

C4112 – Redevelopment of Silver Street Toilets: The budget bid does not include funding for a fully specified Changing Places toilet but we are looking into solutions which would benefit pregnant women to this going forward. (Changing Places toilets differ from standard disabled toilets in having extra space and features for baby nappy changing.)

B4110 – Support for asylum seekers and refugees: The service will have a positive impact and can provide support to be able to access health care.

II4129 – Park Street Original Assumptions for redevelopment of site added back to the budget: Currently there are accessibility issues related to use of lifts in the carpark for people with buggies. Buggies can fit inside the lifts, although they are narrow, and there is no ramp from the kerb to the carpark for upper levels making navigation of buggies difficult. There are also no parent and child bays. The budget bid around maintaining the car park will not address this issue. We have a rolling 5 year holding repair programme of works in place and up until a decision can be made on the future of the car park. The holding repairs are for maintaining the car park, keeping it operational and safe. The negative impact on people with buggies related to access to upper levels is mitigated by the fact that all pay machines are on the ground floor.

(f) Marriage and civil partnership

No differential impact has been identified from the budget proposals.

(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.

B4006 - Increased capacity to produce video by Corporate Strategy service: This proposal would provide an alternative means to communicate about Council services, which may be more accessible to some people who have English as a second language and might be better at conversational English (listening to English) than reading English. The impact of the project could therefore be positive in relation to race.

C4041 - Cambridge City CCTV infrastructure procurement: Although recorded hate crime figures remain low in Cambridge City (20 reported incidents per month on average⁶), the most common form of hate crime is motivated by hostility towards a victim's race⁷. This proposal could have a positive impact on BAME residents, as improved CCTV can ensure these incidents are dealt with effectively by the police. Rapid response can also be initiated for personal safety.

⁶ Cambridgeshire Police

⁷ Home Office, Hate Crime, England and Wales, 2016/17

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652136/hate-crime-1617-hosb1717.pdf

URP4017 and X4081 - Increase staffing capacity in response to Homelessness Reduction Act:

These two budget bids help us in responding to our new responsibilities under the Homelessness Reduction Act 2017. Under the new Act, households threatened with homelessness but with no local connection, will be able to get advice from Cambridge City Council during the prevention phase of the duty. This will mean that the demographic mix of people seeking this advice may vary from the local demography. It is impossible to predict the exact level of impact this will have but it may have a minor positive impact on the diversity of ethnic groups receiving advice from the Council.

B4040 - Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour: This proposal will have a positive impact for BAME staff,; BAME people represent 19.35% of the Council staff who are currently paid under £10 per hour, which is significantly higher than the proportion of staff who are BAME (6.78%) in the overall Council workforce.

C4112 – Redevelopment of Silver Street Toilets: The project is expected to have a positive impact, by considering the provision of alternative toilet designs which would be more familiar to the most common nationalities of tourists and visitors to Cambridge ,). The council will also research cultural sensitivities when considering how to provide gender-neutral facilities.

B4110 – Support for asylum seekers and refugees: It has been identified that a two tier system of support has developed between asylum seekers and refugees helped through Government and resettling under their own efforts. Some of the issues facing refugees not on a Home Office scheme, which have been identified are:

- Lack of or prohibitive costs of English Language classes
- Access to Legal Aid funded immigration advice
- Health issues particularly mental health and access to treatment
- Lack of information about qualifications recognition and equivalence
- Unfamiliarity with the job market
- Housing
- Access to welfare benefits

An effective service will be provided to offer appropriate advice and advocacy for asylum seekers and refugees who are not on a Home Office scheme to address the inequalities that exist between the services for those refugees Cambridge City Council is resettling through the Home Office schemes and the people resettled in Cambridge by other means.

II4122 – Introduction of hire charge for Shopmobility equipment: The prevalence and profile of disability varies by ethnicity. For instance, people from white ethnic groups are almost twice as likely as those from non-white ethnic groups to have a limiting long-standing illness or disability (20% compared with 11%).⁸ Nevertheless, the impact that disability or long-term illness has on one's ability to participate in social life (including leisure activities like shopping) are different for different ethnic backgrounds. Adults with an impairment from black or black British ethnic backgrounds report the highest number of life areas (for example, leisure) in which participation is restricted, while adults from white ethnic backgrounds report the lowest.⁹

The impacts of the changes for ethnic groups are mixed, as people will be charged for the service so may use it less. However, the council could not afford to run the service if we did not charge for it and with charges the service would run at the same capacity as is currently the case.

B4014 - Funding to support the Housing Development Agency (10063): The HDA has not identified any equalities issues specific to this protected characteristic in relation to the affordable housing development programme. Designs and specifications can however be enhanced to accommodate cultural preferences if instructed to do so by the relevant Housing Authority (for example facilitating spray taps adjacent to WCs).

(h) Religion or belief

C4041 - Cambridge City CCTV infrastructure procurement: Although recorded hate crime figures remain low in Cambridge City (20 reported incidents per month on average¹⁰), the second most common form of hate crime is motivated by hostility towards a victim's religion and this has risen by 35% over the past year in England and Wales¹¹. This proposal could have a positive impact on those impacted by hate crime motivated by hostility towards their religion, as improved CCTV can ensure these incidents are dealt with effectively by the police. Rapid response can also be initiated for personal safety.

⁸ Papworth Trust, Disability in the United Kingdom 2016: Facts and Figures
<http://www.papworthtrust.org.uk/sites/default/files/Disability%20Facts%20and%20Figures%202016.pdf>

⁹ Papworth Trust, Disability in the United Kingdom 2016: Facts and Figures
<http://www.papworthtrust.org.uk/sites/default/files/Disability%20Facts%20and%20Figures%202016.pdf>

¹⁰ Cambridgeshire Police

¹¹ Home Office, Hate Crime, England and Wales, 2016/17
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652136/hate-crime-1617-hosb1717.pdf

(i) Sexual orientation

URP4017 and X4081 - Increase staffing capacity in response to Homelessness Reduction Act:

These two budget bids help us in responding to our new responsibilities under the Homelessness Reduction Act 2017. The Homelessness Reduction Act places new responsibilities on local authorities to provide advice and assistance to prevent and endeavour to relieve homelessness, regardless of priority need, at an earlier stage. Evidence shows that gay or lesbian individuals or couples are less likely to have care and control of dependent children and are, therefore¹², less likely to be in priority need¹³. Again, the 'priority need blind' element of the new legislation should benefit this group in terms of greater access to support when homeless. So, there should be a positive impact overall.

C4041 - Cambridge City CCTV infrastructure procurement: Although recorded hate crime figures remain low in Cambridge City (20 reported incidents per month on average¹⁴), hate crime that is motivated by a victim's sexual orientation is increasing according to statistics across England and Wales¹⁵. Improved CCTV can help ensure that the police are able to deal with these incidents effectively. Rapid response can also be initiated for personal safety.

(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

URP4037 - Anti Social Behaviour work and Street Life Coordinator post: Continued funding for this post will have a positive impact related to low-income/poverty. The loss of the Street Life Co-ordinator would negatively impact on people in the street life community, many of whom have low incomes or are in poverty. The Street Life Co-ordinator is the Single Point of Contact (SPOC) for street life issues in Cambridge, and promotes and co-ordinates the Street Aid project, which provides grants to the street life community.

B4007 - Future Contribution to the Sharing Prosperity Fund: It is likely that this bid will have a positive impact on low income groups, as the funding will be used to support projects which will contribute to the delivery of objectives of the Council's Anti-Poverty Strategy. This will include the extension and expansion of successful pilot projects, or new projects to meet identified needs for low income residents.

URP4017 7 X4081 - Increase staffing capacity in response to Homelessness Reduction Act: These plans will have a positive income on people who are on low incomes or who are in poverty, as it will increase our capacity to support people at risk of homelessness in response to the Homelessness Reduction Act.

¹² Office for National Statistics (ONS) publication Families and Households
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2017>

¹³ For information on priority needs categories see:
http://england.shelter.org.uk/housing_advice/homelessness/rules/priority_need

¹⁴ Cambridgeshire Police

¹⁵ Home Office, Hate Crime, England and Wales, 2016/17
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652136/hate-crime-1617-hosb1717.pdf

B4040 - Proposal for a Cambridge Weighting to be paid to employees and agency workers earning less than £10 per hour: This will have a positive impact on low-income groups, as it will involve paying more to the lowest paid 31 Council staff who currently earn less than £10 per hour.

B4044 - S&OS service review – Lammas Land Car Park: The car park charging scheme will be designed to minimise impact on Lammas Land visitors and deter long stay parking for city centre activities. Charges were carefully considered and guided by prices levied across the city for consistency in approach, the park and ride facility/guided bus offering the alternative and cheaper long terms stay option for those on low incomes.

C4112 – Redevelopment of Silver Street Toilets: It is proposed that a 20p charge for toilets be implemented in order to pay for their upkeep. This could have a small negative impact on people with low-incomes but is the rate applied across other toilets that have a charge for use in the city.

B4110 – Support for asylum seekers and refugees: This service will be provided free of charge and will help tackle economic and social marginalisation of this group.

II4122 – Introduction of hire charge for Shopmobility equipment: People with limited financial income may not be able to use the service as frequently due to the introduction of charges. However, many of the Shop-mobility users are likely to be in receipt of either Disability Living Allowance (DLA) or Personal Independence Payments (PIP) that are non-means tested benefits to help disabled people with the extra costs of a living with long-term health condition or disability for people aged 16 to 64. Both benefits are designed to support individual's independence for both care and mobility. In the case of scooter hire and shopping escorts this could be for payment of services. Parents or carers of children aged under 16, can be in receipt of Disability Living Allowance (DLA) for children in order to help with the extra costs of looking after a child who is under 16 and who has difficulties walking or needs more looking after than a child of the same age who doesn't have a disability.

B4014 - Funding to support the Housing Development Agency (10063): Housing provided by the HDA is targeted at those in housing need referred by Homelink who tend to be those on lower incomes or at risk of/ actually homeless.

C4142 – Mill Road depot development – capital contribution; C4144 – Mill Road depot redevelopment –Equity Loan to CIP; and C4145 – Mill Road depot redevelopment - Development Loan to CIP: The development scheme will deliver 50% affordable housing to be available at social rent (i.e. rents and service charges will be no greater than the Local Housing Allowance).

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.)

This EqlA provides an overall assessment of the equality impacts of budget proposals included in the General Fund budget proposed for 2018/19. As these projects and service changes move towards implementation during 2018/19, officers will continue to monitor equality impacts and individual EqlAs for these projects will be produced if required.

12. Do you have any additional comments?

There are some projects already in progress (where an EqlA has been completed before), and the proposal put forward in the budget bid is for a budgetary or administrative change related to this, for instance:

- **RI4024 - Net reduction in income at Ditchburn Place as a result of the refurbishment project:** A reduction in catering and other income is anticipated at Ditchburn Place as a direct result of the project to refurbish the scheme to create self-contained accommodation. The loss of income is partially offset by a reduction in anticipated spending on utilities and other operational costs.
- **RI4027 - Net impact of changes in anticipated income and expenditure for the Independent Living Service):** This reduced income bid combines the impact of a reduction in income for emergency alarms and a cash limited sum anticipated from the County Council for the provision of support to older people with an increase in the sum payable to the County Council for the out of hours response service.

Some projects may have equalities impacts but there is not any evidence available as of yet around this. One project where this will clearly be the case is:

- **B4045 - Market Square Project:** A strategic development project to enhance the economic, social and environmental value of the Market Square public realm as a key community asset to support the city's growth. The project will be undertaken in two stages. Stage 1 will be carried out (feasibility assessment and preliminary costings) in 2018/19, to determine whether or not the project is financially viable. This will be before proceeding to stage 2, where assessment of equality impacts would become relevant (detailed design and associated capital investment plan) in 2019/20.

13. Sign off

Name and job title of lead officer for this equality impact assessment: Helen Crowther, Equality and Anti-Poverty Officer, Corporate Strategy

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

- Deborah Simpson, Head of Human Resources
- David Kidston, Strategy and Partnerships Manager, Corporate Strategy
- Lynda Kilkelly, Safer Communities Section Manager, Community Services
- Joel Carré, Head of Environmental Services
- David Greening, Housing Advice Service Manager, Housing Services
- Alison Cole, Head of Revenues and Benefits
- Laura Adcock, Care and Support Manager, Housing Services
- Paul Boucher, Transformation Programme Manager,
- Sean Cleary, Commercial Operations Manager, Commercial Services
- Suzanne Hemingway, Strategic Director
- Will Barfield, Asset Manager, Estates and Facilities
- Yvonne O'Donnell, Environmental Health Manager, Environmental Services
- Jonathan James, Head of Customer Services
- Paul Ashbury, 3Cs Service, Huntingdonshire District Council
- Cath Conlon, Project Manager, Building Services & Facilities
- Sean Cleary, Commercial Operations Manager, Parking Services
- James Elms, Head of Commercial Services
- Louise Walker, Partnership Support Officer, Safer Communities
- Lynda Kilkelly, Safer Communities Section Manager
- Jake Smith, Commercial Projects Officer, Commercial Services
- Declan O'Halloran, Engineer (Projects), Project Delivery
- Nicola Hillier, Assistant Managing Director, Greater Cambridge Housing Development Agency
- Fiona Bryant, Strategic Director

Date of EqIA sign off: 30/11/2017

Date of next review of the equalities impact assessment: This will be different for each project.

Sent to Helen Crowther, Equality and Anti-Poverty Officer?



Yes

No

Date to be published on Cambridge City Council website (if known): 13/12/2017

Contacts

| Subject / Name | Email | Telephone / Extension |
|---|--|-----------------------|
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Council Meeting

22 February 2018

Agenda Item 5 (b)

Budget Papers 2018/19

Liberal Democrat Group Amendment

RECOMMENDATION TO COUNCIL
(Liberal Democrat Amendment)

Budget-Setting Report (BSR) 2018/19

Recommendations of the Executive, which met on 25 January 2018, are set out below and the resulting effects and financial implications have been incorporated into the Budget-Setting Report (Version 1 Strategy & Resources) with ***Lib Dem amendments in bold italics***.

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

<https://democracy.cambridge.gov.uk/documents/g3292/Public%20reports%20pack%2022nd-Jan-2018%2017.00%20Strategy%20and%20Resources%20Scrutiny%20Committee.pdf?T=10>

Accordingly, Council is recommended to:

For the existing recommendation “2: Recommendations”, add: **General Fund Revenue Budgets: [Section 5, Page 31 refers] add:**

- ***Together with the changes in the attached Appendix 1 - Lib Dem Budget Amendment to Appendices [C (a), (b)]***
- Incorporate and replace the tables shown in ***Appendix 4 - Lib Dem Budget Amendment at the pages so annotated***

Earmarked Reserves [Section 5, Page 31 refers]:

- ***New recommendation: to close the “Invest for Income Fund” to release the funds for the purposes outlined below.***

Capital: [Section 7, page 37 refers]

- For the existing recommendation 2 f) After ***“Agree any recommendations to the Executive add “together with the changes in the attached Appendix 2 - Lib Dem Budget - Budget Amendment to Appendix [E(a)]”, specifically to recommend that Executive Councillor for Finance & Resources Invests in housing by utilising the £8m resources released from closing the “Invest for income Fund” (Proposal C0001 refers).***

Equality Impact Assessment [Appendix G, Page 94 refers]

- Append ***Appendix 3 - Lib Dem Budget Amendment Appendix G Equality Impact Assessment to the existing Equality Impact Assessment***

Section 25 Report [Section 10, Page 51 refers]

- Replace in Section 10 ***Appendix 5 - Lib Dem Budget Amendment***

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Item

LIBERAL DEMOCRAT GROUP AMENDMENT TO: Budget-Setting Report (BSR) 2018/19

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources Portfolio

Report by:

Caroline Ryba, Head of Finance

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

Wards affected:

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

Key Decision

Foreword to the Liberal Democrat Group Amendment

Our Budget amendment reflects what Cambridge residents tell us is concerning them, such as the cost of housing, the level of congestion and air pollution, and the standard of basic council services. These are themes we have pursued in our budget proposals for a number of years.

We therefore welcome the inclusion in the administration's budget of some items we have argued for previously: serious engagement with housing development at the city's North-East fringe; acceptance that improvements to the waste collection service are necessary after its poor performance in 2017; a plan to refurbish the Market Square; ending the price-cutting approach to city centre car parks, which is so contradictory to attempts to reduce congestion and air pollution; incentives for switching taxis to electric vehicles; the strengthening of Planning Enforcement; and the provision of advisory support to refugees and asylum seekers. In view of the rejection of these proposals when Liberal Democrat members made them over the past two years, the change of heart is recognised. We are pleased that residents will now benefit.

In other respects, proposals in the BSR still run behind a clear need in a growing and ever-more hard-pressed city. This amendment advances proposals to change that.

Our proposals provide a series of improvements in outcomes from universal basic services which should be at the core of the council's purpose: for cleanliness, care and maintenance in the public realm, the management of waste and the provision of decent public conveniences. The importance of service reviews and efficiency savings should not obscure the need for some services to improve without others getting correspondingly worse.

Facilitating the provision of housing should be shaping a lot of what the council does. This leads us to propose increasing the penal level of council tax on empty homes to the new maximum that is possible from next year: this allows an attempt to agree with partner authorities, who will also gain small shares of income, that this should be pooled for a combined contribution to efforts to reduce rough sleeping and manage street life issues. We will also apply un-invested council funds to the provision of key public sector worker homes at rents related to salary, in order to mitigate the enormous problems of recruiting and retaining employees, who are critical for the running of the city but are unlikely to qualify for other council housing.

Woodland is all too scarce inside the city and so we are particularly keen to propose opening up five small council-owned sites for public and educational use, with the necessary ecological mitigation and management that will be necessary to properly conserve them.

We also propose immediate community action for cleaner air in the city, which will play a valuable role while other welcome changes in the pipeline are going to take longer to impact. To further realise the council's commitment to mitigating climate change, we bring forward a scheme to work on energy efficiency and renewable generation opportunities in the council's considerable commercial property ownership in the city: a much bigger estate than the buildings which the council itself operates from.

Equalities have always been an agreed value in the City Council. We were therefore shocked to see that the same energy applied to the Living Wage campaign with outside bodies has not been applied to prevent an imposition of charges to disabled and elderly customers of Shopmobility, risking a 20% reduction in usage. Our amendment suspends that plan for really thorough attempts to be made to avoid it.

Our proposals are funded by reallocating priorities to customer-facing needs and utilising unallocated resources. They enable the risk-related target for general fund reserves to be met and they do not require any adjustment to the proposed general council tax proposal.

Tim Bick – Leader of the Liberal Democrat Group

Rod Cantrill – Liberal Democrat Group Spokesperson on Finance and Resources

1. Executive Summary

- 1.1 This report sets out amendments proposed by the Lib Dem Group to the overall set of budget proposals which were agreed by the Executive at its meeting on 25 January 2018, for recommendation to Council on 22 February 2018, subject to any Executive Amendment agreed by The Leader at this committee.

The Liberal Democrat Group Budget amendment:

- Ploughs back the savings achieved through the service review of Streets & Open Spaces to improve service standards, better reflecting our growing 24/7 city with: environmental patrols and public toilet hours; better, faster maintenance of facilities; the seasonal pressures of litter in the city centre and on open spaces; public litter bins needing better routine cleaning; the potential damage to open spaces if event organisers are not supervised; focus on litter in residential areas adjacent to shopping centres.
- Reduces the time taken to provide waste collection services to newly built homes, after problems were exposed during last year's route reorganisation
- Develops plans to improve the city's neighbourhood recycling sites, exploring the potential to introduce underground storage;
- Delivers much-needed emergency maintenance to the public toilets on Jesus Green, enabling them to stay in service, while a longer-term scheme is developed to improve the quality and scope of facilities provided on the green;
- Increases the premium council tax rate on empty homes and, with the proceeds, provides a fund for further improving efforts to reduce rough sleeping and street life issues
- Reallocates £8m un-invested council funds to the provision of key public sector worker homes at rents related to salary rather than at market rents
- Defers the council's plan to charge for the Shopmobility service, which risks a decline in usage among the elderly and disabled, to allow the Executive Councillor to campaign for third party funding;
- Introduces an education campaign to discourage drivers from leaving engines idling in stationary vehicles that are out of traffic
- Pilots a self-funding approach to energy efficiency improvements and solar energy generation in buildings in the council's commercial property portfolio
- Develops 5 small publicly-owned woodland sites across the city into community woodland resources, to support environmental education in schools and the wider community (Bramblefields, Walpole Road, Highfields, Cherry Hinton Hall and The Spinney).

2. Recommendations

Changes to recommendations are highlighted *in italics*.

Recommendations of the Executive to this Council, as agreed at their meeting on 25 January 2018, subject to any Executive Amendment agreed by The Leader at this committee are further amended as follows:

The Leader is recommended to:

For the existing recommendation “2: Recommendations”, add:

General Fund Revenue Budgets: [Section 5, Page 31 refers] add:

- *Together with the changes in the attached Appendix 1 - Lib Dem Budget Amendment to Appendices [C (a), (b)]*
- Incorporate and replace the tables shown in *Appendix 4 - Lib Dem Budget Amendment at the pages so annotated*

Earmarked Reserves [Section 5, Page 31 refers]:

- *New recommendation: to close the “Invest for Income Fund” to release the funds for the purposes outlined below.*

Capital: [Section 7, page 37 refers]

- For the existing recommendation 2 f) After *“Agree any recommendations to the Executive add “together with the changes in the attached Appendix 2 - Lib Dem Budget - Budget Amendment to Appendix [E(a)]”, specifically to recommend that Executive Councillor for Finance & Resources Invests in housing by utilising the £8m resources released from closing the “Invest for income Fund” (Proposal C0001 refers).*

Equality Impact Assessment [Appendix G, Page 94 refers]

- Append *Appendix 3 - Lib Dem Budget Amendment Appendix G Equality Impact Assessment to the existing Equality Impact Assessment*

Section 25 Report [Section 10, Page 51 refers]

- Replace in Section 10 *Appendix 5 - Lib Dem Budget Amendment*

3. Council Tax

3.1 No changes are being proposed by the Lib Dem Group.

4. Capital Plan

4.1 The Lib Dem Group are proposing items identified "**Lib Dem Budget Amendment to [E(a) Capital proposals]**".

5. Implications

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

(a) Financial Implications

Financial implications of budget proposals are summarised in the General Fund Budget Setting Report 2018/19, **as amended by [Lib Dem Budget Amendment]**.

(b) Staffing Implications

Staffing implications of budget proposals are also summarised in the General Fund Budget Setting Report 2018/19.

(c) Equality and Poverty Implications

A consolidated Equality Impact Assessment for the budget proposals is included in the BSR, **as amended by [Appendix 3 - Lib Dem Budget Amendment]**. Individual Equality Impact Assessments have been conducted to support this and will be available on the Council's website.

A local poverty rating (using the classifications outlined in the BSR (Appendix B) has been included in each budget proposal to assist with assessment.

(d) Environmental Implications

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

- +H / +M / +L: to indicate that the proposal has a high, medium or low positive impact.

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

(e) Procurement Implications

Any procurement implications will be outlined in the BSR 2018/19, **as amended by [Lib Dem Budget Amendment]**

(f) Community Safety Implications

Any Community Safety Implications will be outlined in the BSR 2018/19, **as amended by [Lib Dem Budget Amendment]**.

6. Background papers

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

- Budget Setting Report 2018/19, **updated (as appropriate) for at Strategy and Resources Scrutiny Committee on 22 January 2018, the Executive meeting on 25 January 2018 and for the [Lib Dem Amendment]**.
- Medium-Term Financial Strategy (MTFS) October 2017
- Individual Equality Impact Assessments

7. Appendices

Lib Dem Budget Amendment:

Appendix 1 - Amendment to Appendix [C (a), (b)] Revenue Budget proposals

Appendix 2 - Amendment to Appendix [E (a)] Capital Budget proposals

Appendix 3 - Appendix [G] Equality Impact Assessment (Supplement)

Appendix 4 - Replacement of relevant tables in the BSR

Appendix 5 - Section 25 Report

8. Inspection of papers

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

Authors' Names:

Caroline Ryba

Authors' Phone Numbers:

01223 - 458134

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Appendix 1: Lib Dem Budget Amendment to Appendix [C (a), (b)]

2018/19 Budget - GF - Bids and Savings

| Reference | Item Description | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | 2022/23 Budget £ | Contact / Climate rating / Poverty rating | Portfolio |
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---|-----------|
|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---|-----------|

Appendix [C (a) - GF - Pressures]

Bids

| | | | | | | | | |
|--------------|---|--------|--------|--------|---|---|-----------|--------------------------------------|
| B0001 | <p>Development of a scheme to improve support for recreational activity on Jesus Green</p> <p>Development of a plan to take forward the replacement of the Rouse Ball Pavilion with a new multi-purpose building capable of supporting recreational needs on Jesus Green, potentially integrated with the Lido complex. Needs expected to be considered include public toilets, changing facilities, equipment storage and refreshments. Feasibility work will be undertaken to prepare a business case for a new Rouse Ball Pavilion, including topographic and ground surveys and working drawings. The work will include identification of funding sources such as available s106 funds, grant awards and contributions from partner organisations to the full build costs.</p> | 35,000 | - | - | - | - | A Wilson | Streets & Open Spaces |
| | | | | | | | Nil | |
| | | | | | | | None | |
| B0002 | <p>Improvements to City Neighbourhood Recycling 'Bring' Sites</p> <p>There are over 24 bring sites within the City Council area. The facilities are important enablers for recycling in the city, especially where homes have insufficient space to accumulate for fortnightly collections. However many of these sites are poorly located, of a poor design, attract fly tipping and cause a blight for local residents.</p> <p>This project would be a scoping exercise to undertake a full review of the 'bring' site service, considering the long-term needs for residents. The scoping exercise would look at location of 'bring' sites, the demand from residents, the range of materials required at each location and the infrastructure provided, examining the potential for underground bins, which have proved successful at Eddington in North West Cambridge.</p> <p>The final part of this exercise would be to develop a costed capital proposal for the 'bring' sites. This bid provides for 6 months' resourcing of this review and scoping with SC P Band 4 or external support at equivalent cost and would constitute a City Council commission to the Shared Waste service.</p> | 15,000 | - | - | - | - | T Nicholl | Environmental Services & City Centre |
| | | | | | | | Nil | |
| | | | | | | | None | |
| B0003 | <p>Education Campaign on Engine Idling in Cambridge</p> <p>Cambridge comprises a number of known air quality hotspots and it is already established that the major contributor to these is motor traffic, especially diesel-powered vehicles. The relationship of poor air quality to early deaths, particularly among the young and elderly, is understood and is agreed to be the basis for intervention on public health grounds. A number of welcome local strategies is already in hand or under consideration to encourage conversion of vehicles to electric engines and to promote more sustainable transport choices, but these will take a number of years to impact the everyday situation in the city. This budget item is for the development and delivery of an immediate 3-year public education campaign to curtail current, controllable driver behaviour of allowing engines to idle while stationary and out of traffic in the city, which needlessly adds to air pollution. It will also have the benefit of creating a wider public understanding for the impact of subsequent measures. The campaign will take learnings from other local authorities who have embarked on similar schemes, such as Westminster City Council's "#Don't Be Idle" and 16 other London authorities' support for "I'm no Idler". It will involve members of the public on a voluntary basis. In addition to the general public, its particular potential audiences will include: the taxi trade, bus companies and drivers, the employees of major city organisations, users of council car parks and schools. The final year of the project would include evaluation of a follow-on to this with an enforcement element. The costs provided are for an Air Quality Projects Officer at (City Band 6) £42,500pa (including on costs) and £7,500pa for promotional media.</p> | 50,000 | 50,000 | 50,000 | - | - | J Dicks | Environmental Services & City Centre |
| | | | | | | | +L | |
| | | | | | | | None | |
| B0004 | <p>Development of Energy Packages for Buildings in the Council's Commercial Property Portfolio</p> <p>A pilot scheme to secure energy improvements for commercial properties in the Council's portfolio, on a case by case basis drawing on the potential for energy conservation measures, solar power generation or a mix of both. The aim of the pilot is to prove a model (or models) for a self-funded approach to greening the council's commercial estate. During the two year project, customised proposals will be developed for a sample of both void and tenanted properties, seeking to offer sufficiently attractive reductions in tenant running cost to be viably balanced by an uplift in rent. Sources of initial capital outlay will be evaluated and determined as part of the pilot, with options likely to feature internal borrowing and the council's own capital programme. Opportunities for grant funding will be explored and utilised where applicable. The revenue provided under this item will meet costs of either surveying resource or consultancy advice to design, cost and procure energy improvement works and management of project implementation. The potential of this approach based on experience will be evaluated before the 2020/21 BSR.</p> | 25,000 | 25,000 | - | - | - | D Prinsep | Finance & Resources |
| | | | | | | | +L | |
| | | | | | | | None | |

2018/19 Budget - GF - Bids and Savings

| Reference | Item Description | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | 2022/23 Budget £ | Contact / Climate rating / Poverty rating | Portfolio |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|---|---------------------------|
| S0001 | Inflation Provision | (40,000) | (40,000) | (40,000) | (40,000) | (40,000) | C Ryba | Finance & Resources |
| | Bank of England forecasts from the November 2017 inflation report would suggest an over-provision of inflation in the MTFs of approximately 0.2% in 2018/19 (~£40k) increasing marginally over time. No adjustment to budgets was proposed in the BSR, as these amounts are minor in relation to overall expenditure, however the proposal here is to reflect the more recent forecast. (Ref p.10 BSR 2018/19) | | | | | | Nil | Finance & Resources |
| | | | | | | | None | |
| S0002 | Mill Road Depot Redevelopment Equity Interest | (14,000) | (30,000) | (48,000) | (168,000) | - | F Bryant | |
| | Delete NCL4147. This allows interest on the Council's loan of equity to the CIP to remain in the General Fund, along with the return on other investments; development loan interest from the scheme would remain in an earmarked reserve as a contingency and risk mitigation for the project (see NCL4149). | | | | | | Nil | Finance & Resources |
| | | | | | | | None | |
| S0003 | Increase Council tax premium on empty homes to new higher level to fund enhancements to rough sleeping strategy (see B0008) | - | (4,500) | (4,500) | (4,500) | (4,500) | A Cole | |
| | See B0008. | | | | | | Nil | |
| | | | | | | | Low | |
| S0004 | Public Information Films | (9,000) | (9,000) | (9,000) | (9,000) | (9,000) | A Limb | Finance & Resources |
| | Delete B4006. | | | | | | Nil | |
| | | | | | | | None | |
| S0005 | Reduction in paid time off for TU Officials | (34,000) | (34,000) | (34,000) | (34,000) | (34,000) | D Simpson | Finance & Resources |
| | Revoke the doubling of paid time-off for Trade Union officials provided in 2015, reducing it again to 1 full-time equivalent post from 2. This recognises that the last time the council considered evidence of practice by other councils, 1 FTE position was a generous level of provision. Between 2015 and 1 April 2018, the council's staff will have declined by 25%, further underlining a disproportionate provision. | | | | | | Nil | |
| | | | | | | | None | |
| S0006 | Data Scientist | (60,000) | (60,000) | (60,000) | (60,000) | (60,000) | A Limb | Strategy & Transformation |
| | Remove from base budget provision funding for a new position of Data Scientist within the Corporate Strategy team and charge as 2 year limited duration commitment to unallocated funds within Business Transformation Programme (PROG4067). This initiative, which may contribute positively to the future operation of the council should be reviewed in 2019/20 and, if appropriate, a bid brought forward to support it from 2020/21, potentially as a shared role with other councils. | | | | | | Nil | Finance & Resources |
| | | | | | | | None | |
| S0007 | Reduce GF reserves to target balance | (183,000) | (66,000) | (4,000) | 166,000 | (2,000) | C Ryba | |
| | Reduce GF reserves to target balance | | | | | | None | |
| Total Savings & Increased Income | | (340,000) | (243,500) | (199,500) | (149,500) | (149,500) | | |
| All Portfolios - Net Impact of Lib Dem Amendment | | - | - | - | - | - | | |

Appendix 2: Lib Dem Budget Amendment to Appendix [E (a) Capital proposals]

2018/19 Budget - GF - Capital Bids

| Reference | Item Description | 2018/19 Budget £ | 2019/20 Budget £ | 2020/21 Budget £ | 2021/22 Budget £ | 2022/23 Budget £ | Contact / Climate rating / Poverty rating | Portfolio |
|-----------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---|-----------|
|-----------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---|-----------|

Capital

| | | | | | | | | |
|-------|---|-----------|---|---|---|---|--------|---------------------|
| C0001 | Investment of Invest-for-income fund - housing | 8,000,000 | - | - | - | - | C Ryba | Finance & Resources |
|-------|---|-----------|---|---|---|---|--------|---------------------|

Cambridge continues to be a difficult market for people seeking to buy and rent residential property. Rents have increased by approximately 16% over the last three years in the city. In particular, it is increasingly difficult for key workers, many of whom are not eligible for council support to be able to live in the city. The City Council, as a key stakeholder in the city is in a position to assist in addressing this issue. The proposal reallocates the £8.0m Invest to Save fund and with it provides a 50% equity investment and 50% loan to the wholly owned housing company for the purchase of 29 one and two bedroom properties across the city for rental on a living rent basis (i.e. approximately one third of a household income in the bracket £15,000 - £31,500 - this is approximately 30% of the households in Cambridge). The properties would be available to rent to public sector workers such as teachers and nurses. The scope of income band will mean that properties could be rented to key workers with household income higher than the average of £23,250 as well as below the average. An adjustment of rent based on an adjustment of household income would only occur if household income moved by 10% over a 12 month period. In addition, all rents would increase annually on an inflation basis. The scheme would have similar characteristics to the current rental scheme in the housing company, but critically would be based on household income rather than market rents. **The net revenue impact on interest receipts will be nil.**

Nil

Low

| | | | | | | | | |
|-------|--|--------|---|---|---|---|----------|-----------------------|
| C0002 | Rouse Ball Pavilion (Jesus Green toilets and changing) urgent maintenance | 25,000 | - | - | - | - | A Wilson | Streets & Open Spaces |
|-------|--|--------|---|---|---|---|----------|-----------------------|

An immediate maintenance overhaul of the current Rouse Ball Pavilion on Jesus Green to bring its facilities up to an acceptable and usable standard, pending the development of a longer-term and more complex scheme which officers believe may take 3-5 years to deliver (see B001). Public feedback has underlined the unsustainable condition of the existing facilities in one of the city's premier open spaces where demand is considerable. See B0009 funding.

Nil

None

| | | | | | | | | |
|-------|----------------------------------|---|--------|---|---|---|----------|-----------------------|
| C0003 | Community Woodland Scheme | - | 30,000 | - | - | - | A Wilson | Streets & Open Spaces |
|-------|----------------------------------|---|--------|---|---|---|----------|-----------------------|

The development of 5 small council-owned woodland sites into community woodland resources that can be used by local community groups and schools to provide environmental education and natural open spaces, including the potential for a Forest School approach. The sites, totalling 1.7 hectares, currently have no or limited public access and are located: in the Triangle area at the Bramblefields Local Nature Reserve, Walpole Road, Highfields Avenue, Cherry Hinton Hall and the Spinney. Making these scarce sites available will reduce and share some of the pressures experienced by the Local Nature Reserves. They vary in their current condition in relation to security, tree management and accessibility. Subject to consultation and ecological mitigation, it is proposed to make them accessible to all and to promote a booking system for groups. Scheme costs are for initial tree inspection and remedial works (£20k) and fencing, gating and surfacing (£10k). Officers believe that any minor ongoing revenue costs could be defrayed by small charges for group usage and the remainder absorbed within existing budgets.

+L

Nil

| | | | | | |
|---|------------------|---------------|----------|----------|----------|
| All Portfolios - Net Impact of Lib Dem Amendment | 8,025,000 | 30,000 | 0 | 0 | 0 |
|---|------------------|---------------|----------|----------|----------|

Cambridge City Council Equality Impact Assessment (EqIA)

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.

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

Liberal Democrat Budget proposals 2018/19

2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MIId=3256&Ver=4>

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

The Liberal Democrats budget amendment makes a number of alternative budget proposals to those set out by the ruling group in the Budget Setting Report. This EqIA has been carried out by Council officers to provide Councillors with an assessment of the potential equality impacts of the Liberal Democrat budget proposals at the point when they are being asked to make a decision, as required by the Public Sector Equality Duty under the Equality Act 2010.

Some proposals in the Liberal Democrat budget amendment will have very small or neutral impacts on equality and therefore have not been included in this EqIA. For other proposals there is not enough information at this stage on the proposal to be able to assess equality impacts.

The proposals that could have more significant impacts related to equality include:

- Education campaign on engine idling in Cambridge

Appendix 3 - Lib Dem Amendment 2018/19 [BSR App G]

- Future funding for Shopmobility
- Service standard improvements for Streets and Open Spaces
- Enhancements to rough sleeping strategy funded from increased empty homes tax
- Development of a scheme to improve support for recreational activity on Jesus Green
- Community Woodland Scheme

4. Responsible Service

The Finance service manages the budget process, but a range of Council services would be responsible for the individual proposals included in this EqlA, if they were implemented.

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 who work in the city but do not live here):

N/a

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): This is an assessment of proposed amendments to the

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Budget Setting Report and therefore covers many Council services. The budget also affects some of the Councils partnership working: For instance, related to the running of the shared waste service with South Cambridgeshire District Council, and proposals to work with the County Council and Police and Crime Commissioner to tackle rough sleeping.

8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?

This will go to Council on 22nd February 2018

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?

- Disability Facts and Figures report (2016) by The Papworth Trust:
<http://www.papworthtrust.org.uk/node/2206>
- Department for Work and Pensions (2016), Family Resources Survey: financial year 2014/15 <https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415>
- Royal College of Physicians (2016), 'Every Breath we Take: The Lifelong impact of air pollution' (report of a working party)

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.

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(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

Education Campaign for Engine Idling in Cambridge: This proposal is expected to have a positive impact in preventing early deaths caused by poor air quality, especially for the young and elderly¹ who research shows are likely to be most affected by poor air quality. Amongst the project's particular audiences included schools, which could mean the impact is felt amongst young people.

Future funding for Shopmobility: The budget proposal, states that introducing a charging scheme will lead to a reduction in demand of the service by 20% amongst the elderly and/ or disabled people who use this service today. The charging scheme could contribute to social isolation amongst these groups, if older people with significant mobility issues are not able to access the city centre because they cannot afford to use the service. Therefore, the proposal to find third party funding for the service could have a positive impact related to age for older people with low incomes.

Service standard improvements in streets and open spaces: Amongst the priorities for re-investing savings of the current Streets and Open Spaces review is to intensify routine maintenance inspections of installations and equipment on open spaces. This includes reference to play equipment, which will be of benefit to children.

Community Woodland Scheme: It is envisaged that the 5 community woodland resources will be used by schools to provide environmental education and natural open spaces, including the potential for a Forest School approach that could benefit children and young people. Forest School is a process that offers all learners regular opportunities to achieve and develop confidence and self-esteem through hands-on learning experiences in a woodland or natural environment with trees.

(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. (In this section please also include impacts of policies on carers.)

Education Campaign for Engine Idling in Cambridge: This proposal is expected to have a positive impact in potentially helping to prevent ill-health, disability and early deaths that can be caused by poor air quality².

¹ Royal College of Physicians (2016), 'Every Breath we Take: The Lifelong impact of air pollution' (report of a working party)

² Royal College of Physicians (2016), 'Every Breath we Take: The Lifelong impact of air pollution' (report of a working party)

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Future funding for Shopmobility: The budget proposal states that introducing a charging scheme will lead to a reduction in demand of the service by 20% amongst elderly and/ or disabled people who use this service today. The charging scheme could contribute to social isolation amongst these groups, if people with mobility issues are not able to access the city centre because they cannot afford to use the service. Therefore, the proposal to find third party funding for the service could have a positive impact related to disability.

Service standard improvements in streets and open spaces: Amongst the priorities for re-investing savings of the current Streets and Open Spaces review is to have wider hours or opening for public toilets to support usage of open spaces. This may benefit disabled people who have disabilities that require them to need greater access to toilets.

Enhancements to rough sleeping strategy funded from increased empty homes tax: The project would aim to improve the capacity to reduce rough sleeping and associated street life issues in Cambridge, and a significant proportion of people within the streetlife community have disabilities. Therefore, the project could have a positive impact related to disability.

Community Woodland Scheme: Subject to consultation and ecological mitigation, it is proposed to make the 5 woodland sites accessible to all, which would have a positive impact related to disability.

(c) Sex – A man or a woman.

Future funding for Shopmobility: There are more disabled women in the UK than men³ so the proposal to find third party funding for Shopmobility so that charges are not applied to service users will benefit women more than men.

(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)

No impacts have been identified for this equality group.

(e) Pregnancy and maternity

Service standard improvements in streets and open spaces: Amongst the priorities for re-investing savings of the current Streets and Open Spaces review is to intensify routine

³ Department for Work and Pensions (2016), Family Resources Survey: financial year 2014/15
<https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415>

Appendix 3 - Lib Dem Amendment 2018/19 [BSR App G]

maintenance inspections of installations and equipment on open spaces. This includes reference to play equipment, which will be of benefit to those with children.

Development of a scheme to improve support for recreational activity on Jesus

Green: Amongst the needs to be considered that relate to this proposal is around changing facilities. Taking account of these needs could have a positive impact related to maternity if the developed plans were to go ahead.

(f) Marriage and civil partnership

No impacts have been identified for this equality group.

(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.

No impacts have been identified for this equality group.

(h) Religion or belief

No impacts have been identified for this equality group.

(i) Sexual orientation

No impacts have been identified for this equality group.

(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

See separate poverty ratings attached to Liberal Democrat budget proposals

Appendix 3 - Lib Dem Amendment 2018/19 [BSR App G]

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.)

This will go to Council on 22nd February 2018

12. Do you have any additional comments?

No negative impacts have been identified for the protected characteristics related to these budget proposals. Positive impacts have been identified related to age, disability, sex and pregnancy/ maternity.

The Community Woodland Scheme might have a positive impact for all equality groups, as it may be used by local community groups as well as schools.

13. Sign off

Name and job title of lead officer for this equality impact assessment: Helen Crowther, Equality and Anti-poverty Officer

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

David Kidston, Strategy and Partnerships Manager

Graham Saint, Corporate Strategy Officer

Date of EqlA sign off: 02/02/2018

Date of next review of the equalities impact assessment: For next Opposition Budget proposals for 2019/20

Sent to Helen Crowther, Equality and Anti-Poverty Officer?

Yes

No

Date to be published on Cambridge City Council website (if known): 05/02/2018

Appendix 4 - Lib Dem Budget Amendment – Replacement Tables

General Fund Projection (BSR, page 36)

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenditure | | | | | | |
| Net service budgets | 21,894 | 19,325 | 18,891 | 20,866 | 21,549 | 21,290 |
| Revenue Budget Proposals - BSR - updated for Lib Dem Budget proposals | - | 826 | (433) | (567) | (751) | (583) |
| Capital accounting adjustments | (6,155) | (6,155) | (6,155) | (6,155) | (6,155) | (6,155) |
| Capital expenditure financed from revenue | 4,279 | 1,458 | 1,786 | 1,786 | 1,786 | 1,786 |
| Contributions to earmarked funds | 5,868 | 4,470 | 3,425 | 2,747 | 2,617 | 2,408 |
| Revised net savings requirement | - | - | (85) | (85) | (85) | (85) |
| Net spending requirement | 25,886 | 19,924 | 17,429 | 18,592 | 18,961 | 18,661 |
| | | | | | | |
| Funded by: | | | | | | |
| 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 | - | - | - | - | - | - |
| New Homes Bonus (NHB) | (5,962) | (5,595) | (4,449) | (3,905) | (3,894) | (3,604) |
| Appropriations from earmarked funds | - | - | - | - | - | - |
| Council Tax | (7,807) | (8,227) | (8,483) | (8,767) | (9,094) | (9,132) |
| Contributions to / (from) reserves - updated for Lib Dem Budget proposals | (6,224) | (613) | 543 | (880) | (933) | (885) |
| Total funding | (25,886) | (19,924) | (17,429) | (18,592) | (18,961) | (18,661) |

General Fund Reserves (BSR, page 46)

| 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) | (8,575) | (9,118) | (8,238) | (7,305) |
| Contribution (to) / from reserves | 6,224 | 479 | (576) | 867 | 1,061 | 883 |
| Non-Cash Limit items (Appendix C(d)) | - | (49) | (33) | 9 | 38 | - |
| Impact of Lib Dem Budget proposal | 0 | 183 | 66 | 4 | (166) | 2 |
| Balance as at 31 March (c/fwd) | (9,188) | (8,575) | (9,118) | (8,238) | (7,305) | (6,420) |

General Fund Capital Funding and Spend (BSR, pages 41 & 42)

| Capital funding Available | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Funding available and unapplied (MTFS Oct 2017) | - | (1,042) | (1,761) | (1,761) | (1,786) | (1,786) |
| Additional funding (Warkworth Lodge capital receipt) | (251) | (1,273) | (76) | - | - | - |
| Urgent approval since MTFS Oct 2017 (Park Street equipment) | 145 | - | - | - | - | - |
| Schemes removed from capital plan (see above) and rephased into 2018/19 | - | - | - | - | - | - |
| Capital bids requiring funding (Appendix E(b)) | 106 | 2,315 | 455 | - | - | - |
| Impact of Lib Dem Budget proposals | | | 11 | | | |
| Net Funding Available | - | - | (1,371) | (1,761) | (1,786) | (1,786) |

| Capital plan spending | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Spend MTFS Oct 2017 | 38,334 | 1,845 | 272 | 866 | 61 | - |
| Approvals since MTFS Oct 2017 see Appendix E (c): | | | | | | |
| Pre-planning development costs for Silver Street toilets capitalised | 48 | - | - | - | - | - |
| Under urgency | 145 | - | - | - | - | - |
| Section 106 (with funding) | 315 | 50 | - | - | - | - |
| Capital Plan total before new proposals | 38,842 | 1,895 | 272 | 866 | 61 | - |
| New proposals see Appendix E (d) | 1,056 | 11,966 | 10,655 | 2,500 | - | - |
| Total Spend | 39,898 | 13,861 | 10,927 | 3,366 | 61 | - |
| Impact of Lib Dem Budget proposals | - | 8,025 | 30 | - | - | - |
| Total Spend | 39,898 | 21,886 | 10,957 | 3,366 | 61 | - |

| Capital plan funding | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| External support | | | | | | |
| Developer Contributions | (4,792) | (185) | - | - | - | - |
| Other Sources | (1,969) | (25) | (25) | (25) | - | - |
| Prudential Borrowing | - | - | - | - | - | - |
| Specified Capital Grants (SCG) | (180) | (120) | (126) | - | - | - |
| Total External support | (6,941) | (330) | (151) | (25) | - | - |
| City Council | | | | | | |
| Direct Revenue Financing (DRF) - GF Services | (336) | - | - | - | - | - |
| Direct Revenue Financing (DRF) - Use of Reserves | (4,279) | (1,483) | (1,805) | (1,786) | (1,786) | (1,786) |
| Earmarked Reserve - Capital Contributions | (3,214) | (8,922) | - | - | - | - |
| Earmarked Reserve - Climate Change Fund | (333) | - | - | - | - | - |
| Earmarked Reserve – Asset Replacement Reserve | (2,991) | (1,106) | - | - | - | - |
| HRA Capital Balances | - | - | - | - | - | - |
| Internal Borrowing - Temporary Use of Balances | (21,421) | (8,772) | (10,296) | (3,316) | - | - |
| Other Sources | - | - | - | - | - | - |
| Prudential Borrowing | - | - | - | - | - | - |
| Usable Capital Receipts | (383) | (1,273) | (76) | - | (61) | - |
| Total City Council | (32,957) | (21,556) | (12,177) | (5,102) | (1,847) | (1,786) |
| Total funding | (39,898) | (21,886) | (12,328) | (5,127) | (1,847) | (1,786) |
| Net Funding Available | - | - | (1,371) | (1,761) | (1,786) | (1,786) |

Appendix 5 – Lib Dem Budget Amendment - Section 25 Report

These budget amendments would not require any substantive changes to the existing Section 10 – Section 25 Report. **[Section 10, Page 51 refers]**

There are two types of amendment:-

- General Fund (GF) revenue amendments – spending proposals are matched by funding generated from a variety of sources including:
 - Reducing GF reserves to the recommended target balance
 - Reallocating funding from the deletion of three budget bids
 - Reducing the earmarked reserve (GF Development Fund) created from interest income earned from loans provided to fund development at the former Mill Road depot by approximately 30%, thereby reducing the level of contingency funding available for this and other Cambridge Investment Partnership (CIP) projects.

These proposals represent a reprioritisation of existing funding and the use of other available resources, and as such do not compromise the deliverability of the council's overall budget. It should be noted that some of the proposals support feasibility and development work that may give rise to future bids for funding.

The GF Development Fund is created in the BSR from interest receipts that are considered to be uncertain in timing and quantum. By limiting the use of this source of funding to receipts related to the equity loan and representing about 30% of the total income, risks related to the receipt of this income are considered to be reduced, although not eliminated entirely.

- Capital bids – proposals are matched by revenue funding identified above (£44k), available capital funding from 2019/20 (£11k) and the redirection of £8m from the Invest for Income Fund towards the provision of affordable housing.

The investment in affordable housing at Living Rent uses funding set aside for investment in proposals generating at least 5% return for the council. As the proposal projects a return of 1%, use of the Invest for Income Fund for this purpose will require a policy decision to forego at least 4% return, equivalent to £320k.

The expected 1% return on the housing proposal is in line with current returns on the council's cash investments, but will fall below this benchmark if interest rates rise, as expected in the short to medium term. Therefore, the proposed investment does not achieve the aim of 'Using cash balances and earmarked reserves to generate additional income' identified above as a principle way of addressing the council's savings requirement.

The proposal is to lend £8m to the council's housing company to buy and manage 29 houses. The company is currently being run as a three-year pilot, with a limited portfolio of 23 new build properties on two sites. The company has the following objective stated in its articles of association:

“.....providing and managing housing that is affordable for those in housing need and any other property related activity in Cambridge and neighbouring districts that also generates a financial return for the Council.”

As the scheme is only projected to return amounts equivalent to those achievable by the council through cash investments, it is questionable whether this scheme would enable the company to achieve its stated objective. Therefore, to deliver this proposal, the following actions are required:

- Review and assessment of the pilot, followed by approval for the operations of the company to be extended;
- Amendment of the company's objective.

The affordable housing scheme has been financially assessed in line with the council's established methods, and estimates have been made in line with those used for the 23 properties already owned and managed by the company. However, it is noted that existing properties of various ages and locations around Cambridge will be purchased, rather than new build properties located on one or a small number of developments. There is therefore a risk that management, maintenance and capital costs will be higher than estimated. Rent income has been calculated assuming that across the 29 properties an average rent will be achieved, based on the incomes of tenants. However, a mix of tenants with incomes at the lower end of the range would reduce the rental income of the scheme.

Overall, delivery of this proposal will require changes in policy. The scheme is considered to be of marginal viability, with a low level of return that cannot be guaranteed due to the risks noted above. Furthermore, the level of return leaves little scope to cover normal operational risks.

I therefore consider, in relation to the budget resulting from the application of these amendments, that the estimates for the financial year 2018/19 to be sufficiently robust and the financial reserves up to 31 March 2019 to be adequate. I draw attention to the financial risks associated with the low level of projected return from the proposed housing scheme.

**Caroline Ryba
Head of Finance and S151 Officer**