



Cambridge City Council Notice of Council

Date: Thursday, 18 October 2018

Time: 6.00 pm

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

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Dear Councillor,

A meeting of Cambridge City Council will be held in the Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ on Thursday, 18 October 2018 at 6.00 pm and I hereby summon you to attend.

Dated 10 October 2018

Yours faithfully

Chief Executive

Agenda

- 1 Minutes (Pages 9 - 30)
- 2 Mayor's announcements
- 3 Public questions time
- 4 To consider the recommendations of the Executive for adoption
- 4a Cambridge Local Plan: Towards 2031 - Adoption

(Executive Councillor for Planning Policy and Transport)

Attached separately.

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|----|--|-------------------|
| 4b | Housing Revenue Account Medium Term Financial Strategy 2018/19 (Executive Councillor for Housing) | (Pages 31 - 112) |
| 4c | Treasury Management Half Yearly Update Report 2018/19 (Executive Councillor for Finance and Resources) | (Pages 113 - 136) |
| 4d | General Fund Medium Term Financial Strategy (MTFS) October 2018 (Executive Councillor for Finance and Resources) | (Pages 137 - 192) |
| 4e | Council Appointments to the Conservators of the River Cam (Executive Councillor for Streets and Open Spaces) | (Pages 193 - 206) |
| 5 | To consider the recommendations of Committees for adoption | |
| 5a | Licensing Committee: Statement of Gambling Principles | (Pages 207 - 348) |
| 5b | Civic Affairs Committee: Independent Remuneration Panel - Special Responsibility Allowance | (Pages 349 - 356) |
| | Recommendation to follow. | |
| 5c | Civic Affairs Committee: Process for scrutiny of the Council's budget | (Pages 357 - 372) |
| | Recommendation to follow. | |
| 6 | To deal with oral questions | |
| 7 | To consider the following notices of motion, notice of which has been given by: | |
| 7a | Councillor Johnson - Abolition of Section 21 of the Housing Act 1988 | |

This Council:

- Notes that with many people unable to afford to buy a home, the number of households nationally who are renting privately has almost doubled over the last 20 years, and it is estimated that one-third of households in Cambridge are renting privately;

- Further notes that in July of this year the Government consulted on changes to the length of fixed-term tenancies from six months to three years, whilst still permitting a tenant to end a tenancy early if they wish. The Council supports these changes as it provides greater security and peace of mind for tenants, and allows them a certain degree of flexibility in case their circumstances change;
- Regrets that the Government did not consult on reforming or abolishing Section 21 of the Housing Act 1988, which permits landlords to evict tenants at the end of a fixed-term tenancy without providing them with a reason. The Joseph Rowntree Foundation and University of Cambridge Centre for Housing and Planning Research recently estimated that 80 percent of all evictions since 2015 occurred under the provisions of Section 21 and is a major cause of homelessness in Cambridge and elsewhere;
- Acknowledges that the threat of a “no-fault eviction” causes insecurity and stress for those who rent privately and can discourage tenants from complaining about substandard housing;
- Recognises that the City Council, along with other registered social landlords, support tenants as much as possible, with eviction used always as a last resort;
- Resolves for the Leader to write to the Secretary of State for Housing, Communities and Local Government, asking him to abolish Section 21 of the Housing Act 1988 and to speedily implement the Government’s other proposal to extend fixed-term tenancies as the first steps to end insecurity and unfairness in the private rental sector.

7b Councillor Cantrill - People's Vote motion

In the 2016 Referendum on the European Union Cambridge voted over 73% in favour of remaining in the European Union.

The negotiations on withdrawal that have followed the national decision to leave the EU have progressed at a slow rate and the precise nature of any final deal is still uncertain with clear divisions among those who voted to leave and a lack of support among the Government’s members of parliament for the adopted ‘Chequers proposals’. It is therefore clear that there is uncertainty whether any

final deal will have wholehearted support and can be carried through Parliament.

In recent months a campaign has developed which proposes a People's Vote on any final deal (or no deal), with the alternative to remain in the EU, to ensure that the path taken has majority support among the electorate.

A number of letters/emails have been received by members asking the Council to support this initiative.

The Council notes that:

- (i) The Governor of the Bank of England has stated that the average household income in Britain is now £900 lower than that anticipated if the decision to leave the EU had not been taken.
- (ii) There are a large number of non-UK EU nationals resident in Cambridge whose life, and that of their UK-national families, has been destabilised by uncertainty. Apart from the social impacts, this has resulted in the loss of staff by local businesses and the NHS.
- (iii) Due to uncertainty about whether the deal that will be agreed with the EU will achieve a Parliamentary majority, 'no deal' appears a very credible outcome. This has been described by Chancellor Hammond as having "large fiscal consequences" and by independent observers as "overwhelmingly negative".
- (iv) All avenues currently being considered by the Government impose increasing delays for goods at our international frontiers and no facilitation would be provided for trade in services which form a major element in the local economy.
- (v) Recent opinion poll evidence has suggested an overall trend in public opinion away from support for leaving the EU and in favour of a vote on the conditions of any departure. A vote on the terms of withdrawal with the option to remain would ensure that we leave, should we do so, with wholehearted support for the actual conditions of withdrawal.
- (vi) The anticipated rapidly deteriorating economic situation if Brexit proceeds is likely to accelerate austerity, which has already caused acute problems in providing local authority services and

has severely affected local residents, in particular those in social housing or in receipt of benefits.

- (vii) Evidence of illegal overspending has been presented (and accepted by the Electoral Commission) and court challenges on the constitutional position are still continuing. A vote on the withdrawal terms would ensure that any decision is accepted as sound by both sides of the argument rather than being fought out in the courts.

The Council believes that the interests of its residents would be best protected by a People's Vote on the terms of leaving the European Union with the possibility of rescinding Article 50 and remaining in the EU.

The Council calls on the Government to abandon plans for a hard Brexit and to give Cambridge residents the opportunity to assess the original promises of a seamless Brexit with minimal impact made by the Leave campaign by giving the electorate (including resident European citizens) a vote on whether to accept the proposed withdrawal arrangements or to retain the many benefits local residents currently enjoy by staying in the European Union.

The Council should write to our two local MPs calling on them to clearly support a People's Vote.

7c Councillor Payne - Ask for Angela motion

Council welcomes the "Ask for Angela" campaign, launched in Cambridgeshire last year by the Domestic Abuse and Sexual Violence Partnership and the Police Constabulary as a strategy to aid both women and men in pubs and bars whose date goes seriously wrong. In particular it recognises the work done in Cambridge by Cambridge Business Against Crime and Pubwatch to engage and train staff of venues in the city. Noting that that incidence of sexual crime is no different in this area from the country as a whole, yet the campaign has yet to be called on, Council calls on officers to explore means of further boosting targeted public awareness of the campaign, calling on support as appropriate from the Cambridge Community Safety Partnership, the city's sixth forms, its two universities and Cambridge Regional College; in addition to offer support to the provision of a web-based listing of venues signed up to the scheme to provide assurance to people deciding where to meet.

7d Councillor Smith - Motion on EU Negotiations

This council notes that

- Cambridge voted overwhelmingly to remain in the European Union, but this was not reflected across the whole of the UK.
- No-one was voting for fewer rights, economic chaos, or risks to jobs, and the Brexit deal being pursued by Theresa May is a threat to jobs, freedom of movement, peace in Northern Ireland, and the NHS. It is also a threat to Cambridge and our residents, the city's Universities, health and social care locally, and our jobs and community.
- Non-UK EU citizens who moved to the UK and are long settled in Cambridge have not yet received the full assurances they need. Similarly, the rights of Cambridge residents now living and working elsewhere in the EU need the same protections they have now.
- A “no deal Brexit” should be rejected as a viable option by Parliament.

This council believes, and will continue to campaign, that:

- Should Parliament vote down a Tory Brexit or the talks end in no-deal, this would constitute a loss of confidence in the government, and that an immediate General Election should follow.
- If a general election does not follow, all options remain on the table, including the option of a public vote. If the government is confident in negotiating a deal that working people, our economy and communities will benefit from, they should not be afraid to put that deal to the public.

7e Councillor Bick - Councillors who break their connection with their council area

Noting the current experience of an elected member continuing in office despite neither living nor working in the city, Council calls for a change in national legislation so that any councillor who during his or her term of office ceases to meet the minimum qualifying conditions required for initially standing for election, excluding continued service as a councillor, would after 6 months be considered to have vacated their seat, allowing a by-election to be called. Council requests the Leader to write to the Secretary of State and Local Government Association seeking their support for this change.

7f Councillor Gillespie - Fur Free Market motion

This Council notes that:

- The United Kingdom has outlawed the farming of animals for their fur on ethical grounds since 2000 and that the use of one of the most common traps used to catch animals for their fur has been illegal for many years.
- Nonetheless fur products are imported from overseas nations, particularly China, where such bans do not operate and where there is virtually no animal welfare legislation in force.
- Real fur comes from animals raised in deplorable conditions or trapped in the wild and killed inhumanely.
- Regrettably these products are often found for sale on public markets in the UK and customers can inadvertently buy them thinking them to be made of imitation fur.

Accordingly Council resolves to:

- Prohibit the sale of any product wholly or partially made with real animal fur on Council owned land and at Council run or Council leased markets. This ban to cover such items as fur coats, vintage fur, fur shawls, garments with fur trim, fur pompom hats, and fur accessories and trinkets.
- Support the Fur Free Markets campaign of the animal welfare charity, Respect for Animals, the UK's leading anti-fur organisation, by:
 - Becoming a signatory to the initiative.
 - Seeking the advice and assistance of the charity in the enforcement of this ban.

8 Written questions

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

Information for the public

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

www.cambridge.gov.uk/have-your-say-at-committee-meetings

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

- Website: <http://democracy.cambridge.gov.uk>
- Email: democratic.services@cambridge.gov.uk
- Phone: 01223 457000

COUNCIL

19 July 2018
6.00 - 10.40 pm

Present: Councillors Adey, Baigent, Barnett, Benstead, Bick, Bird, Blencowe, Cantrill, Dalzell, Gawthrop, Gehring, Gillespie, Hart, Herbert, Holt, Johnson, Martinelli, Massey, McGerty, McPherson, McQueen, Moore, Nethsingha, O'Connell, O'Reilly, Payne, Pippas, Price, Robertson, Sargeant, Sheil, Smart, Smith, Thittala, Thornburrow, Todd-Jones and Tunnacliffe

FOR THE INFORMATION OF THE COUNCIL

18/40/CNL Minutes

The minutes of 24 May 2018 as amended and detailed in the Information Pack were confirmed as a correct record and signed by the Mayor.

18/41/CNL Mayor's announcements

APOLOGIES

Apologies were received from Councillor Ashton, Dryden, Hipkin and Page-Croft.

The Mayor stated that he'd had a busy and enjoyable start to the Mayoral year and highlight several events which he had particularly enjoyed which included Arbury Carnival, Chesterton Festival, The Dragon Boat Festival, the Abbey People Big Lunch, the Big Weekend and the Annual Memorial Ride to the American Cemetery.

The Mayor also reminded members about the Night Market the following evening which would show the films Paddington and Grease.

Mayor's Day Out

Members were reminded about the Mayor's day out which was due to take place on Tuesday 14 August.

Harvest Festival Civic Service

Members were advised about the harvest festival which would take place on Sunday 7 October at 9.30am at Great St. Mary's Church.

Presentation of resolution of thanks to Councillor George Pippas

On behalf of the City Council, the Mayor presented Councillor Pippas with a framed copy of the Resolution of Thanks for his service as Mayor during the 2017/18 municipal year, passed at the annual meeting of the Council on the 24 May 2018.

18/42/CNL Declaration of Interests

Name	Item	Interest
Benstead	18/45/CNLa	Trustee of Cambridge Live
O'Connell	18/45/CNLa	Was a trustee of Cambridge Live
Moore	18/46/CNLa	Worked for a small local sustainable food company
Johnson	18/49/CNLd	Employer was Daniel Zeichner
Price	18/49/CNLb	Daughter is a tenant of City Homes
Gillespie	18/46/CNLa	Undertaken paid work for Cambridge Tea and Coffee

18/43/CNL Petition

A petition had been received containing over 500 valid signatures stating the following:

We, the undersigned, call on Cambridge City Council to withdraw and reconsider the charges for the use of Shop Mobility which it introduced on 1st April.

Ms Simms presented and spoke in support of the petition.

The following points were made:

- i. 946 signatures had been collected from users and former users of Shopmobility.
- ii. The petition had restored faith in the community
- iii. Changes made to the Shopmobility service had reduced usage by two thirds.

- iv. People who needed the most help fell away from being able to use the service.
- v. The Executive Councillor's decision had increased the number of vulnerable people being lonely.
- vi. The Council was not generating the income it had hoped for and the Shopmobility service was in danger of dying on its feet.
- vii. Asked what further evidence was required for the Executive Councillor to change his decision.

Councillors debated the issues raised for the allocated 15 minutes.

The Executive Councillor for Planning Policy and Transport made the following comments:

- i. The petition was a Liberal Democrat sponsored petition, it had been posted on their website and signatures had been collected at Arbury Carnival. There were a number of signatories who did not live in Cambridge.
- ii. The petition did not explain that Shopmobility charges would be less for people who were VAT exempt and of the 67 people who had used the service 2 were not VAT exempt.
- iii. Acknowledged that where there was previously a free service and then charges were introduced, there would be people who would be unhappy by this decision.
- iv. The impact of the service would be reviewed when it was reasonable and appropriate to do so.
- v. No decision would be made at the council meeting that evening.

18/44/CNL Public questions time

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

1. Mr Carpen asked the following:

What thoughts had the Mayor of Cambridge and councillors given to the idea of a Mayor's Permanent Fund to act as a central 'collecting pot' for donations from wealthy and affluent donors to help fund large civic projects that cannot be paid for through existing council funds or developer contributions? (Article at <https://adragonsbestfriend.wordpress.com/2018/07/09/a-permanent-cambridge-mayoral-fund/>)

The Leader provided the following response:

- i. In each Mayoral year, the Mayor nominated the charities that they would like to raise money for. In this mayoral year Councillor Gawthrop had nominated the Alzheimer's Society and the Red Hen project.
- ii. It was not appropriate for the council to become the sponsor of major charities.
- iii. The Council contributed £900,000 to voluntary organisations.
- iv. He commented that the council could look at how financial contributions to the Mayor's charities were made simpler.

Mr Carpen made the following supplementary points:

- i. The fund he was trying to describe was for larger capital projects that the council should be funding in any event.
- ii. There were a lot of homes being built but not the civic infrastructure to support it.
- iii. The number of community venues had got smaller.

The Leader made the following supplementary points:

- i. He did not think that the council should seek individual contributions to infrastructure projects.
- ii. He suggested that the council would continue to focus on the charities nominated by the Mayor and community grants awarded by the council.

Mr Carpen submitted three additional public questions and it was agreed that a written response could be provided to Mr Carpen and published on the Council meeting webpage. A link to the questions and answers can be found here: <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=3403&Ver=4>

2. Ms Hyde asked the following:

- i. Soroptimist International was working to promote toilet twinning in the UK. This involved twinning a toilet with another in the developing world through a UK based organisation. The idea was to raise funds to provide fresh water and sanitation via the £60 fee to twin. Women and girls were particularly disadvantaged. The organisation had been going for 70 years.
- ii. More than 40 people / organisations had been encouraged to twin their toilets.
- iii. If Cambridge agreed to twin a block of 4 toilets the resulting publicity may encourage more people and organisations to support the venture.

The Executive Councillor for Streets and Open Spaces responded as follows:

- i. Toilet twinning was an excellent initiative.
- ii. She would commit to twinning her own toilet.
- iii. If a decision was made to support the initiative later on in the agenda then she would work with officers to progress the decision.

Ms Ebanks raised the following question:

- i. Cambridge Housing Society was proposing to demolish all homes at Montreal Square and the replacement proposal would not consist of 100% affordable housing.
- ii. The existing development had been built over 90 years ago and was very successful and it had a nice area of green space.
- iii. There was an online petition with 1300 signatures and 700 signatures had been collected via a paper petition.
- iv. She questioned if it was right to decant residents from their homes.
- v. She commented that it was not a necessity to build in the City.

The Executive Councillor for Housing made the following comments:

- i. Cambridge Housing Society (CHS) was in a consultation with residents regarding proposals for the redevelopment of the site. It would be wrong of him or the council to interfere with that process. Once the consultation process ended it would be for the CHS Board to make a decision.
- ii. There were 3 Ward Councillors who would be able to assist residents.

Mr Fox asked the following question:

- i. It had recently emerged that new allotment sites in the southern fringe developments were not allowed sheds on the allotment land to store their equipment. This restriction would hinder people being able to use their allotments. He asked why the Council had done this and whether this decision could be reconsidered.

The Executive Councillor for Planning Policy and Transport gave the following response:

- i. He referred back to the decision made in consultation with landowners; the land was situated within Clay Farm Country Park and was designated as green belt land.
- ii. The landowner insisted the transfer of land included a restriction that there were no sheds on the allotments. There was an agreement in place regarding a communal building.
- iii. He understood that this was not enough from an allotment holder perspective.

- iv. He questioned if a storage area could be added to the communal building.
- v. Commented that there was a process to vary planning decisions.
- vi. The allotments were starter plots rather than established plots.

Mr Fox made the following supplementary points:

- i. There needed to be storage locations around the site for allotment holders to store their equipment.
- ii. Asked when the new allotments would be available.
- iii. Asked for a firm commitment that the allotments would be available in the autumn.

The Executive Councillor for Planning Policy and Transport made the following supplementary point:

- i. There was a condition that the allotments would be made available no later than 1000th dwelling occupation.
- ii. With hindsight he accepted Mr Fox's knowledge about allotments.
- iii. The council had to comply with conditions but he would look to see if this could be improved.

18/45/CNL To consider the recommendations of the Executive for adoption

5a Cambridge Live: Business Plan Review (Executive Councillor for Communities)

Resolved by (22 vote to 2) to:

Revise the Council's 2018/19 budget to make an allocation of £500k from reserves to be utilised for the purpose specified in 2.1 of the officer's report during 2018/9 and 2019/20 with full delegation for management of the funds assigned to the Chief Executive.

5b 2017/18 Revenue and Capital Outturn, Carry Forwards and Significant Variances - Housing Revenue Account (Executive Councillor for Housing)

Resolved by (24 votes to 0) to:

Approve carry forward requests of £3,798,000 in HRA and General Fund Housing capital resources from 2017/18 to 2018/19 to fund rephased net capital spending, as detailed in Appendix D of the officer's report and the associated notes to the appendix.

5c Annual Treasury Management (Outturn) Report 2017/18 (Executive Councillor for Finance & Resources)

Resolved by (24 votes to 0) to:

Approve the Annual Treasury Management (Outturn) report which included the Council's actual Prudential and Treasury Indicators for 2017/18.

5d 2017/18 Revenue and Capital Outturn, Carry Forwards and Significant Variances (All Portfolios) (Executive Councillor for Finance and Resources)

Councillor McGerty proposed and Councillor Dalzell seconded the following amendment to recommendation a (additional text underlined ~~deleted text struckthrough~~).

a) Carry forward requests totalling ~~£1,330k~~£1,350k General Fund revenue funding from 2017/18 to 2018/19, as detailed in Appendix C with the addition of £20,000 in the Streets and Open Spaces "Street Cleaning Direct" budget line (underspent by £124,090 last year), to conduct an urgent supplementary summer deep clean of all commercial streets in the historic centre, Grafton area and neighbourhood shopping centres, subject to discussion with Cambridge BID about an appropriate contribution from their funds, utilising third party contractors if necessary to make optimum use of the necessary early morning time window

On a show of hands the amendment was lost by 13 votes to 23.

Councillor Bick proposed and Councillor Nethsingha seconded the additional paragraph d to the recommendations (additional text underlined)

(d) Allocation of an additional £50,000 from General Fund reserves for the appointment of an extra Project Officer in the Project Delivery Team for one year, to reduce the backlog in Environmental Improvement Schemes and enable new schemes to be undertaken in 2018/19 as provided for in the capital budget and a longer term staffing review to be undertaken in the meantime to ensure delivery capacity is adequate.

On a show of hands the amendment was lost by 13 votes to 23.

Resolved by (24 votes to 0) to:

i) Carry forward requests totalling £1,330k General Fund revenue funding from 2017/18 to 2018/19, as detailed in Appendix C of the officer's report.

ii) Carry forward requests of £14,111k capital resources from 2017/18 to 2018/19 to fund rephased net capital spending, as detailed in Appendix D of the officer's report - Overview (including £10,313k General Fund and £3,798 relating to the Housing Capital Investment Plan).

iii) (Request from Communities Portfolio:) allocation of an additional £100,000 from General Fund reserves to be made available for the Community Grants budget in 2019/20 to help fund projects delivered by the voluntary and community sector which will reduce poverty.

18/46/CNL To consider a report from the Executive Councillor for Environmental Services and City Centre

6a Good Food for Cambridge

The Executive Councillor considered the Good Food for Cambridge motion at the Environment and Community Scrutiny Committee on 28 June 2018.

The following decisions of the Executive Councillor were reported to Council:

- i. Recognised the role of Cambridge Sustainable Food in acting as an umbrella organisation in Cambridge that brought together a range of organisations with an interest in promoting sustainable food within the National Sustainable Food Cities Network.
- ii. Asked officers to work with Cambridge Sustainable Food in submitting a bid to the national Sustainable Food Cities Network for their Silver Award, contributing to the action plan where appropriate.
- iii. Adopted the Sustainable Food Policy Statement set out at Appendix A of the Officer's report.

18/47/CNL To consider the recommendations of Committees for adoption

7a Civic Affairs: Council submission to Local Government Boundary Commission for England on new warding arrangement for Cambridge City Council

Resolved (unanimously) to:

- i. Approve the city council submission to the Local Government Boundary Commission for England as set out in the appendix to the adoption minute.

18/48/CNL To deal with oral questions

1) Councillor McQueen to the Executive Councillor for Housing

Can the Executive Councillor please update council on the progress to date and further initiatives to promote Cambridge Street Aid?

The Executive Councillor for Housing responded since Street Aid was launched 18 months ago, over £32,000 had been raised for grants to help people get off the streets. This included buying shoes or suits for people to go to job interviews or to pay for training qualifications. Outside Mandela House a contactless payment point had been installed that week so that members of the public could donate £3 to the project. This had media coverage from ITV and Cambs TV. A booklet had also been produced which told people what Street Aid was about.

2) Councillor Payne to the Executive Councillor for Planning Policy and Transport

Does the Executive Councillor believe that the City Council is doing everything possible to integrate the new housing developments in Cambridge with the existing community?

The Executive Councillor for Planning Policy and Transport responded that money was used on the back of applications in growth areas to ensure that we had community workers and team members paid for by developers.

3) Councillor Dalzell to the Executive Councillor for Planning Policy and Transport

Can the Executive Councillor for Planning and Transport confirm what steps are being taken to support the proposed transformation of Mitcham's Corner whilst we await the approval of the Local Plan and associated Supplementary Planning Framework?

The Executive Councillor for Planning Policy and Transport responded that the Local Plan and Supplementary Planning Documents were hoped to be approved in early autumn. The documents would have more weight once they

were formally approved. He had tried to encourage stakeholders to work to the documents as these had been worked up in consultation with residents.

4) Councillor O'Reilly to the Executive Councillor for Streets and Open Spaces

Can the Executive Councillor update the council on the progress and benefits of the pictorial meadows in the city?

The Executive Councillor for Streets and Open Spaces responded that there were 13 flowering meadows in the City and the meadows included native and non-native species. Thought had gone into trying to future proof the meadows taking into account climate change whilst ensuring that there were still a selection of flowers that would attract bees. The Open Spaces Team had been experimenting with perennial planting which would need less maintenance. She thanked Officers for all their hard work.

5) Councillor Martinelli to the Executive Councillor for Environmental Services and City Centre

Within my ward the Grafton Centre have installed a sign on one of their walls advising motorists to turn off their engine in an area where engine idling had been noted to be an issue. Would the council be able to commit to adopting a similarly proactive approach, with the use of No Idling signs for driver education, at one of the many public sites where this has been a problem?

The Executive Councillor for Environmental Services and City Centre responded that the adopted Air Quality Action Plan, which was unanimously supported at Committee supported measures to reduce impacts from idling and this was one of a number of areas where policy could be developed following the current consultation period. The installation of signs could be a positive action to consider. Steps had already been taken to reduce idling by writing to all schools to remind parents of the impact of vehicle emissions outside schools.

6) Councillor Cantrill to the Executive Councillor for Housing

Does the Executive Councillor believe that the City Council is doing everything possible to house people in Cambridge?

The Executive Councillor for Housing responded that in December 2017 there were 1239 housing completions of those were 474 affordable houses. The

Council was on track to deliver 700 new homes by 2021 and was set to receive £70 million from Central Government for affordable housing. The Council was tackling empty homes better than Oxford.

7) Councillor McGerty to the Executive Councillor for Communities

Is the Executive Councillor for Communities satisfied with the summer outdoor events program?

The Executive Councillor for Communities responded that the City Events programme was delivered by Cambridge Live on the council's behalf. The 2018 programme started with the return of Jazz and Brass in the Parks, and there had been two performances in parks to date, at Cherry Hinton Hall on 10 June with the Royston Town Band, and at Jesus Green 1 July with the Cambridge Youth Jazz band and the Cambridgeshire Youth Jazz Orchestra, which was in association with Cambridge Jazz Festival. There are four more concerts to come in this series, on the 12th and 19th August and the 2nd and 9th September.

Midsummer Fair and market had taken place from 20 - 25 June on Midsummer Common. This was a historic Charter fair which had been taking place for over 800 years and attracted diverse audience from across the city and beyond.

The most recent event to take place was the Big Weekend, which was well attended and celebrated the rich diversity of the city, from the Friday night pop bands and fireworks to the Saturday family day with an excellent range of activities, the Saturday evening concert, and the Sunday Mela.

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

Can the Executive Councillor update us on the Green Flag Award applications made earlier in the year?

The Executive Councillor for Streets and Open Spaces responded that Christ Pieces had been awarded the Green Flag award; this was the equivalent of the blue flag award which was awarded to beaches. Certain requirements for example litter, vandalism and community involvement had to be met to be eligible for the award. She thanked Anthony French and Christ Pieces Friends Association for the work undertaken to achieve the award.

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.

9) Councillor Bick to the Executive Councillor for Communities

What are “priority groups” in relation to the city’s community centres and how important are they to the purpose of the community centres?

10) Councillor Baigent to the Leader

There is a demonstration taking place by the Football Lad’s Alliance in support of Tommy Robinson on Saturday 21st July at 1500 on Parker’s Piece that will be followed by a march. There is also a counter demonstration taking place at 1400 on Donkey Common organised by a committee of Cambridge people that has amongst its members Unite Against Racism, Fire Brigades Union and Unite the Union. Could the leader please provide an update on how Cambridge may be affected by these events?

11) Councillor McPherson to the Executive Councillor for Streets and Open Spaces

Can the Executive Councillor update us on the tree trail in Cherry Hinton Hall grounds?

12) Councillor Barnett to the Executive Councillor for Environmental Services and City Centre

Can the Executive Councillor update us on visitor numbers to Cambridge and the impacts on the city?

13) Councillor Sargeant to the Leader

Can the Leader update the Council on the latest position in relation to the pause on Greater Cambridge Partnership transport projects imposed by the Combined Authority Mayor, and his efforts along with the GCP and the leader of South Cambridgeshire District Council to ensure the GCP can do its job and that both organisations work together to deliver vital transport improvements for Cambridge?

14) Councillor Thittala to the Executive Councillor for Environmental Services and City Centre

What has been the progress of the night markets and what value do they give to residents?

15) Councillor Holt to the Leader

What action is the Council planning to ameliorate the impact that the temporary closure of the Park Street Car Park for redevelopment – may have on independent businesses in the surrounding part of the city centre?

16) Councillor Massey to the Executive Councillor for Communities

Can the Executive Councillor for Communities inform Council of what activities will be on offer for young people by Chypps during the summer holidays?

17) Councillor Nethsingha to the Leader

Does the Leader have confidence that the Mayor and Combined Authority are working sufficiently collaboratively with all the bodies which have transport and planning responsibilities within the Combined Authority area, to give the Minister for Local Government the reassurance requested in his letter ahead of the gateway assessment for the GCP in 2019?

18/49/CNL To consider the following notices of motion, notice of which has been given by:**9a Councillor Todd-Jones - Toilet Twinning**

Councillor Todd-Jones proposed and Councillor Bird seconded the following motion:

Toilet Twinning is an initiative similar to twinning towns and cities, inviting individuals and organisations to ‘twin’ toilets with latrines in poor communities. The raising of funds in this way enables people in poorer countries to have clean water and a proper toilet. Hygiene awareness is a key focus of the Toilet Twinning programme.

Toilet Twinning works through community mobilisation, creating locally owned, locally delivered water and sanitation programmes. In conflict areas, where little infrastructure exists, Toilet Twinning funds programmes that build toilets and provide clean water.

The lack of adequate sanitation has a particular impact on women and, in this Year of the Woman, organisations backing Toilet Twinning include Soroptimist International, dedicated to making a difference to the lives of women and girls locally, nationally, and internationally through education, empowerment, and leadership projects.

This Council notes:

Chester became the first UK Toilet Twinned City in 2015. Soroptimist International of Cambridge have already twinned 42 toilets, working with communities and organisations, and request that Cambridge City Council formally applies to Toilet Twinning UK so that Cambridge becomes a Toilet Twinned City;

In conjunction with improvements to our public toilets, as part of the Toilet Twinned City initiative the City Council nominates public toilets so that £60 per nominated toilet, funded by Soroptimist International of Cambridge, is donated to a poorer country, as advised by Toilet Twinning UK, to help provide clean water and toilet facilities;

Requests the Executive Councillor for Streets and Open Spaces to work with officers and Soroptimist International of Cambridge to identify toilets within the remit of the City Council as part of the application to become a Toilet Twinned City, and to invite the Mayor of Cambridge and Members of Parliament representing Cambridge to be part of this initiative.

Resolved (unanimously) to support the motion.

9b Councillor Cantrill - Housing solutions to help hardworking people live in Cambridge

Councillor Cantrill proposed and Councillor Payne seconded the following motion:

The Cambridge housing market is broken. The City Council, as a key stakeholder, needs to help residents across the city to be able to afford to live in Cambridge

The programme to build 500 new council houses will help some of the 2300 households on the housing register – which we all welcome

However, the city council appears to have done little to help those hardworking city makers, people like teachers and nurses, who are often the thread that holds the city together and ensures the city works and importantly are not eligible for council housing or support

To help these hardworking residents, the city council needs to come forward with specific proposals that will help them to continue to live in Cambridge

Pocket Living, a London based developer provides an illustration of how the council could help such residents. Pocket Living provides:

- 1 and 2 bedroom flats for first time buyers who work locally
- The properties are sold outright at a discount of 20% to local market prices
- Buyers commit to sell the property at a 20% discount when they move on -
- Properties are well designed compact spaces, with elements of shared communal space
- Flats are developed on a modular basis – built off site and assembled on site – reducing construction time and costs

The Council asks the Executive Councillor for Housing to:

- Work with officers to explore possible sites in Cambridge (including the recently acquired Cromwell Road site) where such a scheme could be implemented
- Develop a detailed criteria for how the scheme could be delivered and identify third party providers who can assist in its delivery
- To bring the proposals to the appropriate scrutiny committee for review and approval

Councillor Price proposed and Councillor Thornburrow seconded the following amendment to motion (deleted text ~~struck through~~ and additional text underlined):

~~The Cambridge housing market is broken. The City Council, as a key stakeholder, needs to help residents across the city to be able to afford to live in Cambridge~~

~~The programme to build 500 new council houses will help some of the 2300 households on the housing register – which we all welcome~~

~~However, the city council appears to have done little to help those hardworking city makers, people like teachers and nurses, who are often the thread that holds the city together and ensures the city works and importantly are not eligible for council housing or support~~

~~To help these hardworking residents, the city council needs to come forward with specific proposals that will help them to continue to live in Cambridge~~

~~Pocket Living, a London based developer provides an illustration of how the council could help such residents. Pocket Living provides:~~

- ~~- 1 and 2 bedroom flats for first time buyers who work locally~~
- ~~- The properties are sold outright at a discount of 20% to local market prices~~
- ~~- Buyers commit to sell the property at a 20% discount when they move on~~
- ~~- Properties are well designed compact spaces, with elements of shared communal space~~
- ~~- Flats are developed on a modular basis – built off site and assembled on site~~
- ~~- reducing construction time and costs~~

~~The Council asks the Executive Councillor for Housing to:~~

- ~~- Work with officers to explore possible sites in Cambridge (including the recently acquired Cromwell Road site) where such a scheme could be implemented~~
- ~~- Develop a detailed criteria for how the scheme could be delivered and identify third party providers who can assist in its delivery~~
- ~~- To bring the proposals to the appropriate scrutiny committee for review and approval~~

The Cambridge housing market, as outlined in the City Council's Interim Housing Strategy Statement 2017, is set in a challenging national and local context and one moreover frequently subject to ongoing policy and legislative changes, exemplified by the recent appointment of Kit Malthouse, MP, as the 8th Housing Minister since 2010 and the second in the last 8 months alone.

This Council recognises that "good quality, affordable housing, whatever the tenure, is the key to delivering the opportunity for all our city's residents to thrive and live in mixed communities of their own choice" (Interim Housing Strategy Statement 2017) and it welcomes the unanimous endorsement of the Strategy and its key strategic priorities by all members of Housing Scrutiny Committee in March 2017.

The Council notes:

- that the Strategy prioritises the provision of new council homes for those on low incomes, aiming for rents to be at or below LHA levels

- that for many in work council housing remains the best option for a decent, secure and affordable home, including many working in the education and health sectors
- that the Strategy recognises the need for intermediate tenure housing and supports the delivery of different tenure models across the Greater Cambridge area whilst acknowledging that this cannot be at the expense of providing a supply of social housing.
- That the Council set up a wholly owned council company - Cambridge City Housing Company - to purchase market sale properties to be let on the intermediate market at submarket rents and that there are plans to expand its property portfolio on the redeveloped Mill Road Depot site and other General Fund sites.

The Council further notes that the last report to the Housing Scrutiny Committee on Intermediate Market Housing was in 2014, It further notes that shared ownership properties on its own sites, such as Clay Farm and Homerton, have proven difficult to sell and that since 2014 the intermediate tenure housing market has become increasingly complex, comprising shared ownership, shared equity, Help To Buy equity loans and intermediate rents. Alongside these further Low Cost Home Ownership (LCHO) market sale options have also emerged such as starter homes and 'pocket' homes such as those delivered by Pocket Living, where high density, high quality design compact flats are delivered on small, mainly brownfield, sites with a 20% discount to the market value in perpetuity for first time buyers meeting locally agreed criteria as a condition of planning consent. It also notes that Homes England and the Mayor of London have recognised the potential of options such as 'pocket homes' to help address affordability issues in high priced areas and have provided some funding for site assembly to developers like Pocket Living.

It therefore requests the Strategic Director to bring a detailed report on Intermediate Market Housing to the Housing Scrutiny Committee to clarify the different options and the ongoing joint work with other councils and partners such as the Great Cambridge Partnership and Combined Authority to increase provision for the 'squeezed middle' who live or work in Cambridge.

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

Resolved (unanimously) that:

The Cambridge housing market, as outlined in the City Council's Interim Housing Strategy Statement 2017, is set in a challenging national and local context and one moreover frequently subject to ongoing policy and legislative changes, exemplified by the recent appointment of Kit Malthouse, MP, as the 8th Housing Minister since 2010 and the second in the last 8 months alone.

This Council recognises that "good quality, affordable housing, whatever the tenure, is the key to delivering the opportunity for all our city's residents to thrive and live in mixed communities of their own choice" (Interim Housing Strategy Statement 2017) and it welcomes the unanimous endorsement of the Strategy and its key strategic priorities by all members of Housing Scrutiny Committee in March 2017.

The Council notes:

- that the Strategy prioritises the provision of new council homes for those on low incomes, aiming for rents to be at or below LHA levels
- that for many in work council housing remains the best option for a decent, secure and affordable home, including many working in the education and health sectors
- that the Strategy recognises the need for intermediate tenure housing and supports the delivery of different tenure models across the Greater Cambridge area whilst acknowledging that this cannot be at the expense of providing a supply of social housing.
- That the Council set up a wholly owned council company - Cambridge City Housing Company - to purchase market sale properties to be let on the intermediate market at submarket rents and that there are plans to expand its property portfolio on the redeveloped Mill Road Depot site and other General Fund sites.

The Council further notes that the last report to the Housing Scrutiny Committee on Intermediate Market Housing was in 2014, It further notes that shared ownership properties on its own sites, such as Clay Farm and Homerton, have proven difficult to sell and that since 2014 the intermediate tenure housing market has become increasingly complex, comprising shared ownership, shared equity, Help To Buy equity loans and intermediate rents. Alongside these further Low Cost Home Ownership (LCHO) market sale options have also emerged such as starter homes and 'pocket' homes such

as those delivered by Pocket Living, where high density, high quality design compact flats are delivered on small, mainly brownfield, sites with a 20% discount to the market value in perpetuity for first time buyers meeting locally agreed criteria as a condition of planning consent. It also notes that Homes England and the Mayor of London have recognised the potential of options such as 'pocket homes' to help address affordability issues in high priced areas and have provided some funding for site assembly to developers like Pocket Living.

It therefore requests the Strategic Director to bring a detailed report on Intermediate Market Housing to the Housing Scrutiny Committee to clarify the different options and the ongoing joint work with other councils and partners such as the Great Cambridge Partnership and Combined Authority to increase provision for the 'squeezed middle' who live or work in Cambridge.

9c Councillor Smart - Motion on Brexit

Councillor Smart proposed and Councillor Smith seconded the following motion:

“Cambridge is an international city that relies on working with people and organisations across the world, including all European countries.

Cambridge City Council expresses its deep concern about the expected damage to our city and residents from the continued failure of the Government over Brexit, and the projected impact on Cambridge of the Government’s proposals.

We ask the Leader of the Council to

- write to the Prime Minister to make clear how her Government is putting Cambridge at risk
- share this with our local MPs, and support Cambridge MP Daniel Zeichner in achieving the best possible outcome for Cambridge.”

Councillor Cantrill proposed and Councillor Dalzell seconded the following amendment to motion (deleted text struck through and additional text underlined):

Cambridge is an international city that relies on working with people and organisations across the world, including all European countries. The residents of Cambridge voted overwhelmingly to remain part of the EU during the referendum in 2016. That commitment to be part of the EU has continued

following the referendum, as demonstrated from the support for campaigning organisations such as Cambridge Stays and their call for a Peoples Vote.

Cambridge City Council expresses its deep concern about the expected damage to our city and residents from the continued failure of the Government over Brexit, and the projected impact on Cambridge of the Government's proposals. It is disappointed that at this critical point in determining our country's future path, Her Majesty's Official Opposition are sitting on their hands, divided, while the country desperately needs clear and principled leadership. As a result, they are aiding the Government's pursuit of a BREXIT policy based on contradiction, confusion and chaos.

Cambridge City Council believes that the public should have the right to decide at the end of the negotiations, to vote on whether to press ahead or to exit from BREXIT.

We ask the Leader of the Council to

- write to the Prime Minister and the Leader of the Official Opposition to make clear how their actions are putting Cambridge at risk

- ~~share this with our local MPs, and support Cambridge MP Daniel Zeichner in achieving the best possible outcome for Cambridge."~~

- Write to our local MPs, Daniel Zeichner and Heidi Allen seeking their public commitment to the public to have a right to decide at the end of the negotiations – a peoples vote

On a show of hands the amendment was lost by 13 votes to 23.

Councillor Bick proposed and Councillor Gehring seconded the following amendment to motion (additional text underlined):

Councillor Bick altered his amendment with the Council's consent under Council Procedure Rule 26 to replace on the second line the word 'committee' with 'group'.

Cambridge is an international city that relies on working with people and organisations across the world, including all European countries.

Cambridge City Council expresses its deep concern about the expected damage to our city and residents from the continued failure of the Government over Brexit, and the projected impact on Cambridge of the Government's proposals.

We ask the Leader of the Council to

- write to the Prime Minister to make clear how her Government is putting Cambridge at risk
- share this with our local MPs, and support Cambridge MP Daniel Zeichner in achieving the best possible outcome for Cambridge.

-Agree with South Cambridgeshire District Council to evolve its proposed members' "Brexit Advisory Group" as soon as practical into a joint group between the two councils to assess the impact of Brexit on our shared economy, as prompted by the Interim Report of the Cambridgeshire and Peterborough Independent Economic Review.

On a show of hands the amendment was carried unanimously.

Resolved (unanimously) that:

Cambridge is an international city that relies on working with people and organisations across the world, including all European countries.

Cambridge City Council expresses its deep concern about the expected damage to our city and residents from the continued failure of the Government over Brexit, and the projected impact on Cambridge of the Government's proposals.

We ask the Leader of the Council to

- write to the Prime Minister to make clear how her Government is putting Cambridge at risk
- share this with our local MPs, and support Cambridge MP Daniel Zeichner in achieving the best possible outcome for Cambridge.

-Agree with South Cambridgeshire District Council to evolve its proposed members' "Brexit Advisory Group" as soon as practical into a joint group between the two councils to assess the impact of Brexit on our shared economy, as prompted by the Interim Report of the Cambridgeshire and Peterborough Independent Economic Review.

Members **unanimously resolved** to continue the meeting after 10:30pm rather than adjourn to another day.

9d Councillor McGerty - A GoodGym for Cambridge

Councillor McGerty proposed and Councillor Nethsingha seconded the following motion:

Noting the potential to get fit and do good through volunteering with the GoodGym movement; its success elsewhere in helping isolated older people with practical tasks and avoiding loneliness; and the 495 local residents who have already signed up online to express an interest; this Council calls on the Executive Councillor for Communities to make contact with the organisation and explore ways in which the council could support the development of a Cambridge GoodGym group.

Ref: <https://www.goodgym.org/proposals/cambridge>

Resolved (unanimously) to support the motion.

18/50/CNL Written questions

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

The meeting ended at 10.40 pm

MAYOR

PLANNING AND TRANSPORT SCRUTINY COMMITTEE **2 October 2018**

5.30 – 8.40pm

Present: Councillors Todd-Jones (Chair), Cantrill, McGerty, O'Reilly Payne, Sheil and Thittala

Tenant/Leaseholder Representatives: Lulu Agate, Diane Best, Kay Harris, Diana Minns (Vice Chair)

Also present: Executive Councillor for Housing: Councillor Johnson
Executive Councillor for Finance and Resource: Councillor Robertson

<p style="text-align: center;">RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR HOUSING COUNCILLOR JOHNSON)</p>

HOUSING REVENUE ACCOUNT (HRA)

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

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

The Housing Scrutiny Committee considered and unanimously approved the recommendations.

Accordingly, Council is recommended to:

- i. To approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the Officer's report, with the resulting position summarised in Appendix H.

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Item

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2018/19



To:

Councillor Richard Johnson , Executive Councillor for Housing

Report by:

Julia Hovells, Principal Accountant

Tel: 01954 - 713071

Email: julia.hovells@cambridge.gov.uk

Wards affected:

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

Key Decision

1. Executive Summary

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

2. Recommendations

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

The Executive Councillor is recommended to:

- 2.1 Approve the Housing Revenue Account Medium Term Financial Strategy attached, to include all proposals for change in:
- Financial assumptions as detailed in Appendix B of the document.
 - 2018/19 revenue budgets and future year forecasts as introduced in Section 5, resulting from changes in financial assumptions and the financial consequences of change and the need to respond to unavoidable pressures, as introduced in Section 5, detailed in Appendix D of the document and summarised in Appendices G (1) and G (2).
 - The level of fees charged to new build schemes by the Housing Development Agency, as detailed in Section 7 of the Housing Revenue Account Medium Term Financial Strategy.
- 2.2 Approve that delegated authority be given to the Strategic Director to be in a position to confirm that the authority can annually renew its investment partner status with Homes England.

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

The Executive Councillor is asked to recommend to Council:

- 2.3 To approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in Appendix H, for decision at Council on 18th October 2018.

3. Background

Page: 3

- 3.1. The Housing Revenue Account budget was set for 2018/19 as part of 2018/19 HRA Budget Setting Report, approving a net contribution to reserves in the year of £3,280,730.
- 3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2017/18 into 2018/19 as part of the closedown process for 2017/18. Following these changes, the sum of £2,582,040 was anticipated to be made as a contribution to reserves for the year.
- 3.3 The HRA Medium Term Financial Strategy revisits the assumptions made as part of the HRA Budget Setting Report, and recommends both changes in these and in some areas of budgeted expenditure and income for 2018/19 and beyond.
- 3.4 The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.
- 3.5 To be in a position to be able to bid for any funding or additional borrowing capacity provided through Homes England for the provision of social, affordable or intermediate housing, the authority is required to remain an investment partner with Homes England. To remain as an investment partner, as Cambridge City Council is currently, the authority is required to confirm annually that there have been no material changes to its membership status and that there is authority in place for continued membership.
- 3.6 As part of this covering report for the HRA Medium Term Financial Strategy, delegated authority is requested to allow the Strategic Director to make this annual confirmation.

4. Implications

(a) Financial Implications

Page: 4

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

(b) Staffing Implications

The report recommends increased investment in a number of areas of the Housing Service, but also proposes the recruitment of additional staffing resource in these areas to ensure that delivery is possible within the timescales quoted.

(c) Equality and Poverty Implications

An Equalities Impact Assessment is not considered to be required as part of this report, but will be carried out as part of the 2019/20 HRA budget process and preparation of the 2019/20 HRA Budget Setting Report.

(d) Environmental Implications

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

(e) Procurement Implications

Any procurement implications arising from the recommendations for additional investment in this report will be addressed by the relevant service areas.

(f) Community Safety Implications

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

5. Consultation and communication considerations

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

6. Background papers

Background papers used in the preparation of this report:

- (a) Housing Revenue Account Mid-Year Financial Review (October 2017)
- (b) Housing Revenue Account Budget Setting Report (February 2018)

7. Appendices

Appendix A Housing Revenue Account Medium Term Financial Strategy

8. Inspection of papers

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

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.

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

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Section 1

Introduction and Local Context

Foreword by the Executive Councillor

The City Council's Housing Revenue Account (HRA) Medium-Term Financial Strategy (MTFS) provides an opportunity to examine the financial assumptions that underpin the HRA budget for the current financial year, and sets the scene for the 2019/20 budget within the context of our long-term business plan.

Changes in national housing policy since 2010 have put undeniable pressure on the ability for local authorities to meet the existing and future needs of those who require secure, affordable housing. But, thanks to lobbying efforts from this council and others, including housing associations, charities and the Local Government Association, the government's recent pronouncements signal a welcome move away from some of the most damaging of these policies. For example, the government has promised not to continue with the 1% annual rent cut after 2020, and the Housing Green Paper confirmed its intent to repeal legislation referring to the compulsory disposal of vacant high-value HRA stock.

Nevertheless, other aspects of housing policy are not fully addressed by the Green Paper. It makes no commitment to remove the cap on council borrowing to build new homes, nor does it go far enough on the subject of Right to Buy (RTB) receipts retained by local authorities. Indeed, the government's desire to extend RTB to housing association stock will likely only reduce the net number of homes for social rent in Cambridge and other cities across the country. This council will be making these points, and more, when responding to the Ministry of Housing, Communities and Local Government's consultation.

In spite of these challenges, I am proud that since 2014 this council has delivered nearly 250 new homes for council rent. Furthermore, the council's determination to hold out for a devolution deal for Cambridge which understood the need for more affordable housing to deliver growth led to us being awarded £70 million which, together with RTB receipts, will allow us to build at least 500 new council homes over the next few years.

We are getting on with the job in building these much-needed council homes with the devolution grant, with our current forecast being that the number of starts on site will number a total of 134 units in 2018/19 alone. We remain on course for all the new homes to be built and occupied by 2022 as per the assumptions laid out in the devolution deal.

The council is getting ready for the October start of Universal Credit being rolled out to all existing social security claimants, and over the last few years it has undertaken a significant amount of planning with the Department for Work and Pensions and other agencies like the Citizens' Advice Bureau to ensure any detrimental impact on tenants – and the HRA in respect of rent arrears – is minimised as far as possible.

Elsewhere, the MTFS provides an update on the Housing Transformation Programme, confirming that the council is committed to ensuring the HRA's business plan is deliverable and remains on a sustainable footing, bearing in mind the possible economic turbulence thrown up by Brexit and other factors as alluded to within the report and its appendices.

Councillor Richard Johnson.

Executive Councillor for Housing

Background and Executive Summary

The Housing Revenue Account (HRA) Medium Term Financial Strategy is one of two updates each year of the HRA 30-Year Self-Financing Business Plan, originally approved in February 2012, which updates the position for the HRA.

The report allows the review of key assumptions and consideration of any material change, which may necessitate a change in financial strategy, policy or direction of travel for the business, to ensure a financially viable Housing Revenue Account in future years. Both revenue and capital investment is considered, with the impact of any proposed changes on the HRA Business Plan clearly identified. A review of the strategic risks facing the HRA is presented at **Appendix A**. The HRA Medium Term Financial Strategy re-states the budget for the current year (2018/19), highlighting only significant or exceptional in-year changes for approval, reviews and updates financial assumptions and presents updated projections for an extended period, now covering the following 9 years from 2019/20 to 2027/28, in the context of the longer-term financial position.

The inclusion of 500 new homes, funded largely by Devolution grant, coupled with savings made as part of the Housing Transformation Programme over the last 3 years, project a sustainable position for the HRA over the longer-term. It must be noted, however, that the current forecasts have still been constructed with a number of areas of uncertainty in the housing sector, with the assumptions that 75% of debt will be re-financed, the sale of higher value voids levy will be further deferred and that rent reductions remain for one further year, before being re-introduced at the previously assumed levels of CPI plus 1%. Financial forecasts will be reviewed again as further information is made available to the authority.

Timetable

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

Date	Task
2018	
27 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in recommendations to Council
18 October	Council considers HRA Medium Term Financial Strategy
2019	
16 January	Executive Councillor for Housing considers HRA Budget Setting Report, alternative budget proposals, approves rent levels and sets revenue budgets, considering Housing Scrutiny Committee views, making capital recommendations to Council
21 February	Council approves HRA Budget Setting Report

Section 2

Housing Stock

Housing and Leasehold Stock

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

Housing Category (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2018	Estimated Stock Numbers as at 1/4/2019
General Housing	6,480	6,434
Sheltered Housing	511	511
Supported Housing	22	22
Temporary Housing (Individual Units)	50	50
Temporary Housing (HMO's / EA)	24	24
Miscellaneous Leased Dwellings	16	16
Shared Ownership Dwellings	110	110
Total Dwellings	7,213	7,167

Property Type (Excluding Shared Ownership)	Actual Stock Numbers as at 1/4/2018	Estimated Stock Numbers as at 1/4/2019
Bedsits	99	98
1 Bed	1,672	1,657
2 Bed	2,470	2,453
3 Bed	2,241	2,228
4 Bed	101	101
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	511	511
Total Dwellings	7,103	7,057

Leasehold Stock

At 1st April 2018, the Council retained the freehold and managed the leases for 1,169 leasehold flats.

Housing Stock Changes

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

Year	Opening Stock	RTB's	Other Disposals / Demolitions	Conversions / Other Changes	Acquisitions / New Builds	Closing Stock
2017/18	7,049	(47)	(29)	(1)	131	7,103
2016/17	7,040	(58)	(7)	(1)	75	7,049
2015/16	7,016	(42)	(4)	5	65	7,040
2014/15	7,164	(51)	(109)	(7)	19	7,016
2013/14	7,235	(60)	(45)	1	33	7,164
2012/13	7,280	(41)	0	(6)	2	7,235
2011/12	7,290	(12)	0	0	2	7,280
2010/11	7,364	(17)	(62)	0	5	7,290
2009/10	7,387	(13)	(2)	(8)	0	7,364
2008/09	7,438	(6)	(44)	(1)	0	7,387
Total		(347)	(302)	(18)	332	

Section 3

The National Policy Context and External Factors

External Factors

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

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

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). The last 12 months has seen an increase in the rate, from 2.6% in June 2017 to 3.1% by November 2017, but with this quickly reducing to a level of 2.4% by April 2018, where it remained in June.

The Office for Budget Responsibility (OBR) is currently still predicting a return to the Bank of England's target level for CPI of 2% in the medium-term, with the decline to this level now expected to be more steep than previously assumed, with the potential for a dip below the 2% level before stabilisation.

The negotiations surrounding the UK leaving the European Union, coupled with changes in government at a national level, make it difficult to accurately predict in which direction this indices may actually move in the short or medium term.

With this in mind, forecasts for the rate of base inflation have been amended as part of the Medium Term Financial Review, to 2.2% for 2019/20, 2.1% for 2020/21, then 2% from 2021/22 ongoing (amended from the previously assumed levels of 2.2% for 2019/20, 2.3% for 2020/21 and then 2% on an ongoing basis), to reflect the current view of the Bank of England. This assumption will be revisited again as part of the 2019/20 Budget Setting Report.

The assumptions surrounding building maintenance expenditure inflation are derived from a mix of forecast using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. This recognises that older planned maintenance contracts (TSG) are let as Option C Target Contracts which use the BCIS as an inflation driver, and those let more recently (Fosters) have been let as lump sum priced contracts, instead adopting CPI as the measure of inflation for contract price increases.

The latest projections for the BCIS All in Tender Price Index over the next 4 years are for growth of 0.6% for 2019/20, followed by, 4.1%, 4.2% and 5.8% in the following 3 years. Taking an average of these rates of growth gives rise to an annual increase of 3.68%.

On a similar average basis, the assumptions for CPI over the same period are 2.08%, a difference of 1.6%. 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 0.8% has been incorporated into the business plan forecasts.

Interest Rates

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

In respect of HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board remains, with rates of between 3.46% and 3.53%.

Additional borrowing has been allowed up to the level of the HRA borrowing cap, with headroom of approximately £16m. Any transfer of land between the General Fund and the HRA to allow development, impacts the HRA Capital Financing Requirement, effectively utilising any borrowing headroom which may exist. Therefore any decisions in this regard need to be taken with the borrowing cap in mind.

Announcements in June 2018 confirm the ability for local authorities in areas of high affordability pressure (where market rents are more than £50 per week higher on average than social rents) to bid for permission to increase their borrowing cap to allow the development of new homes in their housing stock. £1 billion of borrowing approval has been announced, with £400 million in 2019/20, £300 million in 2020/21 and £300 million in 2021/22. 50% of this is ear-marked for use by London Boroughs.

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

The external borrowing rate previously assumed for the HRA was 2.8% from 2018/19. Having reviewed the rates currently available from the PWLB for maturity loans with a 30 year duration, and taken into consideration market projections, it is proposed to retain the rate to 2.8%, as part of the HRA Medium Term Financial Strategy, recognising that a certainty rate providing rates at 20 basis points below the standard rate is still available at present.

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

Right to Buy Sales

In 2017/18, 65 right to buy applications were received and recorded, compared with 118 in 2016/17. Only 29 applications have been received in the first 5 months of 2018/19. This seems to confirm that interest has slowed and stabilised, leaning towards the lower levels experienced prior to the housing policy changes and reinvigoration of the scheme that increased interest for a period.

In 2017/18, 47 of the applications proceeded to completion of the sale of the property, compared with 58 in 2016/17. In the first 5 months of 2018/19, 16 sales have completed, supporting the view that interest has slowed and may be stabilising.

It is difficult predict future sales, although the continued lower level of initial interest in the scheme, coupled with the uncertainty in the country at national level, caused by exit from the European Union indicate it may be prudent to retain the assumption of a marginal decrease in sales, with 40 sales in 2018/19, reducing by 5 sales per annum, until 25 sales per annum are assumed from 2021/22 onwards.

Right to Buy Receipts

Still subject to an agreement with CLG allowing the retention of an agreed proportion of right to buy receipts, subject to a set of specific conditions, the authority holds a significant sum for re-investment. Receipts must currently be spent, within 3 years, to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism, with the balance funded from the Council's own revenue resources, borrowing and more latterly £70 million of Devolution Grant.

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

The authority is unable to directly utilise capital receipts from the sale of land and other housing assets, Section 106 receipts or other forms of public subsidy as a form of match funding for retained right to buy receipts.

A Ministry of Housing, Communities and Local Government consultation on the use of receipts from right to buy sales was published in August 2018, with response due by 9 October 2018.

The consultation recognises some of the difficulties experienced by local authorities' in appropriately reinvesting right to buy receipts and is consulting upon the following proposals:

- Extending the spending deadline from 3 to 5 years for receipts currently held, whilst retaining the 3 year timeframe for any future receipts received.
- Increasing the level of right to buy receipts which can be used to finance a new home from the current cap of 30%, to 50% in respect of social rented homes, where authorities meet the eligibility criteria for the Affordable Homes Programme and can demonstrate a need for social housing over other affordable housing.
- Deter the use of receipts for acquisition of existing market homes by limiting the value of an acquisition to the cost of delivery of a new home as determined by Homes England and the Greater London Authority. This would mean a cap on the value of an acquisition for Cambridge City Council of £167,000.
- Allowing right to buy receipts to be used to fund shared ownership homes as well as rented.
- Allowing land held by the General Fund to be transferred to the HRA for the delivery of affordable homes at zero value, but with some suggestion a time limit may be imposed on how long the General Fund will have had to hold the land prior to transfer.
- Consideration of changes to allow transfer of receipts to a Housing Company or ALMO (Arm's Length Management Organisation), subject to some constraints.

- Allowing a 3 month 'interest free' window after each quarter to allow authorities to make decisions about whether to retain or pay over receipts.

The authority will respond to this consultation before the 9 October 2018 deadline.

Appendix C summarises the latest position in respect of both receipts held and re-invested. Significant investment in respect of a recent land acquisition means that sufficient resource has been reinvested to ensure that deadlines are met up to March 2019.

Although further new build expenditure is planned to ensure that future deadlines can be met, the Strategic Director retains a delegation to draw down funds from HRA ear-marked reserves to acquire homes on the open market to ensure that investment is made well in advance of the prescribed deadlines.

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

With funding for HRA housing in Cambridge through the devolution arrangements, the authority has sufficient top up resource to be in a position to retain and reinvest all right to buy receipts allowed under the 1-4-1 retention agreement. The need to invest the resource within 3 years of receipt still remains a key challenge.

National Housing Policy

National Rent Setting Policy

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

After this, the authority is expected to return to the previous national rent policy of increases at CPI plus 1% per annum for a period of 5 years.

In respect of affordable rents, the government has required local authorities to determine what 80% of the market rent would be for a property, and to apply the 1% reductions to this rent level, with the resulting sum being the maximum which a local authority can charge at the end of the 4 year period.

For those properties still charged at the transitional social rents, which are well below target social rent levels, the authority is still expected to increase rents only in void properties to achieve convergence, recognising that the target rents will still reduce by 1% for a further year.

Housing Green Paper

The Ministry of Housing, Communities and Local Government published a green paper 'A new deal for social housing' in August 2018, with responses to the consultation to be submitted by 6 November 2018.

The five key principles in the document are:

- a safe and decent home which is fundamental to a sense of security and our ability to get on in life;
- improving and speeding up how complaints are resolved;
- empowering residents and ensuring their voices are heard so that landlords are held to account;
- tackling stigma and celebrating thriving communities, challenging the stereotypes that exist about residents and their communities; and,
- building the social homes that we need and ensuring that those homes can act as a springboard to home ownership.

The consultation considers a vast number of points, including:

- The introduction of further safety measures in social housing, reviewing the decent homes standard and engaging residents in how to ensure homes are safe
- Improving mediation for residents, ensuring access to the right advice and support, reviewing process for the handling of complaints.
- Reviewing performance reporting requirements and regulation, enhancing resident engagement / leadership, providing residents with more choice.
- Tackling stigma in social housing, providing good neighbourhood management, tackling anti-social behaviour.

- Striking a balance between funding housing associations to *deliver* new homes, and increasing borrowing caps to allow local authorities' to build more, boost community led housing, increase supply of new homes by providing certainty over longer-term funding, support the development of more share ownership homes.

Mandatory Disposal of Higher Value Housing Stock

The Housing and Planning Act 2016 allows Central Government to choose to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value vacant housing stock. This would require secondary legislation to be passed before the policy could be implemented.

Any levy would be expected to vary for each financial year, with the value arrived at on a formulaic basis, after a period of consultation with local authorities, not unlike the old housing subsidy system., it is anticipated that the authority may have some discretion over which assets it disposes of, in order to meet the levy, with periodic payments due throughout each financial year.

Review of the HRA Acquisition and Disposal Policy under an agreed delegation, to ensure that the authority can act to dispose of assets quickly if required, was placed on hold until further announcements were made.

The Housing Green Paper 'A new deal for social housing', indicates a clear commitment from government to revoke the legislation that would allow the levy to be introduced, with the following statement made:

'Therefore to increase councils' confidence to plan ambitious house building programmes, we are confirming in this Green Paper that the Government will not bring the Higher Value Assets provisions of the Housing and Planning Act 2016 into effect. We will look to repeal the legislation when Parliamentary time allows'.

As a result of this, it is not considered appropriate to retain the current assumption that the authority will be required to dispose of assets to meet a levy with effect from April 2019. However, as the announcement currently forms part of a green paper consultation document, and the legislation is yet to be repealed, the assumption has been deferred until April 2020, with our financial modelling now assuming that we do not begin to hold any voids until October 2019. This assumption will be reviewed, and hopefully removed, after the outcome of the green paper is published and the repeal of the legislation is confirmed.

The HRA Medium Term Financial has therefore been constructed on the assumption that the compulsion to sell would require the equivalent of approximately 1.8% of the housing stock each year to be disposed of, representative of just under 130 properties per annum initially, but with payment further deferred until 2020/21, pending confirmation of the outcome of the green paper. Scenario modelling has been undertaken to demonstrate the impact on the HRA of the abolition of this policy, as is now hoped.

Welfare Reforms

Universal Credit

Universal Credit full digital service is being rolled out from 17th October 2018. Recent changes mean that Universal Credit claimants in temporary housing will receive housing cost support in housing benefit and not Universal Credit. Additionally, 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 continues to work with partners and local Jobcentre Plus, including a funded post being available in the Jobcentre from early October to provide Personal Budgeting Support. Whilst there has been low take up via the current referral process, Universal Credit customers are still able to contact Cambridge CAB directly for budgeting advice. 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 and is continuing to support those affected. 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. City Homes officers have been working with tenants to find solutions that work for them.

There are currently 96 capped claims, with 48 being City Homes tenants.

Removal of the Spare Room Subsidy

Numbers of customers affected by the removal of the spare room subsidy is remaining steady with 355 HRA tenants currently affected by the reform. 301 are impacted by a reduction of 14% and 54 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.

Supported Accommodation Review

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

There were three broad proposals:

- 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.

A government press release in August 2018 has confirmed the government's intention to keep funding for supported accommodation within the housing benefit system, and not to implement any of the published proposals.

Support for Vulnerable People

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

The authority has been contracted to deliver both care and support services in extra care housing at Ditchburn Place for many years. The County Council is retendering these services, with the tender process anticipated to be concluded to allow a new supplier to take over from March 2019. The City Council have declined to bid, but in its continued capacity as landlord, will instead work proactively with the new supplier to minimise any impact of the change for residents and staff.

Section 4

Revenue Resources – Rent and Other Income

Rent Arrears and Bad Debt Provision

Rent collection performance has dipped slightly, with 98.5% of the value of rent due, collected in 2017/18, compared with just over 99% in prior years.

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)
31/3/2014	£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
31/3/2018	£779,904	1.96%	£871,620

Performance in the collection of current tenant debt has worsened in 2017/18, with the ongoing impact for residents of the social sector size criteria reduction in housing benefit, the benefit cap and direct payment now having a visible impact. Changes in staffing structures during 2017/18 as part of the Housing Transformation Programme is also thought to have contributed to the increase in arrears, with vacant posts needing to be appointed to and staff being trained in new roles in some areas.

Officers continue to work proactively with all tenants, but particularly those already, or soon to be, affected by the benefit changes, in an attempt to mitigate any further negative financial impact on the Housing Revenue Account. A dedicated Income Management Team is in place to ensure that income recovery is maximised.

Arrears performance will be the subject of renewed focus in the remainder of 2018/19. Following the Housing Transformation Programme, and subsequent restructure across Housing Services, it took longer than anticipated to bring the City Homes Team up to full capacity. With a full staff team in place from the end of quarter 1, the service is now able to focus both on current income management performance and preparation for the full rollout of Universal Credit in October. A full suite of policies and procedures are being rewritten as working practices are reviewed and the Council is recruiting a fixed term Policy and Performance Officer across supported housing and City Homes to support this work.

The Council has a Universal Credit project plan underway working with a number of internal and external partners with a view to:

- Support a smooth transition to support for housing costs via Universal Credit for those currently receiving Housing Benefit and other legacy benefits.
- Improve tenants' budgeting skills
- Reduce levels of personal debt and increase disposable income.
- Assist customers in accessing affordable credit thereby avoiding high cost and illegal money lenders.
- Reduce the number of tenancy terminations by tenants affected by welfare reforms.
- Support online access and digital capability, as UC is an online claim.

Funding incorporated into the Housing Revenue Account budget to meet the anticipated increased costs of rent collection due to welfare reforms is now being utilised, with the planned recruitment of an additional fixed term dedicated Universal Credit Advisor in the Income Management Team to increase capacity to work with affected tenants as quickly as possible once they are impacted by change. There is much evidence to suggest that customers need a hand-holding service in the early stages following the switch to Universal Credit. This role will give the team extra capacity to do this. Aside from supporting new claimants the post will also work with existing claimants experiencing difficulties. The post will initially be a 12 month fixed term contract, with a review at the end of this period.

Consideration is also being given to moving from collecting the annual rent due from tenants over 52 weeks in each year as opposed to the current 48 weeks. Tenants would pay the same sum over the rent year, but would have less to pay in any one week and would no longer benefit from non-payment weeks at Christmas and around Easter. This change would bring the City Council in line with

many other local authorities and housing associations and would be consistent with the way in which Universal Credit will be calculated and paid. The change would however, require a change to our tenancy agreement and tenancy conditions, which would be subject to consultation with tenants.

The collection of former tenant arrears continues to prove challenging, with an increase evident during 2017/18, caused by staff directing attention into managing current arrears. Debt that is not realistically collectable is recommended for write off. Provision is made in the Housing Revenue Account to write off just under 91% of former tenant debt, but a decision to do this is not taken until all avenues for collection have been exhausted.

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

The current annual contribution to the bad debt provision is 1.12% from 2018/19. This assumption has been retained as part of this review. The level of provision for the longer term will be reviewed once the authority has more experience of payment performance locally after the full rollout of Universal Credit.

At 31 March 2018, the total provision for bad debt stood at £1,392,697, representing 84% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2017/18 was £902,193 representing a void loss of 2.39%, compared with £511,864 in 2016/17, representing a void loss of 1.38%.

The significant increase in void loss in 2017/18 was due to a combination of holding vacant flats and bungalows at Anstey Way prior to their demolition and re-build and at Ditchburn Place during refurbishment, coupled with a large number of new build units which were unoccupied for longer than anticipated. The most significant contributor to the high void levels relates to shared ownership housing, with void loss of approximately £266,000 due predominantly to the time taken to sell the initial share in new build shared ownership homes, with many on the Clay Farm site still vacant. Void loss at Ditchburn Place was in the region of £94,000 in 2017/18 due to the planned refurbishment programme, which is still ongoing. £73,000 of the void loss related to Anstey Way, where units were vacant up to the point of hand over for demolition in November 2017.

The option for the HRA to convert difficult to sell shared ownership units at Virido (Clay Farm), to affordable rented homes is being evaluated, but requires obtaining permission from planning and also, as the units were in receipt of grant funding, Homes England. An alternative option is to review the level at which rent is charged for the unsold equity, making the overall monthly costs to the resident lower. Both options will need to be evaluated in terms of their impact on the HRA Business Plan.

A significant amount of work has been undertaken to review the void and lettings processes as part of the Housing Transformation Programme, with the business process reengineering resulting in an extensive action plan, which has been, and is being, implemented across the service. Once fully rolled out, it is anticipated that there will be tangible improvements in the void times for general voids, although it must be recognised that there will always be the impact of management voids caused by decisions such as redevelopment of a housing estate.

Although longer-term an assumption of 1.0% voids is still considered realistic, recognising the reduction in void times anticipated as part of changes in void process, it needs to be recognised that there will be a continued higher incidence of void activity whilst the Ditchburn Place refurbishment continues, other new build development sites come forward and until the shared ownership unit at Clay Farm are sold, or converted to rented and let. It is therefore proposed to increase this assumption in the short-term to 2% in 2018/19 and 2019/20.

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 2019, the authority is required to apply the final year of a four year rent cut in social housing rents of 1% per annum.

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

reviewed in line with the Local Housing Allowance each year, ensuring that they do not exceed 80% of what is deemed to be market rent, less the impact of 4 years of reducing this by 1%.

From April 2020 the authority is 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, for five years, after which in the absence of any formal announcement, the assumption is a return to inflation plus 0.5% from April 2025.

Rent Restructuring

Property specific target social rents under the rent restructuring regime still apply, with targets to reduce by 1% from April 2019 in line with the requirement to reduce social housing rents by 1%.

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

The average target 'rent restructured' rent at the start of 2018/19 across the general housing stock was £102.76, with the average actual rent charged being £98.69, both recorded on a 52 week basis. By April 2018, 20.8% of the social rented housing stock was being charged at target rent levels, compared with 21.1% in April of the previous year, with the slight reduction in convergence with target due to sale or demolition of more property that may have been at target and separating out some residual service charges in 2017/18.

The gap between actual and target rent levels in the general housing stock now equates to an annual loss of income of approximately £1,439,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement, where convergence was anticipated well before now.

There were 295 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at 1st April 2018, compared with 173 in April 2017.

Reserves

Housing Revenue Account General Reserves

Reserves are held to help manage risks inherent in business operation, financial forecasting and budget-setting. Risks include changes in inflation and interest rates, unanticipated service demands,

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

The impact on HRA reserves for 2017/18, and 2018/19 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	2017/18 £'000	2018/19 £'000
Opening General HRA Reserves	(10,178)	(9,018)
Changes in HRA Reserves		
Original Budget (Approved in February)	2,317	(3,281)
Carry Forwards (Approved in June)	545	699
MTFS Mid-Year Review (Approved in October)	(367)	209
Budget Setting Report Revised Budget (February)	(53)	-
Estimated Closing General HRA Reserves	(7,736)	(11,391)
Actual Outturn variance for the Year (Reported in June)	(1,282)	-
Contribution from Ear-Marked Reserves	-	-
Actual Closing General HRA Reserves	(9,018)	-

The original budget for 2018/19 approved a net contribution to general reserves of £3,280,730, incorporating a revenue contribution of £502,530 to fund capital expenditure and set-aside of £4,472,200 for potential debt repayment or re-investment.

The financial projections incorporated into this report include the effects of changes in capital scheme approvals and resources, approved carry forwards from 2017/18, changes in anticipated interest due for 2018/19 based upon revised cash balance assumptions and changes in the bad debt provision due to increased arrears levels. Changes are also incorporated to reflect an in year saving to recognise the early termination of the lease at the south area housing office, more than offset by inclusion of resource to undertake stock condition surveys, to begin the installation of heat detectors in all general housing and to fund a housing officer dedicated to securing vacant possession on any HRA redevelopment sites.

The final general HRA reserves position reported at 31 March 2018 was £9,018,370.

The revised projection of the use of general reserves in the current year (2018/19) now indicates that there is expected to be a net contribution to reserves of £2,372,470, which would leave a balance of £11,390,840 at 31st March 2019.

There is now a proposed use of £597,320 of direct revenue financing of capital expenditure in 2018/19 and nothing in 2019/20. This is lower than previously anticipated due to the assumption that devolution grant is used to match retained right to buy receipts at every opportunity and that receipts from the sale of shared ownership homes are also available for reinvestment.

Earmarked Funds

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

Section 5

Detailed Review of Revenue Budgets

Housing Transformation Programme

In response to the financial pressures faced, or anticipated to be faced by the HRA, the Fundamental Review of Housing delivered an initial tranche of savings from 2016/17, with the Housing Transformation Programme approving a second and third tranches of significant revenue savings from April 2017 and April 2018.

The majority of the savings offered as part of the Housing Transformation Programme have now been delivered in full, with termination of lease for the south area office, one of the delayed items to be completed, taking place in March 2018. The financial impact of having not been able to identify a suitable sub-tenant for the office (approximately £108,000 per annum, including rent, insurance, business rates, health and safety expenditure and utilities) had been taken account of in the financial forecasts for the HRA, recognising that the authority may need to meet these costs until December 2020. The short-term funding can now be removed as part of this HRA Medium Term Financial Strategy and business plan update.

Areas where further work is still required to ensure delivery of the savings agreed include the proposed reduction in void times, anticipated to generate higher rental income levels, the review of rechargeable repairs to ensure greater cost recovery and the increase in fee income anticipated from broadening the work of the Major Projects Team. The latter has been addressed in part as a result of the internal construction of homes at Uphall Road in 2017/18 and the planned construction of homes in Kendal Way in 2018/19.

The Housing Transformation Programme continues in 2018/19, with a number of service areas identified for consideration, with the key aim of ensuring that the authority is best placed to respond to changes in the economy and in national housing policy whilst still meeting the needs of the most vulnerable. Some workstreams have been deferred to later years for business reasons.

The work streams being considered as part of the 2018/19 programme include:

- Stock Condition Survey (subject to approval of funding for external consultancy)
- Section 20 Works and Cost Recovery (review by HQN commissioned)
- Review of Land Audit
- Identification of external communal works on estates (surveys in progress, with some early recommendations)

The work streams deferred until 2019/20 include:

- Response Repairs Standards and Rechargeable Repairs (deferred to fit with implementation of new Housing Management Information System in 2020).

Recommendations resulting from the above 2018/19 work streams will be presented to Housing Scrutiny Committee where appropriate, with any detailed resulting budget proposals to be incorporated as part of the 2019/20 budget process and included in the 2019/20 HRA Budget Setting Report.

2018/19 Mid-Year Budget Changes

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

For 2018/19 there is the need to recognise and approve the following changes in the HRA mid-year:

- Inclusion of £100,000 in 2018/19 to undertake stock condition surveys
- Following early termination of the lease for the south area office, removal of the budget for the rent and running costs with effect from April 2018 as opposed to January 2021 when the lease was expected to terminate naturally.

- An increase in the 2018/19 contribution to the bad debt provision, recognising the marked increase in rent arrears by the end of 2017/18 and the marginally lower level of rent collected as a proportion of rent due.
- Inclusion of funding for an additional Housing Officer for a period of 5 years to address the additional specialist workload associated with the consultation, communication, negotiation and administration of relocating tenants and buying out leasehold dwellings on HRA redevelopment sites. Funding to be incorporated from October 2018 onwards.
- Inclusion of revenue funding in the planned maintenance programme of £781,320 (£100,000 in 2018/19, £340,000 in 2019/20 and £341,320 in 2020/21) to allow for the programmed installation of heat detectors in all general housing properties, where they do not already exist, in line with those installed in new build homes, as described in more detail in Section 6 of this report.
- A marginal increase in the amount of interest that the HRA will expect to pay on notional internal borrowing in 2018/19 due to an increase in the HRA Capital Financing Requirement (CFR), and therefore in the level of notional internal borrowing. This is due entirely to the need to appropriate the value of the affordable housing element of the land at Mill Road to the HRA.
- An increase in the anticipated interest received on cash balances for 2018/19, as although the interest rate assumptions are only marginally amended, the level of balances held is higher due to underspending in 2017/18, re-phased capital expenditure and increased sales receipts.

These changes are detailed in **Appendix D**, and are incorporated into the HRA Summary Forecasts at **Appendix G (1)** and **Appendix G (2)**

Section 6

Capital and Planned Revenue - Existing Stock

Stock Condition / Decent Homes

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

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2018 at 95%, compared with 97% achieving the desired standard at 31 March 2017. There were 341 properties that were considered to be non-decent (in addition to refusals), with another 200 to 250 estimated to become non-decent during 2018/19.

Stock Investment

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

The assessment of fire risk has been reviewed and as a result we have identified some opportunities to increase the level of fire protection in flatted accommodation above the level of compliance it already achieves. This includes funding for fire door replacements should any be required once the government finishes its fire door safety testing programme.

A work programme is being developed to introduce measures which will improve early heat detection for fire prevention purposes and to protect means of escape. Funding has been incorporated into the

Housing Revenue Account as part of this Medium Term Financial Strategy in preparation for this. A capital budget of £432,000 has been incorporated into the Housing Capital Investment Plan plus associated fees and overheads (£148,000 in 2018/19 and £284,000 in 2019/20 plus associated fees and overheads) to fund internal fire doors, windows and emergency lighting in a small proportion of the housing stock and a revenue budget of £781,320 (£100,000 in 2018/19, £340,000 in 2019/20 and £341,320 in 2020/21) to allow for the programmed installation of heat detectors in all general housing properties in line with those now installed as standard in new build homes.

The current HRA Business Plan and resulting Housing Capital Investment Plan remain constructed on the basis that a partial investment standard is retained in the housing stock, reduced previously as part of the Fundamental Review of the Housing Service.

It is considered appropriate that a strategic review of planned investment in our housing stock be undertaken in 2019/20, once findings from the stock condition survey exercise are available, recognising that the longer-term investment need in HRA assets has not been updated for some time. It should be recognised that any increased investment need in the existing housing stock would have a direct impact on the resource available for other areas of the programme, such as the delivery of new homes. A further reduction in investment levels over the longer-term, particularly quantifying the impact of a return to the basic decent homes standard, may conversely provide greater flexibility to respond to any increased financial pressure that the HRA faces.

From a delivery perspective planned maintenance investment is currently broadly split between two main contractors, with Fosters responsible for the delivery of the majority of external planned works to the housing stock, blocks and estates, whilst TSG deliver the majority of internal planned investment. The contract with Fosters runs until September 2021, with the potential to extend for a further 3 years, and with TSG until October 2019, with the potential to extend by a further 3 years.

Appendix H provides detail of the revised 10-Year Housing Capital investment Plan, and incorporates the following items in relation to existing stock:

- Expenditure as approved in the HRA Budget Setting Report in February 2018.
- Re-phasing of expenditure anticipated to take place in 2017/18, into 2018/19 and beyond, as approved in June / July 2018.
- Inclusion of £432,000 plus associated fees and overheads (£148,000 in 2018/19 and £284,000 in 2019/20 plus associated fees and overheads) for identified fire safety works

across the housing stock, to meet the capital costs of enhanced internal fire doors, windows and communal and emergency lighting in a small proportion of the housing stock.

- Inclusion of £1,000,000 for 5 years from 2019/20 to undertake the prioritised estate investment arising from the external estate and common parts surveys. This budget will include capitalisation of programme design and staff costs, where staff are required to project manage this programme.
- Adjustment to the budget for new build decent homes works in line with changes in their delivery profile (as detailed in **Appendix E**).
- Re-allocate £2,500,000 of the inflation held in 2018/19 across the following 5 years to allow for the anticipated impact of re-basing the decent homes budget and other investment in the housing stock following the stock condition survey findings and subsequent update of the asset management system with the latest contract information and prices.
- Virement of £651,000 between the budget heads for communal areas and wall structures, to allow some external works to flatted blocks (as detailed in **Appendix E**).

Section 7

Capital & Asset Management – New Build & Re-Development

Asset Management

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

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

During 2017/18, the HRA acquired 21 properties on the open market in order to appropriately reinvest right to buy receipts, including a block of 12 flats and maisonettes in Tuscan Court and 2 properties as part of re-development decisions. The properties at Tuscan Court have undergone some reconfiguration and decent homes investment, but are now nearing completion and letting.

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

Acquisition / Disposal	Comment	Status
188 Kendal Way	3-bedroom house currently owned by the County Council approved for acquisition (linked to 12 Mortlock Avenue)	In progress, due to complete in September 2018
12 Mortlock Avenue	3-bedroom house currently leased to the County Council approved for disposal to the County (linked to 188 Kendal Way)	Completed
101 Gwydir Street	Bedsit in need of significant investment sold on the open market	Completed

New Build & Re-Development

General Approach

All new build housing in the HRA is now delivered through the Housing Development Agency (HDA), who project manage the sites. There are a number of options for the delivery of new homes. One option for HRA sites is to lease the site to the Cambridge Investment Partnership (CIP), a limited liability partnership (LLP) with Hill Investment Partnerships Limited, and purchase any affordable housing built through an Affordable Housing Agreement. This route is also adopted for General Fund sites where an element of affordable housing is offered for sale. Alternatively, the HRA can contract directly with a builder / developer for a site or package of sites, following a competitive process, delivering the housing under a JCT build contract or similar or can build out sites in-house, deploying the existing workforce in the Major Projects Team in the Estates and Facilities service area.

Where the Cambridge Investment Partnership lease a site, they will design and price the delivery of new build housing to the HRA, to include build cost, fees (architects, etc) and their fee for effectively project managing both the supply chain and the delivery of new homes. Some staff time for the H.D.A team is therefore charged directly to CIP as part of the CIP Investment Team costs. The H.D.A will continue to charge a fee for its role in the detailed project management for the delivery of new homes from the Council's perspective, but the fee will be lower, recognising the proportion of the team being funded by the Cambridge Investment Partnership, as part of the wider Investment Team. It is proposed that the fees charged by the H.D.A are reviewed as part of this Medium Term Financial Strategy, recognising both the increased level of input into schemes which are currently being delivered and that where the HRA owns the site, there is no land value associated with the scheme to attract fees. Typically, a 2% fee may be charged as a fee for a site including the associated land value, so for an HRA site where there is no land value, a higher fee is required to provide the same level of income to the Housing Development Agency. The proposed level of H.D.A fees for schemes approved from September 2018 onwards are:

- HRA housing schemes delivered using CIP – 2%
- HRA housing schemes delivered by H.D.A directly – 3%
- 1% addition to be added to each of the above if scheme includes re-development or community facility provision

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

Some of the HRA sites incorporate an element of re-development and therefore re-provision of existing homes, usually with the density of the new site being significantly increased. This iteration of the HRA Business Plan incorporates scheme specific budget for the redevelopment of one further HRA housing site and ear-marks fund for the potential to draw down resource for a second HRA redevelopment site, in line with the addition of this site to the 3 year rolling programme. This will allow for re-provision of existing homes alongside those built with devolution grant and retained right to buy receipts as these sites are built out or are brought forward for scheme specific decision. Resource is also ear-marked in the Housing Capital Investment Plan for other potential sites to be brought forward, allowing this resource to be vired to specific scheme budgets once scheme specific approvals are presented for decision.

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

Funding for schemes is a mix of retained right to buy receipts, Devolution Grant of up to £70,000,000 and HRA resources.

New Build Schemes Completed

At the time of writing this report 317 new or re-provided homes had been completed since April 2012, of which 36 were shared ownership homes.

The following table details the new build schemes 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%
Scholar's Court, Homerton	December 2016	39 (10 Shared Ownership)	RTB & Sales Receipts	40%
Virido, Clay Farm	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%
Uphall Road	February 2018	2	RTB Receipts & Devolution Grant	
Fulbourn Road	February 2018	8	RTB Receipts	100%
Hawkins Road	April 2018	9	RTB Receipts	100%
Total		317 (incl. 36 Shared Ownership)		

The HRA has now taken handover of the entire package of sites contracted for delivery by Keepmoat.

New Build Schemes on Site

Following completion of the remaining new build sites delivered by Keepmoat, attention is now focused on the new delivery routes, with schemes being brought forward by the Cambridge Investment Partnership, the in-house team and by newly appointed build contractors for some sites.

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

Scheme	Approved (Indicative) Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved	RTB Receipt / Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Mill Road	91	91	19,155,500	(5,746,650)	(13,408,850)	0
Total Due	91	91				

New Build Schemes in Pipeline

There are a number of sites which have scheme specific approval, or where scheme specific approval is sought as part of this committee cycle, but at the time of writing this report, were not on site. These schemes include expansion of the General Fund site at Mill Road, where a larger proportion of the site is now to be developed for housing, development of a site acquired at Cromwell Road, re-development of existing housing at Colville Road and the creation of two additional flats in the old day centre at Ditchburn Place.

Scheme	Approved Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Nun's Way / Cameron Road	7	7	1,945,000	(583,500)	(1,361,500)	0
Wiles Close	3	3				

Scheme	Approved Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Tedder Way	2	2	389,000	(116,700)	(272,300)	0
Kendal Way	2	2	357,000	(107,100)	(249,900)	0
Queensmeadow	2	2	582,520	(174,750)	(407,770)	0
Wulfstan Way	3	3	827,430	(248,230)	(579,200)	0
Anstey Way	56	29	11,391,170	(1,811,510)	(3,398,910)	6,180,750
Ventress Close	15	13	3,450,270	(721,580)	(1,683,670)	1,045,020
Akeman Street	14	12	4,118,680	(1,044,130)	(2,436,320)	638,230
Colville Road Garages	3	3	866,350	(259,900)	(606,450)	0
Markham Close	5	5	1,013,520	(304,060)	(709,460)	0
Gunhild Way	2	2	585,720	(175,710)	(410,010)	0
Kingsway	4	4	410,000	(123,000)	(287,000)	0
Ditchburn Place	2	2	332,000	(99,600)	(232,400)	0
Cromwell Road	Up to 118	Up to 118	25,099,770	(7,529,930)	(17,569,840)	0
Mill Road II	Up to 25	Up to 25	5,287,500	(1,586,250)	(3,701,250)	0
Total Due	Up to 263	Up to 232				

In addition to schemes with, or seeking approval as part of this committee cycle, there are a number of potential sites which are currently in the feasibility stages. The table below provides an indication of the number of homes which are anticipated to be delivered on these sites:

Scheme	Potential Affordable Housing Units	Gain in Affordable Housing Units
5 x Potential Sites	249	204
Total Due	249	204

Where the budgets for existing specific schemes are being proposed for amendment as part of this Medium Term financial Strategy 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	Reason for Change	Latest Budget Approval	Original Estimated Units	Revised Budget Approval	Revised Estimated Units
Anstey Way	Final costs from Affordable Housing Agreement	11,561,210	54	11,379,510	56
Markham Close	Final planning application for 5 units as opposed to 4	855,190	4	1,013,520	5

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

The Housing Capital Investment Plan also ear-marks funding for potential sites, to ensure that resource is available and budget is approved to allow draw down when a scheme is brought forward for scheme specific approval.

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

Scheme	Site Type	Status	Potential New Build Units
Nuns Way / Cameron Road	Garage and In-fill	Planning approved	7
Wiles Close	Garage	Planning approved	3
Tedder Way	In-fill	Awaiting planning	2
Kendal Way	In-fill	Planning approved	2
Queensmeadow	In-fill	Planning approved	2

Scheme	Site Type	Status	Potential New Build Units
Wulfstan Way	In-fill	Pre-planning	3
Anstey Way	Existing Housing	Planning approved	56
Ventress Close	Existing Housing	Pre-planning	15
Akeman Street	Existing Mixed Use	Pre-planning	14
Colville Road Garages	Garage Site	Pre-planning	3
Markham Close	Garage Site	Awaiting planning	5
Gunhild Way	Garage Site	Awaiting planning	2
Kingsway	Commercial	Pre-planning	4
Ditchburn Place	Community Facility	Design Stage	2
Cromwell Road	Commercial	Outline planning	Up to 118
Mill Road II	Council Depot	Pre-planning	Up to 25

The budget required for the schemes in the table above may change as planning negotiations progress and the work is priced in detail. If detailed feasibility costs are not available, sums have been ear-marked in the Housing Capital Investment Plan at the level of £200,000, plus H.D.A fees and stamp duty, if applicable.

Ditchburn Place

The Council has re-acquired the day centre at Ditchburn Place which was leased to the County Council on a long lease, but no longer operational. As an extension of the existing refurbishment and re-development contract at Ditchburn Place, it is proposed that the day centre is converted into 2 additional extra care flats. Resource has been incorporated into the Housing Capital Investment Plan to allow this to proceed.

Mill Road (Phase II)

Following confirmation that the YMCA will not re-locate to new premises planned to be built on the Mill Road site, the land holding is now being considered for housing development, to deliver additional market and affordable housing. A second phase scheme at Mill Road has been incorporated into the

Housing Capital Investment Plan, assuming that up to a further 25 affordable homes could be built on the land, subject to design and planning. Officers will need to explore the correct accounting treatment for the purchase of the resulting dwellings from CIP, or for the transfer of this additional land to the HRA. Any implications will be addressed in the HRA Budget Setting Report in January 2019.

Cromwell Road

The authority has acquired a parcel of commercial land off Cromwell Road in Cambridge with outline planning permission in place for 245 new homes (40% to be affordable homes), with the acquisition costs met 40% by the HRA and 60% by the General Fund. It is anticipated that this land will be leased to the Cambridge Investment Partnership for redevelopment, with the HRA acquiring the affordable housing delivered on the site. The land assembly costs (land acquisition and stamp duty land tax) have been included against the specific scheme in the Housing Capital Investment Plan, with funding for the development of the affordable housing also ear-marked against the scheme in line with the report to be presented to Housing Scrutiny Committee in this committee cycle. A detailed planning application will need to be submitted, with options for more housing, or a different housing mix, being explored as part of this process, and as such the funding incorporated allows for up to 118 affordable homes to be acquired by the HRA should this be required.

Campkin Road (Phase II)

Approval is sought in this committee cycle, to include the re-development of the second phase of the Campkin Road site in the 3 year rolling programme. If brought forward as a scheme specific report to Housing Scrutiny Committee, the resource for the scheme would be vired from the unallocated new build budget against this scheme.

General Fund Sites

For the HRA to consider acquiring the affordable housing on any General Fund sites which are taken forward for development purposes there will be the need to consider the impact of the transfer of land between the General Fund and the HRA and any resulting impact of the HRA Capital Financing Requirement. Any increase in this reduces the level of borrowing headroom available to the HRA. If General Fund sites are built out using the Cambridge Investment Partnership, and it is the intention of the Council to exercise the break clause in a lease in order to acquire the affordable homes, it is considered necessary for this land to be appropriated between the General Fund and the HRA at existing use value prior to lease to the Cambridge Investment Partnership.

This may change as a result of the current government consultation, where General Fund land may in future be allowed to be transferred to the HRA at nil cost. The impact of this on the General Fund, however, would need to be fully quantified.

Capital Programme

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

- Expenditure as approved in the HRA Budget Setting Report in February 2018.
- Re-phasing of expenditure anticipated to take place in 2017/18 into 2018/19 and beyond, as approved in June / July 2018.
- Re-allocation of new build budget between the unallocated / generic new build budgets and individual scheme specific budgets, in line with approvals to proceed with schemes at Ditchburn Place, Mill Road Phase II and Cromwell Road, recognising the latest financial sums approved for investment.
- As part of this HRA Medium Term Financial Strategy, approval to re-phase budgets in respect of the 2015/16 garage sites (Nuns and Cameron, Wiles, Tedder and Kendal), Queensmeadow, Wulfstan Way, Colville Road Garages, Anstey Way, Akeman Street, Ventress Close, Mill Road, Gunhild Way and Markham Close is being sought.
- Approval for removal of the budget for the site at Hills Avenue, where site constraints make delivery of a single new home cost prohibitive.
- Approval to reduce the budget for Anstey Way in line with the final purchase price agreed in the Affordable Housing Agreement.
- Approval to increase the budget for Markham Close, recognising that the planning application submitted is for 5 units and not the original 4 units considered possible on the site.
- Inclusion of a budget of £10,000,000 per annum from 2022/23 for the continued delivery of new build housing once the initial devolution funding has been exhausted. The government has, however, indicated that there may also be longer-term funding available through the devolution programme which would allow the authority to continue to re-invest ongoing retained right to buy receipts locally.

- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, grants, revenue funding of capital expenditure and borrowing requirements.

Section 8

Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget for 2019/20 will incorporate the outcome of work carried out as part of the Housing Transformation Programme. The budget process itself will remain broadly similar to that for previous years in terms of timing and detailed administration, but will be carried out within the Council's new Financial Management System, T1.

Assuming that all savings identified for 2018/19 are delivered in full over the longer-term the net savings target required for the HRA was over-achieved by £225,000 when the HRA Budget Setting Report was approved in January / February 2018.

Work undertaken to date as part of the Transformation Programme and the incorporation of Devolution Grant has put the authority in a good position to respond to the impact of the changes in national housing policy that have been implemented over the last 3 years, and paves the way to respond to anticipated further changes. The robust approach to financial management for the HRA, where efficiencies are sought wherever possible, also enables strategic re-direction of resource into other areas of investment, such as new build housing, if all of the financial pressures are not as originally anticipated.

Some of the changes in assumptions made as part of this update of the HRA Business Plan, have a positive impact for the HRA, including further deferral of the assumption about when the sale of higher value voids levy may be introduced pending formal confirmation that it will not be introduced at all, a reduction in the assumption for inflation in 2020/21 and a reduction in the inflation assumption driven by the BCIS indices. Other changes in assumptions result in a negative impact, with an increase in the level of void in the short term and an increased level of arrears and therefore bad debt provision, due to welfare reform.

As the net impact of these changes improves the current outlook for the HRA, this report proposes a budget strategy where efficiency savings are sought to ensure that value for money can be demonstrated and that tenants and leaseholders continue to receive services at the best price possible, whilst also incorporating a strategic investment fund, which will allow re-direction of resources into key areas of the Housing Service to meet the challenges that providers of affordable housing are facing. A commitment is given to review this again during 2019/20, as part of the 2019/20 HRA Medium Term Financial Strategy

The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2019/20 budget bids and savings process, to ensure that these can be weighed up against any strategic re-investment proposed.

For 2018/19 the HRA Medium Term Financial Strategy incorporates changes in the anticipated interest earned in year from a revenue perspective, recognising that the opening balances at the start of the year were higher than anticipated, adjusts the anticipated contribution required to the bad debt provision based upon recent increase in arrears levels, defers assumptions about the higher value vacant homes levy, reviews the delivery timetable of new build homes and proposes some changes in operational budgets. Also incorporated are changes in the capital programme in respect of the budget now required for specific new build schemes, adjusted as they reach the next milestone in the development process. Longer-term, budgets for non-scheme specific new build investment or strategic acquisitions are incorporated, ensuring that they are above the level of investment required to avoid paying any retained right to buy receipts to Central Government, instead ensuring they are re-invested in the locality.

Approach to HRA Savings

The Housing Transformation Programme originally incorporated a target level of savings of £1,000,000 per annum for 2017/18 and 2018/19, with no savings target incorporated from 2019/20 onwards, but only the adjustment in respect of repairs expenditure in line with estimated stock changes was maintained.

Following the inclusion, as part of the HRA Budget Setting Report in January 2017, of 500 new homes funded utilising Devolution Grant, the savings target for 2018/19 was reduced to £250,000, with no further savings assumed from 2019/20. No savings target was incorporated for 2019/20 when the 2018/18 budget was approved in January / February 2018.

Following review of the assumptions in the HRA business plan as part of the Medium Term Financial Strategy, it is recommended that a savings target is reintroduced, but in the form of an efficiency target. It is also proposed to include a corresponding strategic reinvestment fund.

The inclusion of a 4% of general management and repairs administration expenditure (£130,000 per annum) efficiency target is considered prudent in light of continued uncertainty in some areas of national housing policy, and may allow resource to be identified for strategic reinvestment in other areas of the housing service. The continued uncertainty does not mean that some of the national changes proposed that would negatively impact the HRA won't materialise at all, and inclusion of an efficiency target, and an associated strategic reinvestment fund ensures that the authority is best placed to respond to change, but avoids the authority cutting services too severely, too soon. The authority will need to review and evaluate its position for 2020/21 onwards, once there is clarity at a national level.

The assumption that repairs expenditure is adjusted in line with any stock changes is also retained.

Inclusion of strategic reinvestment funding of £130,000 per annum, funded from any efficiency savings identified, for a 5 year period, beginning in 2019/20, allows the authority to either redirect resource into key areas or alternatively to hold off in the event of financial pressure, allowing the efficiency savings identified to contribute to an overall reduction in HRA expenditure in response to any national policy announcements. There is also the option in any one year, if efficiency savings are not identifiable, to waive any strategic reinvestment, thus negating the need to make savings which may detrimentally impact the delivery of key housing services.

At this stage, pending the outcome of a review of the self-financing debt, the assumption that the authority attempts to set-aside resource for the repayment of up to 25% of the housing debt by the point at which the loan portfolio begins to reach maturity, is retained. The authority has deferred this review, and will reconsider its approach to debt set-aside once legislation around the sale of higher value vacant homes levy has been repealed.

As part of the 2019/20 budget setting process, any areas of new revenue investment, will need to be offset by the identification of savings or increased income generation elsewhere across the HRA.

With Devolution Grant incorporated into financial plans, there is sufficient resource available to match fund retained right to buy receipts with the 70% of additional investment required. The key challenge

remains the ability to bring forward enough new build housing in quick enough timeframes to allow both the investment of these resources and to meet the expectations of the Combined Authority in respect of delivering the 500 homes promised as part of the Devolution Deal.

Failure to invest the retained right to buy receipts within the required 3 year timeframe will still carry the penalty of paying them to central government with interest currently at 4.5%, calculated from the quarter in which they were originally received.

The position will be reviewed again as part of the January 2019 HRA Budget Setting Report, with a view to maximising investment in new homes, maintaining service delivery in key statutory areas and protecting services for the most vulnerable, whilst also ensuring that the existing housing stock is maintained to the latest standards.

Base Assumptions

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

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

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

Appendix G summarises the revenue budget position for the HRA for the period between 2018/19 and 2027/28, based upon inclusion of the amended financial assumptions that form part of the update to the Self-Financing Business Plan.

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

HRA MTFS Conclusions

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

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

Following issue of the Housing Green Paper, the introduction of the sale of higher value voids levy is now looking very unlikely to happen, but at present the assumption that it is deferred has been cautiously made, in advance of any formal response to the consultation or repeal of the legislation. Abolition of the policy altogether has been modelled as one of the sensitivities to demonstrate the significant impact this change would have on the financial projections for the HRA.

Delivery against some of the key assumptions is critical to the success of the housing business plan, with the assumption of a return to rent increases at CPI plus 1% for five years from April 2020 being one of the critical assumptions included. Having received national confirmation of this provides a degree of certainty in this regard.

A key risk remains the still unquantifiable impact of the full rollout of Universal Credit, with the authority implementing an action plan in an attempt to mitigate the impact initially being felt, and the increasing impact anticipated.

Another key risk is the authority's ability to invest retained right to buy receipts within the timescales, despite now having devolution grant to provide the 70% match funding for these. The acquisition of a large land site in June 2018 has mitigated the risk to the authority in the short-term, but expenditure on the delivery of new homes during the latter part of 2018/19 and early 2019/20 is critical to ensure that any penalty is well avoided. The time taken to obtain the relevant approvals, secure vacant possession and take sites forward remains longer than is ideal in the context of the 3 year right to buy penalty regime.

Although delivery of significant savings in the short to medium term is not critical to the success of the business plan, the inclusion of an efficiency target, offset by a corresponding strategic reinvestment fund is considered to be a prudent approach to ensuring that resources are targeted to the areas that most need them, and that flexibility is maintained to allow response to national housing policy change.

Appendix A

Key Risk Analysis

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>	<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
<p>Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level</p>	<ul style="list-style-type: none"> • Decisions taken in the context of a business plan which recognises the uncertainty. Savings taken have impacts exemplified to ensure impact is mitigated
<p>Funding is not identified to meet the costs associated with changes in statutory requirements</p>	<ul style="list-style-type: none"> • 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
<p>HRA Debt Settlement could be re-opened by Government (or not re-opened when changes dictate that it should)</p>	<ul style="list-style-type: none"> • The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies
<p>Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p>	<ul style="list-style-type: none"> • 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
<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 replaced</p>	<ul style="list-style-type: none"> • Project Board for system replacement are aware of the potential need for changes to IT systems and have discussed this with suppliers as part of the tender process • Fixed term tenancies may now not be imposed, depending upon outcome of Housing Green Paper

Risk Area & Issue arising	Controls / Mitigation Action
HRA 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
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 investment, project on time etc.</p> <p>Value for money in terms of investment in new build homes is challenged</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 case 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 • Council adopts a mix of delivery vehicles • Council employs cost consultants to demonstrate price comparability with the local market

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 • Council seeks to influence national settlements and legislative changes through response to formal consultation
<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"> • Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
<p>Rent income is under-achieved due to a major incident in the housing stock</p>	<ul style="list-style-type: none"> • Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
<p>Changes to the right to buy rules and pooling regulations result in a n increase in the 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 vale is known • Retain capital receipts realised in advance of the levy in anticipation of the need for them • Await repeal of legislation to confirm that levy will not now be introduced

Appendix B

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2.2% for 2019/20, 2.1% for 2020/21, and 2% ongoing	General inflation on expenditure included at 2.2% for 2019/20, falling to 2.1% for 2020/21, and then 2% ongoing, per Bank of England forecasts.	Amended
Capital and Planned Repairs Inflation	3% for 2019/20, 2.9%, then 2.8%	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 kept under review to ensure sufficient resource is available.	Retained
Pay Inflation	1.5% Pay Progression & Pay Inflation for 2019/20 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% in 2019/20, then CPI plus 1% for 5 years, then CPI plus 0.5% from 2025/26	Rent decreases of 1% per annum in line with government guidelines from 2016/17 to 2019/20, then CPI plus 1% for 5 years, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Affordable Rent Review Inflation	CPI for 2019/20, 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	Void Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	1.2%, 1.25%, then 1.3% ongoing	Interest rates based on latest market projections, including the impact of additional CCLA investment.	Amended

Key Area	Assumption	Comment	Status
Internal Lending Interest Rate	1.2%, 1.25%, then 1.3% ongoing	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund longer-term.	Amended
External Borrowing Interest Rate	2.8%	Assumes additional borrowing using Capita predictions of PWLB rates, currently 2.8%.	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
Right to Buy Sales	40, 35, 30, then 25 sales ongoing	An uncertain economy expected to result in a marginal decline in activity. Assume 40 for 2018/19, reducing to 35 in 2019/20 then by 5 sales per annum, until 25 are assumed ongoing.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	2% for 2018/19 and 2019/20, then 1% ongoing	Assumes 2% in 2018/19 and 2019/20, reducing to 1%, from 2020/21, recognising refurbishment works and improved void processes longer-term	Amended
Bad Debts	1.5% from 2018/19 ongoing	Bad debt provision increased to 1.5% from 2018/19 reflecting experience in 2017/18 and the requirement to collect 100% of rent directly more widely from October 2018.	Amended
Savings Target	£130,000 (4% of general and repairs administrative expenditure)	Re-introduce an efficiency target of £130,000 from 2019/20 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change.	Amended
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
Strategic Investment Fund	£130,000	Housing Strategic Investment Fund included from 2019/20 for 5 years.	Amended

Appendix C

Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
30/06/2014	1,053,196.82	6,836,681.43	22,788,938.10	30/06/2017	26,191,061.10	7,857,318.33	0.00	0.00
30/09/2014	517,057.26	7,353,738.69	24,512,462.30	30/09/2017	27,431,802.53	8,229,540.76	0.00	0.00
31/12/2014	1,004,106.23	8,357,844.92	27,859,483.07	31/12/2017	29,733,442.31	8,920,032.69	0.00	0.00
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018	34,063,317.03	10,218,995.11	0.00	0.00
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018	44,961,870.46	13,488,561.14	0.00	0.00
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018			-	-
31/12/2015	857,169.10	11,544,304.47	38,481,014.90	30/12/2018			-	-
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.78	31/03/2019			-	-
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.89	30/06/2019			1,911,451.02	6,371,503.41
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.19	30/09/2019			3,786,272.61	12,620,908.71
31/12/2016	1,320,457.44	18,595,291.19	61,984,304.00	31/12/2019			5,106,730.05	17,022,433.51
31/03/2017	1,313,143.16	19,908,437.35	66,361,447.86	31/03/2020			6,419,873.21	21,399,577.38
30/06/2017	2,045,445.56	21,953,879.91	73,179,599.73	30/06/2020			8,465,318.77	28,217,729.24
30/09/2017	1,779,600.43	23,733,480.34	79,111,601.16	30/09/2020			10,244,919.20	34,149,730.68
31/12/2017	2,229,968.03	25,963,448.37	86,544,827.93	31/12/2020			12,474,887.23	41,582,957.44
31/03/2018	646,869.52	26,610,317.89	88,701,059.66	31/03/2021			13,121,756.75	43,739,189.18
30/06/2018	1,604,735.38	28,215,053.27	94,050,177.60	30/06/2021			14,726,492.13	49,088,307.11

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Appendix D

2018/19 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2018/19 Budget (£)	Budget Amendment in 2019/20 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre MTFS		(2,582,040)		
HRA General Management				
South Area Office Costs	Remove funding for cost of south area office from April 2018 to December 2020 when lease expired naturally.	(108,000)	(108,000)	Budget already deleted from 2020
Housing Officer (New Build and Re-development)	Inclusion of a Housing Officer to focus on securing vacant possession on all redevelopment sites	23,780	47,570	Part year in 2018/19, the full year impact
Total HRA General Management		(84,220)		
HRA Repairs				
Stock Condition Surveys	Inclusion of funding to complete stock condition surveys of properties and communal areas	100,000	0	One-off cost to catch up backlog
Heat Detectors	Installation of heat detectors in all general stock consistent with those in new build homes	100,000	340,000	Budget of £341,320 in 2020/21 to complete programme
Total HRA Repairs		200,000		
HRA Summary Account				
Bad Debt Provision	Increase in bad debt provision linked to increase in arrears levels in 2017/18	144,370	Incorporated into base assumptions	Built into base for future years
Interest paid on Borrowing	Interest paid for notional internal borrowing has been increased as a direct result of the appropriation of Mill Road affordable housing land into the HRA	9,030	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	Although interest rate assumptions have been adjusted, the level of balances held by the HRA result in	(59,610)	Incorporated into base	Built into base for future years

Area of Income / Expenditure	Description	Budget Amendment in 2018/19 Budget (£)	Budget Amendment in 2019/20 Budget (£)	Comment
	an estimated increase in the level of interest that will be earned.		assumptions	
Total HRA Summary		93,790		
Revised use of / (contribution to) HRA Reserves post MTFS		(2,372,470)		

Appendix E

2018/19 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Total Housing Capital Plan Expenditure pre HRA MTFS	44,204	40,661	60,056	28,165	21,446
General Fund Housing					
Increase in budget for DFG's to enable spending of increased Better Care Fund Grant	45	103	0	0	0
Decent Homes and Other HRA Stock Investment					
Vire budget for communal areas to wall structures	651	0	0	0	0
Adjustment to allocation for new build decent homes work to recognise delays and additions in the programme	(29)	(41)	(117)	359	412
Vire budget from communal areas to wall structures	(651)	0	0	0	0
Inclusion of additional budget for fire safety works	148	284	0	0	0
Inclusion of Estate Investment Fund	0	1,000	1,000	1,000	1,000
Increase in fees associated with increased budget approvals	16	29	0	0	0
New Build					
Re-phasing of budget for Anstey Way	(1,570)	1,570	0	0	0
Reduction in budget for Anstey Way	(169)	0	0	0	0
Re-phasing of budget for 2015/16 Garage Sites	(1,498)	1,498	0	0	0
Re-phasing of budget for 2016/17 In-fill Sites	(1,276)	1,276	0	0	0
Remove Hills Avenue from the programme	(121)	(93)	0	0	0
Re-phasing of budget for Akeman Street	(1,629)	(738)	2,367	0	0
Re-phasing of budget for Ventress Close	(1,563)	1,302	261	0	0
Re-phasing of budget for Colville Road garage site	(742)	742	0	0	0
Re-phasing of budget for Mill Road	1,350	(241)	(2,556)	1,237	0
Re-phasing of budget for Gunhild Way	(387)	387	0	0	0
Re-phasing of budget for Markham Close	(130)	130	0	0	0
Increase in budget for Markham Close	16	141	0	0	0
Inclusion of ear-marked resource for indicative costs for Cromwell Road	11,444	3,001	4,527	6,127	0
Inclusion of ear-marked resource for future new build schemes	0	0	0	0	10,000
Inclusion of ear-marked resource for indicative costs for Ditchburn Place new build units	194	138	0	0	0
Inclusion of ear-marked resource for indicative costs	0	2,614	2,295	379	0

Area of Expenditure And Change	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
for Mill Road (Phase II)					
Adjustment to ear-marked resources held for new build reflecting virement to specific schemes	(6,723)	(2,040)	(5,024)	(8,538)	(9,816)
Sheltered Housing					
No changes	0	0	0	0	0
Other HRA Spend					
No changes	0	0	0	0	0
Inflation Allowance					
Adjust inflation allowed to reflect new base and revised inflation assumptions	(2,500)	320	269	447	426
Total Housing Capital Plan Expenditure post HRA MTF5	39,080	52,043	63,078	29,176	23,468

Appendix F

New Build Investment Cashflow

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New Build / Re-Development Scheme	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget									
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
New Build / Acquisition / Re-Development Cash Expenditure										
Anstey Way	3,786	5,609	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	1,000	1,191	0	0	0	0	0	0	0	0
Kendal Way	50	307	0	0	0	0	0	0	0	0
Queensmeadow	37	508	0	0	0	0	0	0	0	0
Wulfstan Way	83	706	0	0	0	0	0	0	0	0
Akeman Street	53	1,662	2,367	0	0	0	0	0	0	0
Ventress Close	684	2,147	261	0	0	0	0	0	0	0
Colville Road (Garage Site)	62	778	0	0	0	0	0	0	0	0
Mill Road	4,618	6,650	6,650	1,237	0	0	0	0	0	0
Gunhild Way	37	531	0	0	0	0	0	0	0	0
Markham Close	104	890	0	0	0	0	0	0	0	0
Cromwell Road	11,444	3,001	4,527	6,127	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	156	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000
Kingsway Clinic Conversion	408	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	194	138	0	0	0	0	0	0	0	0
Mill Road (Phase II)	0	2,614	2,295	379	0	0	0	0	0	0
CIP Programme (New Build and Re-Development)	1,378	11,725	30,883	8,702	0	0	0	0	0	0

New Build / Re-Development Scheme	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£'0000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total New Build/ Re-Development Expenditure	24,094	38,457	46,983	16,445	10,000	10,000	10,000	10,000	10,000	10,000
New Build Devolution Grant Funding										
Anstey Way	(1,325)	(1,963)	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	(700)	(834)	0	0	0	0	0	0	0	0
Kendal Way	(35)	(215)	0	0	0	0	0	0	0	0
Queensmeadow	(25)	(356)	0	0	0	0	0	0	0	0
Wulfstan Way	(58)	(494)	0	0	0	0	0	0	0	0
Akeman Street	(3)	(997)	(1,420)	0	0	0	0	0	0	0
Ventress Close	(184)	(1,303)	(159)	0	0	0	0	0	0	0
Colville Road (Garage Site)	(43)	(545)	0	0	0	0	0	0	0	0
Mill Road	(3,233)	(4,655)	(4,655)	(866)	0	0	0	0	0	0
Gunhild Way	(26)	(372)	0	0	0	0	0	0	0	0
Markham Close	(73)	(623)	0	0	0	0	0	0	0	0
Cromwell Road	(8,011)	(2,100)	(3,169)	(4,289)	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	0	0	0	0	0	0	0	0	0	0
Kingsway Clinic Conversion	(286)	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	(136)	(97)	0	0	0	0	0	0	0	0
Mill Road (Phase II)	0	(1,830)	(1,607)	(265)	0	0	0	0	0	0
CIP Programme (New Build and Re-Development)	(169)	(5,524)	(16,771)	0	0	0	0	0	0	0
Total New Build / Re-Development Funding	(14,307)	(21,907)	(27,781)	(5,420)	0	0	0	0	0	0
Use of Retained Right to Buy Funding										
Anstey Way	(568)	(842)	0	0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	(300)	(357)	0	0	0	0	0	0	0	0

Kendal Way	(15)	(92)	0	0	0	0	0	0	0	0	0
Queensmeadow	(11)	(152)	0	0	0	0	0	0	0	0	0
Wulfstan Way	(25)	(212)	0	0	0	0	0	0	0	0	0
Akeman Street	(2)	(428)	(609)	0	0	0	0	0	0	0	0
Ventress Close	(79)	(558)	(68)	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(19)	(233)	0	0	0	0	0	0	0	0	0
Mill Road	(1,385)	(1,995)	(1,995)	(371)	0	0	0	0	0	0	0
Gunhild Way	(11)	(159)	0	0	0	0	0	0	0	0	0
Markham Close	(31)	(267)	0	0	0	0	0	0	0	0	0
Cromwell Road	(3,433)	(900)	(1,358)	(1,838)	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	(47)	0	0	0	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Kingsway Clinic Conversion	(122)	0	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	(58)	(41)	0	0	0	0	0	0	0	0	0
Mill Road (Phase II)	0	(784)	(689)	(114)	0	0	0	0	0	0	0
CIP Programme (New Build and Re- Development)	(72)	(2,370)	(7,283)	(2,610)	0	0	0	0	0	0	0
Total Use of Retained Right to Buy Funding	(6,178)	(9,389)	(12,001)	(4,933)	(3,000)						
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	3,609	7,160	7,201	6,092	7,000						
Total HRA Borrowing	0	0	0	0	0	0	0	0	0	0	0

Appendix G (1)

HRA Summary Forecast 2018/19 to 2022/23

Description	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Income					
Rental Income (Dwellings)	(36,661,390)	(35,657,270)	(36,980,150)	(38,774,820)	(40,822,760)
Rental Income (Other)	(1,128,710)	(1,153,540)	(1,177,770)	(1,201,320)	(1,225,350)
Service Charges	(3,004,310)	(3,065,580)	(3,125,360)	(3,183,480)	(3,242,760)
Contribution towards Expenditure	(3,450)	(3,520)	(3,600)	(3,670)	(3,740)
Other Income	(455,500)	(458,880)	(461,730)	(464,050)	(473,330)
Total Income	(41,253,360)	(40,338,790)	(41,748,610)	(43,627,340)	(45,767,940)
Expenditure					
Supervision & Management - General	3,719,030	3,470,130	3,549,430	3,690,020	3,950,750
Supervision & Management - Special	2,584,280	2,650,680	2,716,990	2,783,130	2,851,010
Repairs & Maintenance	6,971,740	7,088,500	7,297,210	7,292,190	7,572,290
Depreciation – to Major Repairs Res.	10,041,820	10,304,840	10,380,210	10,849,530	11,106,850
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	3,759,600	3,830,910	3,912,060	3,990,700	4,083,170
Total Expenditure	27,076,470	27,345,060	27,855,900	28,605,570	29,564,070
Net Cost of HRA Services	(14,176,890)	(12,993,730)	(13,892,710)	(15,021,770)	(16,203,870)
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(778,110)	(790,680)	(707,790)	(626,470)	(645,570)
(Surplus) / Deficit on the HRA for the Year	(14,955,000)	(13,784,410)	(14,600,500)	(15,648,240)	(16,849,440)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,513,010	7,538,040	7,538,040	7,538,040	7,538,040
Housing Set Aside	4,472,200	4,472,200	4,472,200	4,472,200	4,472,200
Appropriation from Ear-Marked Reserve	0	0	0	0	0
Depreciation Adjustment	0	0	0	0	0
Direct Revenue Financing of Capital	597,320	0	5,612,210	6,982,970	6,621,220
(Surplus) / Deficit for Year	(2,372,470)	(1,774,170)	3,021,950	3,344,970	1,782,020
Balance b/f	(9,018,370)	(11,390,840)	(13,165,010)	(10,143,060)	(6,798,090)
Total Balance c/f	(11,390,840)	(13,165,010)	(10,143,060)	(6,798,090)	(5,016,070)

Appendix G (2)

HRA 10 Year Summary Forecast 2018/19 to 2027/28

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
Rental Income (Dwellings)	(36,661)	(35,657)	(36,979)	(38,776)	(40,822)	(41,893)	(42,640)	(43,233)	(43,841)	(44,463)
Rental Income (Other)	(1,129)	(1,153)	(1,178)	(1,201)	(1,226)	(1,250)	(1,275)	(1,300)	(1,326)	(1,353)
Service Charges	(3,004)	(3,066)	(3,125)	(3,183)	(3,242)	(3,303)	(3,369)	(3,437)	(3,505)	(3,576)
Contribution towards Expenditure	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Other Income	(456)	(459)	(462)	(464)	(473)	(483)	(492)	(502)	(512)	(522)
Total Income	(41,253)	(40,339)	(41,748)	(43,628)	(45,767)	(46,933)	(47,780)	(48,476)	(49,188)	(49,918)
Expenditure										
Supervision & Management - General	3,719	3,470	3,549	3,690	3,951	4,087	4,219	4,355	4,496	4,641
Supervision & Management - Special	2,584	2,651	2,717	2,783	2,851	2,921	2,992	3,066	3,141	3,218
Repairs & Maintenance	6,972	7,089	7,297	7,292	7,572	7,785	7,644	7,803	8,058	8,271
Depreciation – to Major Repairs Res.	10,042	10,305	10,380	10,850	11,107	11,172	11,240	11,303	11,375	11,450
Debt Management Expenditure	0	0	0	0	0	0	0	0	0	0
Other Expenditure	3,759	3,831	3,912	3,991	4,084	4,166	4,246	4,327	4,407	4,492
Total Expenditure	27,076	27,346	27,855	28,606	29,565	30,131	30,341	30,854	31,477	32,072
Net Cost of HRA Services	(14,177)	(12,993)	(13,893)	(15,022)	(16,202)	(16,802)	(17,439)	(17,622)	(17,711)	(17,846)
HRA Share of operating income and expenditure included in Whole Authority I&E Account										
Interest Receivable	(778)	(791)	(707)	(626)	(646)	(682)	(724)	(776)	(820)	(880)
(Surplus) / Deficit on the HRA for the Year	(14,955)	(13,784)	(14,600)	(15,648)	(16,848)	(17,484)	(18,163)	(18,398)	(18,531)	(18,726)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance										
Loan Interest	7,513	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538	7,538

Housing Set Aside	4,472	4,472	4,472	4,472	4,472	2,236	2,236	2,236	2,236	2,236
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0	0	0	0	0
Depreciation Adjustment	0	0	0	0	0	0	0	0	0	0
Direct Revenue Financing of Capital	597	0	5,612	6,983	6,620	8,086	7,011	7,594	8,416	5,553
(Surplus) / Deficit for Year	(2,373)	(1,774)	3,022	3,345	1,782	376	(1,378)	(1,030)	(341)	(3,399)
Balance b/f	(9,018)	(11,391)	(13,165)	(10,143)	(6,798)	(5,016)	(4,640)	(6,018)	(7,048)	(7,389)
Total Balance c/f	(11,391)	(13,165)	(10,143)	(6,798)	(5,016)	(4,640)	(6,018)	(7,048)	(7,389)	(10,788)

Appendix H

Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	653	653	550	550	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Total General Fund Housing Capital Spend	848	848	745							
FRAs Capital Spend										
Decent Homes										
Kitchens	274	655	640	252	484	521	698	895	603	1,204
Bathrooms	305	331	1,036	189	52	142	604	618	131	64
Central Heating / Boilers	1,783	2,586	3,536	1,463	1,568	1,553	1,668	1,397	3,725	740
Insulation / Energy Efficiency	767	583	274	758	539	575	488	380	329	560
External Doors	146	112	351	99	69	146	169	242	99	89
PVCU Windows	0	0	6	30	0	0	66	0	18	0
Wall Structure	791	134	254	73	38	47	34	24	80	74
External Painting	0	0	300	300	300	300	300	300	300	0
Roof Structure	450	300	300	300	300	300	300	200	200	200
Roof Covering	405	334	334	334	334	334	334	334	334	334
Chimneys	0	1	0	1	0	1	2	3	0	0
Electrical / Wiring	493	555	932	435	731	441	320	1,014	189	254
Sulphate Attacks	102	102	102	102	102	102	102	102	75	0

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Voids / Major Works	0	0	0	0	0	0	0	0	0	0
HHSRS Contingency	150	100	100	100	100	100	100	100	100	100
Other Health and Safety Works	257	50	50	50	50	50	50	50	50	50
Other External Works	0	0	0	0	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305	305	305	305	305	305
Decent Homes Planned Maintenance Contractor Overheads	542	643	904	493	461	507	576	622	686	403
Decent Homes New Build Allocation	226	343	418	1,116	1,620	1,272	1,082	1,166	1,250	1,340
Total Decent Homes	6,996	7,134	9,842	6,400	7,053	6,696	7,198	7,752	8,474	5,717
Other Spend on HRA Stock										
Garage Improvements	100	100	100	100	100	100	100	100	100	100
Asbestos Removal	100	50	50	50	50	50	50	50	50	50
Disabled Adaptations	963	878	878	878	878	878	878	878	878	878
Communal Areas Uplift	0	321	321	321	321	321	321	321	321	321
Fire Prevention / Fire Safety Works	258	334	50	50	50	50	50	0	0	0
Hard surfacing on HRA Land - Health and Safety Works	357	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	210	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	13	13	13	13	13	13	13	13	13	13
Estate Investment	0	1,000	1,000	1,000	1,000	1,000	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	265	220	191	191	191	191	191	186	186	186
Total Other Spend on HRA stock	2,380	3,355	3,042	3,042	3,042	3,042	2,042	1,987	1,987	1,987

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA New Build / Re-Development										
Anstey Way	3,786	5,609		0	0	0	0	0	0	0
2015/16 Garage & In-Fill Sites (Nuns & Cameron / Wiles / Teddar)	1,000	1,191	0	0	0	0	0	0	0	0
Kendal Way	50	307	0	0	0	0	0	0	0	0
Queensmeadow	37	508	0	0	0	0	0	0	0	0
Wulfstan Way	83	706	0	0	0	0	0	0	0	0
Akeman Street	53	1,662	2,367	0	0	0	0	0	0	0
Ventress Close	684	2,147	261	0	0	0	0	0	0	0
Polville Road (Garage Site)	62	778	0	0	0	0	0	0	0	0
Mill Road	4,618	6,650	6,650	1,237	0	0	0	0	0	0
Sunhild Way	37	531	0	0	0	0	0	0	0	0
Markham Close	104	890	0	0	0	0	0	0	0	0
Cromwell Road (Including Land Acquisition)	11,444	3,001	4,527	6,127	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	156	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000
Kingsway Clinic Conversion	408	0	0	0	0	0	0	0	0	0
Ditchburn Place New Build	194	138	0	0	0	0	0	0	0	0
Mill Road (Phase II)	0	2,614	2,295	379	0	0	0	0	0	0
CIP Programme (New Build and Re-Development)	1,378	11,725	30,883	8,702	0	0	0	0	0	0
Total HRA New Build	24,094	38,457	46,983	16,445	10,000	10,000	10,000	10,000	10,000	10,000
Sheltered Housing Capital Investment										
Ditchburn Place	3,398	0	0	0	0	0	0	0	0	0
Total Sheltered Housing Capital Investment	3,398	0								

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other HRA Capital Spend										
Orchard Replacement / Mobile Working	673	0	0	0	0	0	0	0	0	0
Stores Reconfiguration	93	0	0	0	0	0	0	0	0	0
Estate Service Champion Estate Vehicle	25	0	0	0	0	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300	300	300	300	300
Commercial and Administrative Property	30	30	30	30	30	30	30	30	30	30
Total Other HRA Capital Spend	1,121	330								
Total HRA Capital Spend										
	37,989	49,276	60,197	26,217	20,425	20,068	19,570	20,069	20,791	18,034
Total Housing Capital Spend at Base Year Prices										
	38,837	50,124	60,942	26,962	21,170	20,813	20,315	20,814	21,536	18,779
Inflation Allowance and Stock Reduction Adjustment for Future Years	243	1,919	2,136	2,214	2,298	2,435	1,926	2,073	2,244	2,346
Total Inflated Housing Capital Spend	39,080	52,043	63,078	29,176	23,468	23,248	22,241	22,887	23,780	21,125
Housing Capital Resources										
Right to Buy Receipts	(407)	(411)	(415)	(419)	(419)	(419)	(419)	(419)	(418)	(445)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve	(9,059)	(17,922)	(11,902)	(10,850)	(11,107)	(11,172)	(11,240)	(11,303)	(11,375)	(11,450)
Direct Revenue Financing of Capital	(597)	0	(5,612)	(6,983)	(6,621)	(8,086)	(7,011)	(7,594)	(8,416)	(5,553)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,929)	(1,633)	(300)	(300)	(2,050)	(300)	(300)	(300)	(300)	(300)
Devolution Grant	(14,307)	(21,906)	(27,781)	(5,420)	0	0	0	0	0	0
Retained Right to Buy Receipts	(6,178)	(9,389)	(12,001)	(4,933)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)

Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Disabled Facilities Grant	(605)	(608)	(271)	(271)	(271)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0	0	0	0	0
Total Housing Capital Resources	(33,082)	(51,869)	(58,282)	(29,176)	(23,468)	(23,248)	(22,241)	(22,887)	(23,780)	(21,019)
Net (Surplus) / Deficit of Resources	5,998	174	4,796	0	0	0	0	0	0	106
Capital Balances b/f	(11,136)	(5,138)	(4,963)	(166)						
Use of / (Contribution to) Balances in Year	5,998	175	4,797	0	0	0	0	0	0	0
Capital Balances c/f	(5,138)	(4,963)	(166)							
Other Capital Balances (Opening Balance 1/4/2018)										
Major Repairs Reserve	(8,155)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(16,391)	Utilised between 2018/19 to 2020/21 above								
Right to Buy Receipts for Debt Redemption	(8,296)	Retained for future debt repayment								
Total Other Capital Balances	(32,842)									

Appendix I

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(1,012.0)	(80.3)	0.0	(1,092.3)
Special Services	(1,039.1)	(146.1)	0.0	(1,185.2)
Repairs and Maintenance	(369.5)	(60.2)	0.0	(429.7)
Total	(2,420.6)	(286.6)	0.0	(2,707.2)

Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(34.9)	(6.3)	0.0	(41.2)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(8,671.4)	(4,472.2)	0.0	(13,143.6)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(8,296.0)	(339.0)	0.0	(8,635.0)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(8,154.8)	0.0	0.0	(8,154.8)

Appendix J

Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	1% reduction for 2019/20, then return to CPI plus 1% for 5 years, followed by CPI plus 0.5%	There is no guarantee that there will be the ability to return to previously assumed rent increase if rents are set legislatively after 2024/25, so assume CPI only from 2025/26.	Debt cap is breached by year 18, and currently proposed investment programme would be unsustainable.
Sale of Higher Value Assets	Assumed that payment is deferred until April 2020, with voids held from mid-2019/20	Assume that the primary legislation is repealed and the policy is not implemented at all.	HRA revenue position over 30 year plan allows for repayment of all borrowing as opposed to 25%, with surpluses to re-invest.
Direct Payments (Universal Credit)	Bad Debts at 1.5%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2019/20.	Debt cap is breached by year 13, and currently proposed investment programme would be unsustainable.

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

Appendix K

Areas of Uncertainty

Housing Revenue Account – Revenue Uncertainties

Self-Financing for the HRA

Future uncertainty exists about the ability to manage the cashflow and service / re-pay the debt for the HRA in a self-financing environment, particularly in light of rent legislation that now imposes rent levels for the HRA. The debt cap, over which the HRA is not allowed to borrow, currently remains (with the exception of ability to bid for a fixed increase), although additional borrowing represents additional risk if the authority is not in control of its revenue streams.

Right to Buy Sales

The number of sales increased significantly from April 2012, but have now reduced slightly and seem to be stabilising. Current uncertainty in the economy may result in a further marginal decline in sales in the coming years, although this is impossible to predict accurately. The implications of higher levels of sales from a revenue perspective are significant, with the potential loss of rental income being the major factor.

Right to Buy Retention Agreement

The resource currently retained in respect of 1-4-1 receipts can only be appropriately re-invested in the HRA due to the £70 million Devolution Grant which the authority was awarded. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty, but specific sites for all of the investment of the resource have not been confirmed and approved to proceed. The potential interest that will be payable if the receipts are not utilised within the agreed 3-year period has not been incorporated into the HRA revenue projections.

Ditchburn Place Extra Care

The current care and support contract is operating under temporary arrangements whilst the County Council tender the service. Although technically not an HRA function care is delivered alongside HRA services, and the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.

HRA Commercial Property

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

HRA New Build

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

Housing Revenue Account – Revenue Uncertainties

Welfare Reforms

The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is still unquantifiable, although early indications are that we are already experiencing the anticipated increase in arrears levels.

National Rent Policy

The change in national rent policy, with what was previously rent guidance, now being legislation, required rent reductions of 1% per annum from April 2016 for four years. Although a return to increases of CPI plus 1% has been confirmed for the following 5 years, there is no indication of whether this will be legislatively imposed or what will happen from April 2025.

Compulsion to Sell Higher Value Homes Levy

The Housing and Planning Act allowed the introduction of an annual levy, representative of the proportion of high value homes which may become vacant in any one year. In addition to the loss of rental income, the process to dispose of a large number of assets in any one year would be costly and administratively burdensome. It is likely, based upon the content of the Housing Green Paper that the secondary legislation required will not be passed, and the primary legislation may be repealed.

Housing Revenue Account - Capital Uncertainties

Ditchburn Place

Funding has been ear-marked for the re-development of the extra care housing at Ditchburn Place, and work is complete for phase I. The scheme has been considered using indicative costs, but although tendered, the finalised costs will not be available until all works have been packaged and sub-contracted. The decision to phase the works also poses additional uncertainty in terms of both the costs and the length of the build.

Sulphate Attack

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

Disabled Facilities Grants and Private Sector Housing Grants and Loans

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

Right to Buy Sales and Retained Right to Buy Receipts

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

Fire Safety Works in Flatted Accommodation

The authority awaits information on the potential for changes to fire safety regulations, which may impact the future investment need in flatted accommodation. The cost of any works required under revised regulations will need to be met from reserves in the short-term, with a wider review of stock investment budgets to follow. In the short-term funding is requested as part of this HRA MTFS to meet current recommendations from Fire Safety Inspections.

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STRATEGY & RESOURCES SCRUTINY COMMITTEE

8 October 2018

5.00 – 7.00pm

Present: Barnett (Chair), Baigent, Bick, Dalzell, Green and Sargeant

<p style="text-align: center;">RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR FINANCE AND RESOURCES COUNCILLOR ROBERTSON)</p>
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TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT 2018/19

The Council had adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2017).

The Code required as a minimum receipt by full Council of an Annual Treasury Management Strategy Statement which includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a half-year review report and an Annual Report (stewardship report) covering activities in the previous year.

The half-year report had been prepared in accordance with CIPFA's Code of Practice on Treasury Management and covers the following:-

- The Council's capital expenditure (prudential indicators);
- A review of compliance with Treasury and Prudential Limits for 2018/19;
- A review of the Council's borrowing strategy for 2018/19;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2018/19; and;
- An update on interest rate forecasts following economic news in the first half of the 2018/19 financial year.

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

The Strategy and Resources Committee considered and approved the recommendations unanimously.

Accordingly, Council is recommended:

- i. To approve the report which included the Council's estimated Prudential and Treasury Indicators 2018/19 to 2021/22.
- ii. To approve a £5m limit on secured bonds with local businesses

subject to due diligence as highlighted in paragraph 8 of the officer's report.

- iii. That the Minimum Revenue Provision (MRP) Policy will be updated to state that no MRP will be required if this bond is secured, but to be reviewed at least annually.
- iv. To agree the principle of investing up to £5m in a bond issued by Allia Limited, and delegated to the Head of Finance the final decision on the appropriateness of this investment, once detailed due diligence has been completed as set out in paragraph 8.9 of the Officer's report;
- v. That the counterparty limit for Barclays Bank Plc be increased by £10m to £35m; and;
- vi. That the Money Market Fund (MMF) counterparty limit be reduced by £10m to £5m for each fund, with a total MMF limit of £20m (and to continue using MMFs that are rated AAA).

Item

TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT 2018/19

To:

The Executive Councillor for Finance & Resources: Councillor Richard Robertson

Strategy & Resources Scrutiny Committee 8th October 2018

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 has adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2017).
- 1.2 The Code requires as a minimum receipt by full Council of an Annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a half-year review report and an Annual Report (stewardship report) covering activities in the previous year.
- 1.3 This half-year report has been prepared in accordance with CIPFA's Code of Practice on Treasury Management and covers the following:-
 - The Council's capital expenditure (Prudential Indicators);
 - A review of compliance with Treasury and Prudential Limits for 2018/19;
 - A review of the Council's borrowing strategy for 2018/19;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;

- A review of the Council's investment portfolio for 2018/19; and;
- An update on interest rate forecasts following economic news in the first half of the 2018/19 financial year.

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

2. Recommendations

The Executive Councillor is asked to:

2.1 Recommend this report to Council, which includes the Council's estimated Prudential and Treasury Indicators 2018/19 to 2021/22;

2.2 Recommend to Council the approval of a £5m limit on secured bonds with local businesses subject to due diligence as highlighted in paragraph 8;

2.3 Recommend to Council that the Minimum Revenue Provision (MRP) Policy will be updated to state that no MRP will be required if this bond is secured, but to be reviewed at least annually;

2.4 Recommend to Council to agree the principle of investing up to £5m in a bond issued by Allia Limited, and delegate to the Head of Finance the final decision on the appropriateness of this investment, once detailed due diligence has been completed as set out in paragraph 8.9;

2.5 Recommend to Council that the counterparty limit for Barclays Bank Plc be increased by £10m to £35m; and;

2.6 Recommend to Council that the Money Market Fund (MMF) counterparty limit be reduced by £10m to £5m for each fund, with a total MMF limit of £20m (and to continue using MMFs that are rated AAA).

3. Background

3.1. The Council is required to comply with the CIPFA Prudential Code (December 2017 edition) and the CIPFA Treasury Management Code of Practice (Revised December 2017). The Council is required to set prudential and treasury indicators, including an Authorised Limit for borrowing, for a three year period and should ensure that its capital plans are affordable, prudent and sustainable.

3.2 The Council is currently supported in its treasury management functions by specialist advisors who are Link Asset Services. Link's services include the

provision of advice to the Council on developments and best practice in this area and provide information on the creditworthiness of potential counterparties, deposits, borrowing, interest rates and the economy.

4. The Council's Capital Expenditure and Financing 2018/19 to 2021/22

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

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the Council's borrowing need; or;
- If insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.

4.2 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed. It also includes any re-phasing during 2018/19 and is in line with the agreed Capital Plan.

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund Capital Expenditure	49,123	12,410	4,111	806
HRA Capital Expenditure	38,232	51,211	62,372	28,475
Total Capital Expenditure	87,355	63,621	66,483	29,281
Resourced by:				
• Capital receipts	-8,356	-9,876	-12,416	-5,413
• Other contributions	-43,946	-43,545	-51,567	-23,868
Total resources available for financing capital expenditure	-52,302	-53,421	-63,983	-29,281
Financed from cash balances	35,053	10,200	2,500	0

5. The Council's Prudential and Treasury Management Indicators

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

Capital Financing Requirement & Cumulative External Borrowing	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund Capital Financing Requirement	60,625	70,125	71,925	71,225
HRA Capital Financing Requirement	214,321	214,321	214,321	214,321
Total Capital Financing Requirement	274,946	284,446	286,246	285,546
Movement in the Capital Financing Requirement	34,353	9,500	1,800	-700
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	240,593	240,593	240,593	240,593

5.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members.

5.3 The table below shows the Council's current outstanding debt and headroom (the amount of additional borrowing that is possible without breaching the Authorised Borrowing Limit):-

	Principal (£'000)
Authorised Borrowing Limit (A) – Agreed by Council on 20 th October 2011	250,000
HRA Debt Limit (B)	230,839
2011/12 Borrowing (for HRA Self-Financing, C)	213,572
General Fund Headroom (A minus B)	19,161
HRA Headroom (B minus C)	17,267
2012/13 Borrowing	NIL
2013/14 Borrowing	NIL
2014/15 Borrowing	NIL
2015/16 Borrowing	NIL
2016/17 Borrowing	NIL
2017/18 Borrowing	NIL
2018/19 Borrowing up to 31 st August 2018	NIL
Total Current Headroom (A minus C)	36,428

5.4 During this financial year the Council has operated within the ‘authorised’ and ‘operational’ borrowing limits contained within the Prudential Indicators set out in the Council’s Treasury Management Strategy Statement. The anticipated Prudential & Treasury indicators are shown in Appendix A.

6. Borrowing

6.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1st April 2004.

6.2 At present the only debt held by the authority relates to the twenty loans from the PWLB for self-financing the HRA taken out in 2012 totalling £213,572,000.

6.3 The Council’s current capital plan does not require any new external borrowing for the period 2018/19 to 2021/22, inclusive. However, this will be kept under review as part of the development of the capital plan.

6.4 The provision for the repayment of debt is known as the Minimum Revenue Provision (MRP). Regulations require the authority to determine annually a policy by which MRP will be determined. This policy was agreed by Council on 22nd February 2018.

6.5 The Medium Term Financial Strategy now includes capital expenditure of £28.6 million in 2018/19 (Cromwell Road site) and up to £18.0 million in

2019/20 (Cambridge Investment Partnership). £11.4 million of this total is HRA expenditure funded from devolution grant and right to buy receipts. The General Fund element is currently internally funded from cash balances. This is reflected in the increase in the Council's Capital Financing Requirement.

6.6 In relation to the Cromwell Road site purchase, various withdrawals were made from the Money Market Funds a day before, to cover the total payment due of £34m including VAT. In order to make this purchase run smoothly, the Head of Finance agreed that on a temporary basis, the investment limit with Barclays Bank Plc of £25m would be broken. The Leader of the Council was formerly notified of this breach by email, by the Head of Finance, on 14th June 2018.

6.7 In the event that external borrowing is undertaken the Council is able, as an eligible local authority, to access funds at the PWLB Certainty Rate (a 0.20% discount on loans) until 31 October 2019, at least (with the date agreed annually).

7. Investment Portfolio

7.1 The Council takes a cautious approach within its Treasury Management Strategy, and the detailed counterparty list with limits is shown within Appendix B. The limit for Barclays Bank was breached in 2018/19 as referred to in paragraph 6.6.

7.2 The average rate of return for all deposits to 31st August 2018 is 1.23%, compared to an actual of 1.06% for 2017/18. The current quoted return on the CCLA Local Authorities Property Fund is an annual return of 4.49%. The Council will under-achieve its interest receipts budget of £641,000 to the end of August 2018 by approximately £91,000. This is due to a larger than anticipated credit interest recharge to the HRA (debit to the General Fund).

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

SUMMARY DEPOSIT ANALYSIS AS AT 31st MARCH	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Short Term – 40%*	49,500	36,000	29,500	26,900
Medium Term - 30%*	37,100	27,000	22,100	20,100
Long Term – 30%*	37,100	27,000	22,100	20,100
TOTAL PREDICTED CASH DEPOSITS:-	123,700	90,000	73,700	67,100

*Based on current estimated net cash inflow trends

- 7.4 The Council's balances reduce in line with the cash requirements of the Cambridge Investment Partnership redevelopments of Mill Road and Cromwell Road during 2019/20 and 2020/21 .
- 7.5 An analysis of the sources of the Council's deposits is prepared from the audited balance sheet at the end of each financial year. The analysis for 31 March 2018 is shown at Appendix C.

8. Potential Investment in Allia Limited

- 8.1 The Council has been approached by Allia Ltd (formerly CityLife) to gauge interest in buying bonds they propose to issue to fund the organisation.
- 8.2 Allia's main work is providing start-up office accommodation (and some manufacturing facilities) for new businesses with emphasis on eco entrepreneurs. Allia have four centres including the Future Business Centre in King's Hedges Road , Norfolk Street and others in Peterborough and East London.
- 8.3 Allia needs to refinance an existing £4.2m of 5 year Bonds which come to the end in November 2018. Existing Bond Holders have been approached and some have confirmed an interest in repurchasing. Returns would be better than bank deposits by about 1-2%, with the bond secured on the business centre building.
- 8.4 Allia are also working on proposals to extend the existing building on Kings Hedges Road and are looking to issue a new bond to finance this of approximately £5m. This would also be secured against the extension.
- 8.5 The Council may wish to invest in Allia to support the development of local businesses and jobs. Government investment guidance states that:-

“A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

Local authorities can make such loans whilst continuing to have regard to this guidance if they can demonstrate in their Strategy that:

- Total financial exposure to these type of loans is proportionate;
- They have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9

Financial Instruments as adopted by proper practices to measure the credit risk of their loan portfolio;

- They have appropriate credit control arrangements to recover overdue repayments in place; and
- The local authority has formally agreed the total level of loans by type that it is willing to make and their total loan book is within their self-assessed limit.”

- 8.6 If the Council chooses to invest in the bond being used to finance the extension to the Future Business Centre this would meet the statutory definition of capital expenditure. This would increase the Council’s overall Capital Financing Requirement (CFR) but a modest investment could still be financed from current cash balances rather than requiring funding from a PWLB loan or other funding stream. The Council must consider whether it needs to make a prudent Minimum Revenue Provision (MRP) from General Fund resources where the CFR increases. In Allia’s proposals the bond would be secured, so as long as the value of the security was deemed appropriate it would be prudent to make no additional MRP.
- 8.7 An investment in the refinancing bond would not be deemed to be capital expenditure.
- 8.8 Allia are still developing their proposals and finalising their funding requirements. It is therefore proposed that the current Treasury Management Strategy is amended to set a maximum exposure to secured bonds with local businesses of up to £5m. It is also proposed that the current MRP policy is amended to reflect that no MRP is required on bond investments which are required to be treated as capital expenditure under regulation where those bonds are appropriately secured and that this security should be reviewed at least annually.
- 8.9 It is further proposed that the Head of Finance & Section 151 Officer has delegated authority to negotiate with Allia and approve the investment in the bonds subject to appropriate due diligence. This will include:-
- Completing financial due diligence on Allia and the security offered;
 - Checking state aid issues;
 - Looking at the legal documents relating to the bond and its security; and;
 - Reviewing the associated risks to the Council, with this venture, with due consideration of any mitigating factors.

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 dropped following Brexit and the triggering of Article 50. The UK will leave the EU on 29 March 2019. It is still not clear whether a deal will be negotiated with the EU. A 'no deal' Brexit is therefore still a possibility and it is likely that this could cause instability within the Financial Markets and affect interest rates further.

10. Financial Market Reforms Update

10.1 Money Market Fund (MMF) Reforms

10.2 The Money Market Fund Regulation came 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.

10.3 The above Regulation provides investors with a new way of categorising a MMF depending on the level of risk.

10.4 MMFs will be re-classified as either a Short-term MMF or a Standard MMF.

- **Short-term MMFs** are funds that maintain the existing prudent investment restrictions i.e having a maximum Weighted Average Maturity (WAM) of 60 days and a maximum Weighted Average Life (WAL) of 120 days; and;
- **Standard MMFs** having a maximum WAM of 6 months and a maximum WAL of 1 year.

10.5 Other changes will include the structure of MMFs which will include Public Debt Constant Net Asset Value (CNAV), Low Volatility Net Asset Value (LVNAV) or Variable Net Asset Value (VNAV).

- **CNAV MMFS** must invest 99.50% of their assets into government debt instruments;
- **LVNAV MMFs** are permitted to maintain a constant dealing NAV provided the market NAV does not deviate by more than 20 basis points; and;
- **VNAV MMFs** price their assets using market pricing and therefore offer a fluctuating dealing NAV.

10.6 The Council does not currently know how its existing MMFs will be categorised although they are likely to be short term MMFs. It is unlikely that they will be CNAV as they don't invest overwhelmingly in government securities. It is unclear when exactly each fund will change to the new classification. However, MMFs are an important tool to manage the Council's short term

operational cash requirements in line with security, liquidity and yield (SLY) considerations.

- 10.7 To manage the potential risks associated with MMF reform it is therefore proposed to limit the exposure to a single MMF to £5m (down from the current £15m) and total exposure of £20m (this is currently unlimited). In order to ensure that the Council has sufficient scope for short term investment it is also proposed to increase the total limit for Barclays Bank plc to £35m (offering 0.65% overnight). The Council will continue to only invest in MMFs with a AAA rating.
- 10.8 The Treasury Management Team monitor investments and this will be especially important for MMFs during this transition. However, as the funds are only placed overnight they are still considered to be relatively low risk.
- 10.9 The approach to MMFs will be reviewed again as part of the development of the 2019/20 Treasury Management Strategy.

11. Interest Rates

- 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 D.

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

None.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

No community safety implications.

13. Consultation and communication considerations

None required.

14. Background papers

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

15. Appendices

15.1 Appendix A – Prudential and Treasury Management Indicators

Appendix B – The Council's current Counterparty list

Appendix C – Sources of the Council's Deposits

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

Appendix E – Glossary of Terms and Abbreviations

16. Inspection of papers

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

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PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000
PRUDENTIAL INDICATORS				
Capital expenditure				
- General Fund	49,123	12,410	4,111	806
- HRA	38,232	51,211	62,372	28,475
Total	87,355	63,621	66,483	29,281
Capital Financing Requirement (CFR) as at 31 March				
- General Fund	60,625	70,125	71,925	71,225
- HRA	214,321	214,321	214,321	214,321
Total	274,946	284,446	286,246	285,546
Change in the CFR	34,353	9,500	1,800	-700
Deposits at 31 March (Average cash balances annualised)	102,700	78,800	55,300	55,200
External Gross Debt	213,572	213,572	213,572	213,572
Ratio of financing costs to net revenue stream				
-General Fund	-620	-507	-291	-273
-HRA	6,716	6,703	6,787	6,869
Total	6,096	6,196	6,496	6,596
% of net revenue expenditure				
-General Fund	-2.66%	-2.72%	-1.48%	-1.35%
-HRA	16.28%	16.62%	16.26%	15.74%
Total (%)	13.62%	13.90%	14.78%	14.39%

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'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	240,593	240,593	240,593	240,593
for other long term liabilities	0	0	0	0
Total	240,593	240,593	240,593	240,593
Upper limit for total principal sums deposited for over 364 days & up to 5 years	50,000	50,000	50,000	50,000
Upper limit for fixed & variable interest rate exposure				
Net interest on fixed rate borrowing/deposits	6,094	6,194	6,494	6,594
Net interest on variable rate borrowing/deposits	-15	-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 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 (*references have now been made to RFB & NRFB for UK Banks, with explanations within the Glossary at Appendix E). **Recommendations are shown in bold text:-**

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 – NRFB*	Using Link's Credit Criteria	UK Bank	35m
HSBC Bank Plc – NRFB*	Using Link's Credit Criteria	UK Bank	20m
HSBC UK Bank Plc – RFB*	Using Link's Credit Criteria	UK Bank	20m
Standard Chartered Bank	Using Link's Credit Criteria	UK Bank	20m
Bank of Scotland Plc (BoS) – RFB*	Using Link's Credit Criteria	UK Bank	20m
Lloyds Bank Plc – RFB*	Using Link's Credit Criteria	UK Bank	20m
National Westminster Bank Plc (NWB) – RFB*	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) – RFB*	Using Link's Credit Criteria	UK Nationalised Bank	20m
Other UK Banks	Using Link's Credit Criteria	UK Banks	20m

Name	Council's Current Deposit Period	Category	Limit (£)
Members of a Banking Group (BoS Group includes Lloyds, RBS Group includes NWB)	Using 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 (MMFs) – AAA rated only	Liquid Rolling Balance	Financial Instrument	5m (per fund) & not exceeding £20m in total for all MMFs
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 9 th August 2018	Limit (£)
Nationwide Building Society	1 month or in line with Link's Credit Criteria, if longer	227,303	Assets greater than £100,000m - £20m
Yorkshire Building Society		49,063	
Coventry Building Society		41,910	Assets between £50,000m and £99,999m - £5m
Skipton Building Society		19,567	
Leeds Building Society		18,937	
Principality Building Society		9,060	Assets between £5,000m and £49,999m - £2m
West Bromwich Building Society		5,794	
Non-Specified Investments:-			
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

Name	Council's Current Deposit Period	Category	Limit (£)
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	15m (per single counterparty)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 1 year and up to 5 years	Financial Instrument	10m (per single counterparty)
Commercial Property Investments funded from cash balances	Over 1 year	Commercial Property	20m (in total)
Municipal Bonds Agency	N/A	Pooled Financial Instrument Facility	50,000
Secured Local Bond in Local Businesses – Using Allia Limited	N/A	Local Business Bond	Up to 5m in total
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.

Sources of the Council's Deposits

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

The interest earned on these deposits is credited to the General Fund and Housing Revenue Account respectively and helps to fund the cost of providing services. This currently amounts to around £1.3m each year based on current deposit and interest rate levels.

At 1st April 2018, the Council had deposits of £106.510m. The table below provides a sources breakdown of the funds deposited at that date:-

Funds Deposited as at 1 April 2018	£'000	£'000
Working Capital		21,355
General Fund:		
General Reserve	13,380	
Asset Renewal Reserves	2,963	
Other Earmarked Reserves	21,629	37,972
Housing Revenue Account (HRA):-		
General Reserve	9,018	
Asset Renewal Reserves	8,671	
Major Repairs Reserve	8,155	
Other Earmarked Reserves	2,456	
Capital Financing Requirement (Including HRA Reform)	-240,593	
PWLB Borrowing for HRA Reform	213,572	1,279
Capital:		
Capital Contributions Unapplied	5,417	
Usable Capital Receipts	40,487	45,904
Total Deposited		106,510

The HRA accounts for around 60% of reserves deposited.

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 to 0.75% (previously 0.50%) and kept Quantitative Easing (QE) at £435bn, on 2nd August 2018. Going-forward, the Council's treasury advisor, Link, has provided the following interest rate forecasts, issued on 7th August 2018:-

	Now	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank rate	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 month LIBID	0.75%	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 month LIBID	0.85%	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 month LIBID	1.00%	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB rate	2.00%	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB rate	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%
25yr PWLB rate	2.80%	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB rate	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The actual vote by the MPC on 2nd August 2018 was unanimous at 9-0 in favour.

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
Counterparties	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
MHCLG	Ministry for Housing, Communities & Local Government (formerly the Department for Communities & Local Government, DCLG)
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
Government CNAV	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
HRA	Housing Revenue Account - a 'ring-fenced' account for local authority housing account where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered Rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans
London Interbank Bid Rate (LIBID)	The average interest rate which major London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Low Volatility Net asset Value (LVNAV)	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
Non Ring Fenced Bank (NRFB)	Government & Bank of England rules will apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks for the 1 st January 2019 deadline
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates
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

Term	Definition
Ring Fenced Bank (RFB)	Government & Bank of England rules will apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks for the 1 st January 2019 deadline
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years
Variable Net Asset Value (VNAV)	MMFs values based on daily market fluctuations to 2 decimal places known as mark-to-market prices
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury
Weighted Average Life (WAL)	Weighted average length of time of unpaid principal
Weighted Average Maturity (WAM)	Weighted average amount of time to maturity
Yield	Interest, or rate of return, on an investment

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STRATEGY & RESOURCES SCRUTINY COMMITTEE

8 October 2018
5.00 – 7.00pm

Present: Barnett (Chair), Baigent, Bick, Dalzell, Green and Sargeant

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

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY (MTFS) OCTOBER 2018

This report presented and recommended the budget strategy for the 2019/20 budget cycle and specific implications, as outlined in the Medium-Term Financial Strategy (MTFS) October 2018 document, which was attached and to be agreed.

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

At this stage in the 2019/20 budget process showed the range of assumptions on which the Budget-Setting Report (BSR) published in February 2018 was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating budgets for 2019/20 to 2023/24. All references in the recommendations to Appendices, pages and sections relate to the MTFS Version 1.

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

The Strategy and Resources Scrutiny Committee considered and approved the following recommendations:

- 2.1 by 4 votes to 0 with 2 abstentions
- 2.2 by 4 votes to 0 with 2 abstentions
- 2.3 unanimously
- 2.4 unanimously
- 2.5 by 4 votes to 0 with 2 abstentions

Accordingly, Council is recommended to:

General Fund Revenue

- i. Agree the budget strategy and timetable as outlined in Section 1 [pages 1 to 3 refer] of the MTFS document.
- ii. Agree the incorporation of changed assumptions and indicative net unavoidable budget pressures identified in Section 4 [pages 15 to 18 refer]. This provides an indication of the net savings requirements, by year for the next 5 years, and revised General Fund revenue, funding and reserves projections as shown in Section 5 [pages 19 to 20 refer] of the MTFS document.

Capital

- iii. Note the changes to the Capital Plan as set out in Section 6 [pages 21 to 27 refer] and Appendix A [pages 35 to 40 refer] of the MTFS document and agree the new proposals:



Ref.	Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Proposals							-
SC676	Jesus Green public conveniences	25	-	-	-	-	-	25
SC680	CCTV equipment upgrade	30	-	-	-	-	-	30
SC633	Grass reinforcement at Parker's Piece	140	-	-	-	-	-	140
SC678	Crematorium - additional car park	25	325	-	-	-	-	350
SC679	Crematorium - cafe facilities	20	310	-	-	-	-	330
Misc	Local bond investment	5,000	-	-	-	-	-	5,000
	Total Proposals	5,240	635	-	-	-	-	5,875



Earmarked Reserve

- iv. A new Fund was approved at Council on 19 July 2018 for a Cambridge Live Development Plan and this report includes a recommendation to approve the following remit:

Earmarked Fund - Cambridge Live Development Fund

Approved Timescale: 1 April 2018 to 31 March 2020

Lead Officer: D Kaye

Remit :

To support the transformation and ongoing development of Cambridge Live over the next two years subject to a maximum spend of £500,000 with full delegation for

management of the Fund assigned to the Chief Executive.

Reserves

- v. Agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £5.504m and the target level at £6.605m as detailed in Section 7 [pages 28 to 31 refer] and Appendix B [pages 41 to 42 refer] of the Officer's report.

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Item

Medium-Term Financial Strategy (MTFS) October 2018

To:

Councillor Richard Robertson, Executive Councillor for Finance & Resources

Report by:

Caroline Ryba, Head of Finance

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

Wards affected:

All

Key Decision

1. Executive Summary

- 1.1 This report presents and recommends the budget strategy for the 2019/20 budget cycle and specific implications, as outlined in the Medium-Term Financial Strategy (MTFS) October 2018 document, which is attached and to be agreed.
- 1.2 This report also recommends the approval of new capital items and funding proposals for the Council's Capital Plan, the results of which are shown in the MTFS.
- 1.3 At this stage in the 2019/20 budget process the range of assumptions on which the Budget-Setting Report (BSR) published in February 2018 was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating budgets for 2019/20 to 2023/24. All references in the recommendations to Appendices, pages and sections relate to the MTFS Version 1.

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

2. Recommendations

The Executive Councillor is asked to recommend to Council:

General Fund Revenue

- 2.1 To agree the budget strategy and timetable as outlined in Section 1 [pages 1 to 3 refer] of the MTFS document.
- 2.2 To agree the incorporation of changed assumptions and indicative net unavoidable budget pressures identified in Section 4 [pages 15 to 18 refer]. This provides an indication of the net savings requirements, by year for the next 5 years, and revised General Fund revenue, funding and reserves projections as shown in Section 5 [pages 19 to 20 refer] of the MTFS document.

Capital

- 2.3 To note the changes to the Capital Plan as set out in Section 6 [pages 21 to 27 refer] and Appendix A [pages 35 to 40 refer] of the MTFS document and agree the new proposals:



Ref.	Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Proposals							-
SC676	Jesus Green public conveniences	25	-	-	-	-	-	25
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SC633	Grass reinforcement at Parker's Piece	140	-	-	-	-	-	140
SC678	Crematorium - additional car park	25	325	-	-	-	-	350
SC679	Crematorium - cafe facilities	20	310	-	-	-	-	330
Misc	Local bond investment	5,000	-	-	-	-	-	5,000
	Total Proposals	5,240	635	-	-	-	-	5,875



Earmarked Reserve

- 2.4** A new Fund was approved at Council on 19 July 2018 for a Cambridge Live Development Plan and this report includes a recommendation to approve the following remit:

Earmarked Fund - Cambridge Live Development Fund	
Approved Timescale:	1 April 2018 to 31 March 2020
Lead Officer:	D Kaye
Remit : To support the transformation and ongoing development of Cambridge Live over the next two years subject to a maximum spend of £500,000 with full delegation for management of the Fund assigned to the Chief Executive.	

Reserves

- 2.5** To agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £5.504m and the target level at £6.605m as detailed in Section 7 [pages 28 to 31 refer] and Appendix B [pages 41 to 42 refer].

3. Background

Medium-Term Financial Strategy

- 3.1** The purpose of this report is to outline the overall financial position of the Council and to consider the prospects for the 2019/20 budget process within the context of projections over the medium-term. The detailed analysis undertaken to fulfil this is presented in the MTFS October 2018 document appended to this report.
- 3.2** The document considers the General Fund revenue position and the Council's overall Capital Plan.
- 3.3** Revenue forecasts are presented for the 5-year projection period through to the year 2023/24, demonstrating the sustainability of the

Council's financial planning with reference to the level of reserves held throughout this period.

- 3.4 The report considers the effects of external factors affecting budget preparation, including the overall economic climate, and external funding levels which can reasonably be expected; as well as the existing commitments of the Council.
- 3.5 Recommendations for approval of specific capital costs, as identified, are included.
- 3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2019/20 detailed budget-setting process.

4. Implications

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

5. Consultation and communication considerations

Budget Consultation is outlined in the MTFS document [pages 2 to 3 refer].

6. Background papers

Background papers used in the preparation of this report:

MTFS Working Papers on the 2018/19 and 2019/20 files

7. Appendices

MTFS October 2018: 2018/19 to 2023/24 Document

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Caroline Ryba, telephone: 01223 - 458134, email:

caroline.ryba@cambridge.gov.uk.

Version 2
Council

General Fund Medium-Term Financial Strategy

October
2018

2018/19 to 2023/24

Cambridge City Council



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

The annual Medium Term Financial Strategy (MTFS) sets out to predict the finances of Cambridge City Council for the next five years. Assumptions and forecasts are thoroughly reviewed and applied to the years ahead so that we can create and share a good guide to the Council's future finances. This provides a context within which we can then take appropriate decisions to manage our finances and meet our objectives for Cambridge. These are:

- Delivering sustainable prosperity 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.

These objectives need strong finances to be capable of being delivered. To do so we need to provide high quality services including a level of non-statutory services most councils get nowhere near matching. Yet to fund these services we are faced with the possibility of increased costs and reduced income.

Major uncertainty on future income

The Government continues to emphasise austerity in their policies, and a major impact for Cambridge is that our Revenue Support Grant has been reducing year by year and we will receive nothing at all from April 2019. Only five years ago in 2013/14 we received £5,639,000. There has been cumulative damage caused by the Government's austerity programme over the past 8 years. It has hindered the ability of local authorities to provide services and at the same time brought hardship to those who are less well-off, leading to more work being needed from us to assist them.

The Government has a series of overlapping and slow moving local government financial reviews underway, including on Fair Funding, on the future of New Homes Bonus, and on Business Rates. This means we face extensive uncertainty as to our funding from these sources.

Leaving the EU will doubtless put pressure on the UK economy but how seriously is not known. Even a place like Cambridge, with a robust economy, may well suffer a downturn. This may in turn lead to a reduction in important income streams to the city council such as rents from our commercial property and charges in our car parks.

We can anticipate growth in Council Tax with the continued construction of new homes in the city, but this also brings with it increased costs in providing services to those homes, such as refuse bins and collection. The strong growth in provision of student housing is particularly burdensome as we get no Council Tax income from students yet we are required to provide them with services such as taking their rubbish away.

With these pressures on us to provide quality services to more people and businesses and share the prosperity of the city, it has been essential to develop strategy so that it is possible to set balanced budgets each year.

The Challenge

Given the economic and financial uncertainties facing us, this year's assessment of the council's finances into the future, has been especially rigorous in identifying pressures we may encounter. We need to understand the difficulties we may face and plan our response in an organised way rather than have decisions taken out of our control.

For the past few years we have been very effective in saving on costs such as by:

- Sharing services with other councils has enabled savings to be found.
- The Office Accommodation Strategy has concentrated staff into fewer buildings and improved the facilities for staff.
- The energy efficiency of those premises has been greatly improved cutting down on heat and light bills.
- Our digital strategy involves investing in IT equipment and software to enable procedures and systems to run far more efficiently.

And at the same time we have found ways to develop income, notably:

- Releasing underused bank balances for investment to achieve much better returns
- Developing commercial services, such as the vehicle workshop at Waterbeach

In preparing the financial tables and projections in this MTFS, Heads of Service were asked to plan ahead more rigorously than ever, to identify pressures on the cost of providing services into the future, and seek opportunities to develop income. They were also asked to identify capital expenditure requirements up to 10 years ahead so that we can plan to have the funds available to meet those needs.

This exercise added to the review of key assumptions such as on expected levels of general and pay inflation. The resultant overall forecast indicates that the scale of the pressures for the next five years has grown. In responding to this challenge officers will be carrying out further reviews of service budgets. We have also had the officers bring together a long list of possible ways to reduce costs and develop new income streams. These are being assessed for their viability and to ascertain that they fit in with our overall objectives for serving Cambridge.

While we need to find more ways to be less reliant on Government funding, we also hope to benefit from the government's proposal for some form of business rates retention by local councils. While this is primarily geared to retention of only the growth in business rates, it could still be an important source of funds into the future. We are actively working with the other local authorities of the county and Peterborough to apply to be a pilot project for business rates retention next year. Work to release land in the north-east of Cambridge for development of business properties as well as housing could well lead to strong growth in rates so the development of a retention scheme is important to us.

Capital Investment

Through investment in the distant and recent past the council has built up a sizeable portfolio of commercial properties and we have commissioned an external review of this. The review will consider all factors relating to the property not least whether we need to diversify more given the pressures on some sectors, notably retail.

Our investment in commercial property outside of our city has provided a better rate of return than has been possible from buying property in Cambridge, and also enabled us to diversify away from a single area. However we also want to find ways to invest to help develop jobs and the overall economy of Cambridge. The proposed investment in the Allia, Future Business Centre, is a good example of how we can do that. We also want to develop some of the council's existing land holdings in the city where they are suitable for new schemes, and help businesses develop here as well as improving returns.

The project to build 500 council homes will add significantly to the stock of genuinely affordable accommodation in Cambridge. However our strategy is also for the project to help develop other homes in the city with different forms of tenure. The way we have embarked on the 500 home venture means that we are also enabling several hundred additional homes to be constructed. Most of these will be sold on the open market but we are planning for some to be bought by our Housing Company for letting at sub-market rents.

Summary

This Medium Term Financial Strategy identifies the pressures we face in the years ahead. It will enable us to plan finding savings, increase income streams and invest both for the future support of our budget and to help the economic development of Cambridge. The analysis will be used to help draw together the Budget Setting Report for 2019/20 which will be published in January.

By then we cannot expect anything more than marginal change in the uncertainties we will face but the MTFS will help us maintain the core financial objectives of this Council: sound and prudent financial management, the minimisation of the need for cuts to services, investment in more affordable housing, and a fairer and more equal city, a city we are so proud to serve.

Cllr Lewis Herbert - Leader of the Council

Cllr Richard Robertson – Executive Councillor for Finance and Resources

Section 1

Introduction

Background

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

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

The GF MTFS has incorporates a review of the current year's budget position and updated projections for five years. However, we have extended the period of the projections underlying this document to ten years (from 2019/20 to 2028/29) to provide a longer term view to allow planning in response to increasing pressures on local government finance. The later years of the projection are not presented, primarily due to the wide range of possible outcomes and the considerable levels of uncertainty in those years. The projections demonstrate the effects of changes in assumptions made and their impact in terms of savings requirements.

The current funding climate is uncertain and in March 2018, the National Audit Office concluded:

The sector has done well to manage substantial funding reductions since 2010-11, but financial pressure has increased markedly since our last study [2014]. Services other than adult social care are continuing to face reducing funding despite anticipated increases in council tax. Local authorities face a range of new demand and cost pressures while their statutory obligations have not been reduced. Non-social-care budgets have already been reduced substantially; so many authorities have less room for manoeuvre in finding further savings. The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams. The current pattern of growing overspends on services and dwindling reserves exhibited by an increasing number of authorities is not sustainable over the medium-term. The financial future for many authorities is less certain than in 2014. The financial uncertainty created by delayed reform to the local government financial system risks longer-term value for money.

"Financial sustainability of local authorities" March 2018

A key part of the MTFS process is the identification of:

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

Context and approach

The council has carried out a budget consultation exercise annually since 2002, using a variety of quantitative and qualitative methods.

In October 2018 the council will host events for local businesses and community representatives. The Leader will set out the vision and priorities for the Council within the context of the challenges we are facing. Subsequent questions, comments and discussions will be used to inform members of the nature of the debate and the feelings of the audience, so that these considerations can be taken into account as the council's budget is developed.

There is still a statutory requirement to consult local businesses on the Council's financial expenditure. The nature of this consultation is not specified in the legislation and the current Leader's briefings with business representatives could satisfy this requirement. There is also a requirement to consult under Section 3 of the Local Government Act 1999 (Best Value), which relates

to fulfilling the duty of providing best practice. This has generally been interpreted as a requirement to consult with local people when there is a substantial change to local services, both those affected directly and non-directly.

Timetable

Key dates and decision points are set out below. However, the committee process and dates are currently under review and may change:

Date	Task
2018	
8 October	Strategy & Resources Scrutiny Committee consider the GF MTFS for recommendation to Council by the Leader
16 October	Council considers both GF and HRA MTFS reports
2019	
4 January	Budget Setting Report (BSR) published
21 January	BSR considered by Strategy & Resources Scrutiny Committee
24 January	The Executive consider and recommend the BSR and Council Tax level to Council
11 February	Special Strategy & Resources Scrutiny Committee to consider any budget amendment proposals
21 February	Council approves Budget Setting Report and sets the level of Council Tax for 2019/20

Section 2

Policy context, priorities and external factors

Local policy context and priorities

Corporate Plan

The council's Corporate Plan was approved in February 2018 at the same time as the Budget for 2018/19. It sets out the aims and objectives of the council and how these will be achieved. The Leader's Foreword to this MTFS supplements the Corporate Plan by setting a direction of travel for the council which responds to the future financial outlook.

Partnership working

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

The Greater Cambridge Partnership

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

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

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

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

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

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

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

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

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

Cambridgeshire and Peterborough Combined Authority

In November 2016, eight 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 Combined Authority and a new elected Mayor and brings funding to the region. Following elections on 5 May 2017, James Palmer

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

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
- improving transport and digital infrastructure.

It has been agreed that the Combined Authority costs will be funded from the gain share grant and therefore there will be no charge to the City Council for this. The Mayor has the power to raise a precept (i.e. a separate additional element of council tax to fund the running costs of the Mayoral office). The earliest this could take effect is from 2019/20.

The Combined Authority (but not the Mayor) can levy constituent councils to make a contribution towards its functions but this would need to be unanimously agreed by those authorities through the budget making process for the 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 come on stream.

Shared services

The council shares some services with neighbouring councils and is working to develop other shared services. Benefits include improvements in service delivery, efficiencies and greater resilience. True savings arising from shared working will not be realised until all back office and support functions have been reduced to the same proportionate level as prior to a service being shared.

The following services are delivered in two or three way partnerships with South Cambridgeshire District Council (SCDC) and Huntingdonshire District Council (HDC):

With SCDC and HDC:

- 3C Building Control
- 3C ICT
- 3C Legal
- Home Improvement Agency

With SCDC:

- Greater Cambridge Shared Waste Service
- Greater Cambridge Shared Internal Audit
- Greater Cambridge Shared Planning
- Payroll

With HDC:

- CCTV

External factors

The European Union (EU)

There is still a considerable amount of uncertainty as to the effect of the United Kingdom (UK) leaving the EU with regard to interest rates, inflation and business investment combined with associated business rates generation and retention. Some of the current issues may be clarified following the summit on 18 October 2018, when the 28 leaders of EU countries are expected to agree the outline of future relations between the EU and the UK. As presently understood, the UK will leave the EU on 29 March 2019, with a transition period lasting until midnight on 31 December 2020.

Inflation rates

Inflation used to drive expenditure assumptions in the GF financial planning has been based on the Bank of England and Office of Budget Responsibility (OBR) forecasts. The percentage currently applied in the MTFS is 2.2% reducing to 2% by mid-2021. Previously the base level of inflation included within forecasts was 2% reflecting the Government target for CPI. The Bank of England's

August 2018 forecast shows a return to that rate by late 2020. Rates used will be reviewed again for the BSR in February 2019.

Interest rates on deposits

The council lends its cash balances externally on a short-term basis, with a view to generating a return that can be spent on delivering council services whilst managing both security and liquidity of the cash. Members of the Bank of England Monetary Policy Committee (MPC) unanimously increased the bank rate to 0.75% (previously 0.50%) on 1st August 2018, the previous increase was on 2nd November 2017, when the Committee voted to increase the Bank Rate to 0.50%.

Rates available to investors continue to be exceptionally low. However, through the use of a variety of investments as permitted by our investment strategy, we are maintaining our rates of return above 1%, expected to rise to 1.3% in 2020/21. As a result, our assumption relating to the rates at which we can lend out our cash balances have been maintained, as noted in Section 3.

Interest rates on external borrowing

The council has no GF borrowing or existing plans to borrow. However, the council uses its cash balances to fund capital spending and to lend to the Cambridge City Housing Company (CCHC) and the Cambridge Investment Partnership (CIP). The council has a substantial interest in both these organisations, which provide financial returns to the council and enable the delivery of policy priorities. Use of cash balances in this way is known as 'internal borrowing' and may indicate a need to borrow externally in due course. The council keeps this situation under regular review and seeks advice from its treasury advisors (Link Asset Services) in this regard.

National policy context

Government spending announcements

In his Spring 2018 statement, the Chancellor revised the government's pledge to eliminate the budget deficit from 2025 to "mid-2020s". A budget deficit revision could have considerable impact on the medium-term outlook for local government funding.

Two fiscal reports in July, from the OBR and Treasury, highlighted the pressures on public finances. Pressures on health, pensions and social care dominate long-term projections. When recent public sector pay awards are factored in, the future course of local government funding becomes very challenging.

Whilst reduced contributions to the EU will fund some additional demand, much will be used to maintain existing agricultural, scientific research and infrastructure support, with additional funding for Health also expected from this source.

Despite a fall in median incomes, higher levels of employment which are largely determined by the pace of economic growth, should translate into improvements in income tax revenues.

Local government finance

2019/20 and future years

On 24 July 2018, the Government published a technical consultation on “The 2019/20 Local Government Finance Settlement”. The consultation covers proposals for the 2019/20 Local Government Finance Settlement in the context of the overall Spending Review package announced in 2015.

The Government proposes to allocate funding in 2019/20 in accordance with the agreed methodology announced by the Secretary of State in 2016/17, which ensures that local councils delivering similar services receive a similar percentage change in settlement core funding for those services. The consultation ends on 18 September 2018 and also covers, *inter alia*, the fourth year of the multi-year settlement offer, proposals for the New Homes Bonus threshold, council tax increase caps and dealing with the issue known as ‘Negative Revenue Support Grant’.

The 2016/17 settlement offered councils a four-year settlement, giving greater certainty of funding until the end of the spending period. For the City Council, this settlement gives certainty over Revenue Support Grant (RSG) and Business rates tariff and top-up payments. Effectively, RSG is to be phased out over the 4-year timeframe, with a proposal for negative RSG to be eliminated through the mechanism of the overall business rates settlement.

A further Business Rates pilot has been announced with participants being offered 75% retention of local business rates subject to tariffs and top-ups. The Council is expected to put forward a bid for inclusion in the pilot with partners in the CPCA. As the outcome is uncertain, no additional business rates income as a result of the pilot has been assumed in this MTFS.

The 2019 Spending Review will confirm overall local government resourcing from 2020/21. Therefore, uncertainty remains for that year and beyond.

This MTFs therefore assumes that the level of Settlement Funding Assessment (SFA) will be as indicated in the 2018/19 settlement for 2019/20, as included in the February 2018 BSR. There is considerable uncertainty relating to the SFA for 2020/21 and beyond, as there will be a Spending Review in 2019, which will address local government funding levels. The impacts of the government's Fair Funding Review and the expected implementation of 75% business rates retention are also unknown at this time. Therefore this MTFs uses a funding trajectory derived from a model provided by the council's advisers to provide a view of possible future funding levels, as shown in the table below.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue Support Grant (RSG)	-	-	-	-	-
Business rates baseline	4,240	3,951	3,925	3,897	3,867
Total SFA - per 2018/19 finance settlement and as modelled	4,240	3,951	3,925	3,897	3,867

New Homes Bonus

The New Homes Bonus (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The eligible amount, calculated from housing growth in the year, was then paid each year for a period of 6 years. In December 2016 the scheme was changed so that payments were reduced from 6 to 5 years in 2017/18 and to 4 years from 2018/19 together with the introduction of a national baseline for housing growth of 0.4% of council tax base from 2017/18, below which the Bonus is not paid.

The government has retained the right to adjust the baseline, principally to remain within spending limits each year. In 2018/19 the baseline remained at 0.4%, however, due to the continued upward trend for house building, the government expects to increase the baseline in 2019/20 following a review of housing data when published in November. Any changes intended for the baseline in 2019/20 will be detailed at the time of the provisional settlement.

2019/20 represents the final year of funding agreed through the Spending Review 2015. In light of this, it is the Government's intention to explore how to incentivise housing growth most effectively, for example by using the Housing Delivery Test results to reward delivery or incentivising plans that meet or exceed local housing need. It is considered possible, indeed likely, that NHB will be replaced at that point, although the underlying funding is expected to be redistributed within the local government sector in some way. Government has committed to consult widely on any changes prior

to enactment. As the impact of these changes cannot be foreseen, this MTF5 continues to include the consideration of NHB funding and how it will be used, based on future growth predictions and a 0.4% baseline.

NHB is currently used to fund both revenue and capital spending related principally to growth and place. Along with partners, the Council has committed 40% of NHB funding each year to a GCP Investment and Delivery Fund, with remaining amounts reserved for schemes to mitigate the impacts of the A14 upgrade. As the geographical area of Cambridge City becomes increasingly developed, growth is expected to slow, giving rise to smaller NHB receipts. However, the council's revenue and capital expenditure and the A14 mitigation take priority over the contribution to the GCP Investment and Delivery Fund. It can be seen that from 2022/23 onwards it is no longer possible to set aside 40% to the GCP Fund without creating an unacceptable deficit in this revenue stream. However, as this funding stream is expected to undergo significant change in the next two or three years, a fundamental review of the expenditure funded from it and possible alternative funding sources, will be required.

NHB receipt estimates, based on projections of future growth, are shown below, along with current commitments.

Description / (£'000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Confirmed NHB funding at February 2018 BSR	(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	-	(1,106)	(1,106)	(1,106)	(1,106)	-
Estimated NHB receipts for 2020/21	-	-	(1,133)	(1,133)	(1,133)	(1,133)
Estimated NHB receipts for 2021/22	-	-	-	(1,161)	(1,161)	(1,161)
Estimated NHB receipts for 2022/23	-	-	-	-	(482)	(482)
Estimated NHB receipts for 2023/24	-	-	-	-	-	(494)
Potential New Homes Bonus Total	(5,595)	(5,115)	(4,887)	(4,887)	(3,882)	(3,271)
Commitments against NHB						
Funding for officers supporting growth e.g. within planning	785	785	785	785	785	785

Description / (£'000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Replacement of Homelessness Prevention Funding subsumed into the SFA	564	564	564	564	564	564
Public Realm Officer - Growth X3782	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	2,238	2,046	1,955	1,955	1,458	847
A14 mitigation contribution funded from reserved amounts	-	(1,500)	-	-	-	-
Spend from A14 mitigation Fund	-	1,500	-	-	-	-
Contribution to GCP Investment and Delivery Fund	-	-	-	-	-	-
Total commitments against NHB	4,697	4,470	4,379	4,379	3,882	3,270
NHB reserved for A14 mitigation	782	-	-	-	-	-
Cumulative amounts reserved for A14 mitigation	(1,500)	-	-	-	-	-
NHB (uncommitted) / overcommitted	(116)	(645)	(508)	(508)	(0)	(0)

Section 3

Review of key assumptions

Budget forecasts presented in the February 2018 BSR were based on a number of key assumptions, for example levels of general and pay inflation, interest rates, future funding requirements and Council Tax levels.

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

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

Key area	Assumption	Comment / Sensitivity
Pay Inflation	Pay progression cost estimate plus: 2019/20 - 2.0% 2020/21 - 2.0% and 2.0% thereafter (no change)	Latest agreed pay award is 2% with no reduction currently anticipated.
Employee turnover	3%	In general, employee budgets assume an employee turnover saving of 3.0% of gross pay budget. Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable.

Key area	Assumption	Comment / Sensitivity
General inflation (OBR/BoE)	2019/20 - 2.2% 2020/21 - 2.1% 2021/22 - 2.0% thereafter – 2% (previously 2.6%, 2.2%, 2.3%)	Provisions have been updated in accordance with the Office of Budget Responsibility and Bank of England's latest forecasts. Updated central provisions have been made as appropriate for fuel, electricity and gas based on current knowledge of these markets or revised contractual commitments. The same inflation factors are applied to Central and Support Services as for direct services.
Major contracts	Inflation per contract	Major contracts and agreements, in term, are rolled forward based on the specified indices in the contract or agreement
Income and charges increases	2.0%	Income and charges – general assumption of 2.0% ongoing, but specific reviews of all charges required by committees. Property rental income based on detailed projections and rent reviews.
Investment interest rate assumption	2019/20 – 1.25% 2020/21 – 1.30% thereafter – 1.30% (previously 1.0%)	Based on current projections
Capital funding contributions	£1.8m	Capital funding contributions at base level of £1.8m per annum with feasibility budget of £75,000. £1.075m is funded from New Homes Bonus so is contingent on the continuity and level of that funding stream
Council Tax increase	2019/20 onwards 2.99%	Council Tax for a Band D property in 2019/20 and subsequent years of 2.99%.
Government grant (SFA)	Indicative levels of grant as notified through the final local government finance settlement in early 2019.	Government funding beyond 2019/20 is as yet unknown as the Revenue Support Grant is being phased out to be replaced by Business Rates Retention less a tariff in line with the Fair Funding Review, which is currently on-going.

Section 4

Review of budgets and savings targets

2017/18 outturn

A favourable variance of £642k (2016/17: £1,116k) after approved carry forward requests of £1,330k (2016/17: £914k) was recorded on net service spending in the GF for 2017/18. After variances on government funding, statutory capital accounting adjustments, contributions to/ from earmarked reserves and the application of direct revenue funding for capital have been taken into account, the overall net effect was an increase in the GF reserve of £992k (2016/17: £1,848k)

The variance on net service spending was spread widely across the council and various categories of income and expenditure. As in previous years, there was an overachievement of some income targets, particularly commercial rental income which overachieved by £668k, although this was offset by an underachievement in planning income of £551k. The largest single variance was for staff and agency workers underspent by £1.4m (5% of budget) [2016/17: £0.9m; 3% of budget]. Other variances were generally small, full details are shown in the outturn overview report to Strategy & Resources scrutiny committee.

2018/19 budgets

Departmental budgets are regularly monitored and reported to the Senior Management Team and the Executive to ensure that the Council and its services spend only what is necessary to deliver its aims and objectives. Where variances are identified, either positive or negative, investigations are undertaken to ensure that there is a reasonable justification and whether the variance has a short or long-term impact.

In-year revenue proposals

There are no new revenue proposals for 2018/19.

Head of Service Engagement

In June and July, Heads of Service were asked to review their medium-term budget pressures and savings opportunities for the ten year period to 2028/29, to provide a basis for longer term financial planning. The resulting total of net budget pressures includes items that are considered to be unavoidable, e.g. as a result of population growth or required to meet legislative requirements, and other items which are subject to policy choices and prioritisation. This MTFS allows for unavoidable net pressures only in calculating the council's savings requirement. Future decisions to include further discretionary items will give rise to compensating savings requirements.

Similarly, a number of indicative capital projects were identified. Whilst all capital schemes require proper planning, prioritisation and approval prior to the assignment of funding and inclusion in the capital programme, visibility of potential capital spending at this time allows the council to assess options and make financial plans. In general, the council funds its capital expenditure from revenue resources, setting aside £1.8m of revenue funding each year for capital purposes. This amount may need to be reduced in future year in response to budgetary pressures. However, the council expects to receive a number of capital receipts that will be available as an alternative for funding capital projects. A small number of possible multi-million pound schemes were identified which will require considerable work to determine their viability and for which specific funding will need to be sought if these are considered to be priorities and this judgement will need to be made alongside all other competing requirements.

Budget pressures

The following table sets out the modelling assumptions selected from a number considered during the development of the MTFS. Together with the indicative net pressures identified from the Head of Service engagement exercise, these provide a working total estimated net budget pressures from which savings requirements can be calculated.

Description / £'000s	2019/20	2020/21	2021/22	2022/23	2023/24
Eliminate contributions from reserves	220	440	660	883	883
Modelled reduction in Settlement Funding Assessment (SFA)	61	289	315	343	373
Modelled increases in council tax income	(176)	(329)	(368)	(710)	(1,106)
Allowance for risk to income streams due to reductions in economic activity	250	500	750	1,000	1,250
Subtotal modelling assumptions	355	900	1,357	1,516	1,400
Indicative unavoidable net revenue pressures identified by Heads of Service	720	763	926	905	757
Total estimated net budget pressures	1,075	1,663	2,283	2,421	2,157

Savings requirements

Applying these changes to budget assumptions and indicative pressures gives an indication of the minimum net savings requirements by year for the next 5 years, assuming that savings are delivered in the year that the requirement is identified. In previous years, the net savings requirement has been adjusted using GF reserves to create a consistent profile across the period. However, the adjustment has not been made in this MTFS for the following reasons:-

- the financial modelling includes indicative pressures, which may or may not crystallise into budget proposals, so any adjustment of the savings profile could be misleading
- significant uncertainty in relation to funding from government (settlement funding assessment) would similarly impact the saving profile;
- the longer planning trajectory allows use of reserves to be phased out, so that the council no longer relies on the use of reserves.

Following these changes, the net savings requirements considering unavoidable indicative pressures total around £3m for the 5 year period.

Description	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Net savings requirement (BSR Feb 2018)	85	85	85	85	598	938
Assumptions, pressures and savings - unavoidable	1,075	588	620	138	(264)	2,157
Revised (MTFS) net savings requirement	1,160	673	705	223	334	3,095

The level of net savings requirement identified by this MTFS provides a baseline for detailed budget setting work. It is likely that some of the indicative spending pressures will not need to come forward as budget proposals and that others may come forward but will not be supported. Any additional spending pressures that emerge through the BSR process will increase savings requirements accordingly, whilst reductions in overall spending pressures will reduce the savings required.

Section 5

General Fund – Expenditure and funding

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

Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Expenditure						
Net service budgets	21,289	19,525	21,324	22,220	21,850	21,667
Pressures and Savings (net of items allocated to relevant lines)	-	970	188	13	(378)	(601)
Capital accounting adjustments	(6,155)	(6,155)	(6,155)	(6,155)	(6,155)	(6,155)
Capital expenditure financed from revenue	3,211	1,786	1,786	1,786	1,786	1,786
Contributions to earmarked funds	4,970	3,691	3,140	3,014	2,424	1,813
Revised net savings requirement	-	(1,160)	(673)	(705)	(223)	(334)
Net spending requirement	23,315	18,657	19,610	20,173	19,305	18,176

Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Funded by:						
Settlement Funding Assessment (SFA)	(4,680)	(4,179)	(3,951)	(3,925)	(3,897)	(3,867)
Locally Retained Business Rates – Growth Element	(800)	(800)	(800)	(800)	(800)	(800)
Other grants from central government	-	-	-	-	-	-
New Homes Bonus (NHB)	(5,595)	(5,115)	(4,887)	(4,887)	(3,882)	(3,271)
Appropriations from earmarked funds	-	-	-	-	-	-
Council Tax	(8,227)	(8,659)	(9,096)	(9,462)	(9,842)	(10,238)
Contributions to / (from) reserves	(4,013)	96	(876)	(1,099)	(883)	-
Total funding	(23,315)	(18,657)	(19,610)	(20,173)	(19,305)	(18,175)

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

Section 6

Capital plan

Capital Strategy

The council is required to publish a capital strategy that outlines the principles and framework that shape the council's capital investment proposals. The principal aim is to deliver an affordable programme of capital investment consistent with the council's financial strategy and that contributes to the achievement of the council's priorities and objectives as set out in the corporate plan. The strategy defines at the highest level how the capital programme is to be formulated and designed; it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

As well as detailing the approved capital investment programme over the forthcoming five years, the document also sets out the Council's ambitions over the medium to longer term.

The Strategy will incorporate, *inter alia*,

- A direct relationship to the Corporate Plan
- A framework for the review and management of existing and future assets
- An investment programme expressed over the medium-term
- A document that indicates the opportunities for partnership working
- A framework that prioritises the use of capital resources
- A consideration of the need to pursue external financing (grants, contributions etc.)
- A direct relationship with the Treasury Management Strategy

The council's capital strategy will be published in February 2019 as part of the Budget Setting Report 2019/20.

Approved capital plan

The capital plan was approved by council in February 2018. Since then the plan has been updated for projects carried forward or rephased from 2017/18 and for S106-funded projects totalling £1,146k.

Approved since BSR / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Approved at BSR Feb 2018:							
Programmes	1,864	-	-	-	-	-	1,864
Projects	11,735	10,831	2,550	-	-	-	25,116
Sub-total	13,599	10,831	2,550	-	-	-	26,980
Provisions	262	96	816	61	-	-	1,235
Total	13,861	10,927	3,366	61	-	-	28,215

Changes approved and adjustments made in year:							
Programmes	4,217	-	-	-	-	-	4,217
Projects	6,885	-	-	-	-	-	6,885
Sub-total	11,102	-	-	-	-	-	11,102
Provisions	780	-	-	-	-	-	780
Total	11,882	-	-	-	-	-	11,882

Current approved plan:							
Programmes	6,081	-	-	-	-	-	6,081
Projects	18,620	10,831	2,550	-	-	-	32,001
Sub-total	24,701	10,831	2,550	-	-	-	38,082
Provisions	1,042	96	816	61	-	-	2,015
Total	25,743	10,927	3,366	61	-	-	40,097

Mid-year capital spending proposals

The tables below list projects that have been approved exceptionally since BSR 2018 and proposals that have been endorsed by the Capital Programme Board. The latter are now put forward for funding approval.

Ref.	Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Approved since BSR Feb 2018:							
SC662	Shared planning software and implementation	90	-	-	-	-	-	90
SC675	Bateman Street Tree replacement (EIP – Environmental Improvements Programme))	30	-	-	-	-	-	30
	Total Approved since BSR Feb 2018	120	-	-	-	-	-	120

Ref.	Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Proposals							-
SC676	Jesus Green public conveniences	25	-	-	-	-	-	25
SC680	CCTV equipment upgrade	30	-	-	-	-	-	30
SC633	Grass reinforcement at Parker's Piece (net of existing EIP)	140	-	-	-	-	-	140
SC678	Crematorium - additional car park	25	325	-	-	-	-	350
SC679	Crematorium - cafe facilities	20	310	-	-	-	-	330
Misc	Local bond investment	5,000	-	-	-	-	-	5,000
	Total Proposals	5,240	635	-	-	-	-	5,875

Proposals

Jesus Green public conveniences (£25k): The project will replace and renew all wiring, plumbing, toilet pans, floor tiles, wall tiles and doors internally. The old block is not fit for purpose and requires basic refurbishment. The scheme will be an interim measure, expected to be required for the next

four years, pending wider redevelopment plans. It is proposed that the project be funded from revenue underspend within the service which has been carried forward to 2018/19.

CCTV equipment upgrade (£30k): This proposal is to seek funding for an upgrade to the Council's six redeployable cameras which were installed earlier this year. Currently the cameras use a SIM card system which requires manual data download. This upgrade would replace the SIM system and enable remote and instant access to footage stored on cameras. It is proposed that funding is allocated from available capital funding transferred from 2019/20.

Grass reinforcement at Parker's Piece (£140k): The aim of this project is to reinforce the edges of the grass that runs adjacent to the southwest and westernmost footpaths on Parker's Piece by using a plastic geo cell set on a suitable sub base and covered with turf or grass seed. The works will include resurfacing the adjacent pathways which are within the County Council remit. However, to ensure a consistent appearance of this prominent Cambridge green space, it has been agreed with the County Council that the City team will deliver both parts of project and the County Council will make a financial contribution towards it (£10k). It is proposed that the scheme be partly funded (£50k) from the income received from the University Arms Hotel for their use of a section Parker's Piece during construction work with the balance coming from S106 and existing EIP budgets.

Crematorium – additional car park (£350k) and café (£330k): These projects will improve services at the crematorium. The site has an estimated 300,000 visitors each year, but has insufficient car parking to meet the needs of visitors. Additional car parking space for 100 cars is proposed between the access road and the grounds of the crematorium. The café will provide a suitable area for funeral attendees to meet before and after a service without the need to leave the site. Other crematoria, such as West Suffolk, run their own cafés, therefore this investment will allow the council to offer a competitive level of service as well as create an additional revenue stream with an expected return of 5%. Both projects will be delivered concurrently and will be funded from the Bereavement Investment Fund (earmarked reserve / trading account balance).

Local bond investment: the council's investment strategy, to be considered alongside this MTFS, proposes investment of up to £5m in a local bond from the council's cash resources, subject to appropriate due diligence. The investment will support the development of local businesses and jobs, and provide a higher return to the council than a typical cash deposit. It is likely that this investment will fall to be considered as capital in line with investment guidance, so is presented here for inclusion in the capital programme.

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

Prioritisation category	SC676 - Jesus Green public conveniences	SC680 - CCTV upgrade	SC633 - Parker's Piece grass reinforcement
Statutory requirement or business critical	Y	Y	Y
Alignment with council objectives (averaged over 7 objectives)	1.7 out of 5	1.9 out of 5	1 out of 5
<ul style="list-style-type: none"> - delivering sustainable prosperity for Cambridge and fair shares for all - tackling the housing crisis - Making Cambridge safer and more equal - Investing in improving transport - Protecting our city's unique quality of life - Tackling climate change and making Cambridge cleaner and greener - Protecting essential services and transforming delivery 			
Financial impact	0	0	0
Delivery risk – project planning	3	4	0
Delivery risk – project complexity	0	1	3
Key – scoring of alignment with council objectives			
0 Scheme does not support this objective in any way			
1 Scheme provides minimal support for this objective			
2 Scheme provides some support and/or indirect support for this objective			
3 Scheme aligned to this objective, either directly or provides necessary facilitation (e.g. a computer system)			
4 Scheme directly aligned to this objective, with some additional benefits for the council			
5 Scheme will deliver this objective in a value added / innovative way with additional benefits for the council			

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

Approved since BSR including proposals / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
BSR Feb 2018:							
Funding available from revenue and unapplied	-	(1,382)	(1,761)	(1,786)	(1,786)	(1,786)	(8,501)
Changes approved and adjustments made in year:							
Spend:							
Approved	120	-	-	-	-	-	120
Proposed	5,240	635	-	-	-	-	5,875
Funding:							
S106 and EIP	(110)	-	-	-	-	-	(110)
Capital receipts	(60)	-	-	-	-	-	(60)
Internal borrowing	(5,000)	-	-	-	-	-	(5,000)
Earmarked reserves	(45)	(635)	-	-	-	-	(680)
Existing revenue budgets	(105)	-	-	-	-	-	(105)
External funding	(10)	-	-	-	-	-	(10)
Remaining to be funded from capital funding available from revenue	30	-	-	-	-	-	30
Transfer of available funding between years	(30)	30	-	-	-	-	-
Revised capital funding availability	-	(1,352)	(1,761)	(1,786)	(1,786)	(1,786)	(8,471)
Memo: 5% top-slice of 'BSR 2015 funding available' for feasibility budget (revenue)	82	94	94	94	94	94	634

Specific funding has been identified for the majority of the schemes proposed, as shown above.

However £30k is required to be funded from revenue resources, or DRF (Direct Revenue Financing).

As the allocation of DRF for 2018/19 has been fully allocated, it is proposed to bring forward £30k of this funding from 2019/20. This will limit the capital funding available for allocation in 2019/20.

Revised plan

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

MTFS Proposals / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Current approved plan – as above:							
Total	25,743	10,927	3,366	61	-	-	40,097
Changes proposed:							
Programmes	30	-	-	-	-	-	30
Projects	175	635	-	-	-	-	810
Sub-total	205	635	-	-	-	-	840
Provisions	5,000	-	-	-	-	-	5,000
Total	5,205	635	-	-	-	-	5,840
Proposed plan:							
Programmes	6,076	-	-	-	-	-	6,076
Projects	18,831	11,466	2,550	0	-	-	32,847
Sub-total	24,907	11,466	2,550	0	-	-	38,923
Provisions	6,042	96	816	61	-	-	7,015
Total	30,949	11,562	3,366	61	-	-	45,938

Work continues to develop a number of larger schemes to be brought forward for funding approval through the BSR in February 2019 and beyond. These schemes will draw on capital funding available and reported above, expected capital receipts and potentially internal and external borrowing as appropriate for the scheme.

Section 7

Risks and reserves

Risks

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

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- The economic impact of the United Kingdom leaving the European Union may impact some of the council's income streams such as car parking income, commercial rents and planning fee income;
- Funding from central government (Settlement Funding Assessment, including the outcome of the Fair Funding Review, New Homes Bonus and other grants) may fall below projections;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals, which may be backdated to 2010, may significantly exceed the provision put aside for this purpose;
- The impact of 75% business rates retention, coupled with any additional responsibilities handed down to the council at that time, may create a net pressure on resources;
- New legislation or changes to existing legislation may have budgetary impacts;
- Unforeseen expenditure, such as major repairs to offices and commercial properties, may be required;
- The implementation of proposals to tackle congestion in Cambridge may adversely impact car parking income and the delivery of services that rely on officers travelling around the city. The council may also become subject to a work place parking levy;

- The council may have to contribute to costs associated with the implementation and administration of devolution proposals;
- 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; and
- The council may be impacted by spending cuts implemented by other agencies.

Reserves

General Fund reserve

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

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

General Fund reserves	£m
February 2018 BSR	
- Target level	6.42
- Minimum level	5.35
September 2018 MTFS – Recommended levels	
- Target level	6.60
- PMB	5.50

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

Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Balance as at 1 April (b/fwd)	(13,380)	(9,367)	(9,463)	(8,587)	(7,488)	(6,605)
Contribution (to) / from reserves	4,013	(96)	876	1,099	883	-
Balance as at 31 March (c/fwd)	(9,367)	(9,463)	(8,587)	(7,488)	(6,605)	(6,605)

Earmarked and specific funds

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

A new Fund was approved at Council on 19 July 2018 for a Cambridge Live Development Plan and this report includes a recommendation to approve the following remit:

Earmarked Fund - Cambridge Live Development Fund	
Approved Timescale:	1 April 2018 to 31 March 2020
Lead Officer:	D Kaye
Remit : To support the transformation and ongoing development of Cambridge Live over the next two years subject to a maximum spend of £500,000 with full delegation for management of the Fund assigned to the Chief Executive.	

These funds are subject to annual review as part of the MTFS to ensure that agreed principles are applied:-

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

Type of earmarked or specific fund	Balance at 31 March 2018 £000
Major policy-led funds	11,287
R&R funds	1,213
Statutory and accounting reserves	4,444
Shared / partnership funds	5,805
Other – to be closed once committed balances are spent	386
Total	23,135

Section 8

Budget strategy

General Fund savings requirements

Description	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Net savings requirement (BSR Feb 2018)	85	85	85	85	598	938
Assumptions, pressures and savings - excluding policy	1,075	588	620	138	(264)	2,157
Revised (MTFS) net savings requirement excluding policy	1,160	673	705	223	334	3,095

General Fund budget strategy

The budget process

The GF budget process for 2019/20 will remain broadly similar to that for previous years, working within an overall cash limit designed to meet known financial pressures. The base model used to prepare this report has driven the recommendations in respect of the 2019/20 budget process and provided indications of the level of savings required to meet both current and anticipated spending needs.

The GF MTFS has highlighted:

- Further economic uncertainty as departure from the European Union approaches;
- A lack of clarity in the future direction of local government funding
- Pressure on payroll costs, due to the city's vibrant and diverse economy

Identification of further savings

The council has a record of identifying and delivering savings, through both service reviews and improvements in value for money obtained over all categories of spending. However, as in 2018/19, it is expected that the value of new savings found will decrease over time as services become leaner and more cost effective.

As set out in the efficiency plan in Section 8 of the MTFS 2016, the council is continuing with a long term programme of transformation to bring about fundamental changes to the way the council delivers services and interacts with residents, tenants and other parties.

Efficiency plan 2016 to 2020

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

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

The efficiency plan continues to guide the work of the council and provides the structure and mechanisms to deliver on our savings requirements. As such, BSR 2019 will present budget proposals for savings and increased income, and bids for implementation costs arising from efficiency plan initiatives.

Achieving financial sustainability and resilience

Despite continuing pressures and uncertainties, the council's finances remain healthy. However, there is no foreseeable end to scarce funding for local authorities and economic conditions remain challenging. It is important, therefore, to ensure that the council is prepared to manage financial challenges as they arise.

To ensure financial resilience the council must:-

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

The council maintains a sound system of financial management and control. However, it continues to enhance its planning and monitoring with a view to ensuring that circumstances that might lead to financial stress are identified and acted upon in a timely manner. To this end, all Heads of Service now review financial and performance monitoring reports council-wide, ensuring greater challenge, visibility and ownership. This has been supported by the implementation of a new financial management system which has:-

- Provided better tools for budget holders to monitor their income and expenditure.
- Reinforced the financial management responsibilities of budget holders and their support teams through training on the new system
- Enforced financial procedures and limits through automated workflow processes

Further on-going enhancements include:-

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

Appendix A(a): Capital Plan 2018/19 to 2023/24

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
Capital-GF Projects								
PR030e	Cavendish Rd (Mill Rd end) improvements: seating & paving (S106)	J Richards	13	0	0	0	0	0
PR030h	Romsey 'town square' public realm improvements (S106)	J Richards	130	0	0	0	0	0
PR030j	The Mill Road Railway Legacy (S106)	A Wilson	21	0	0	0	0	0
PR030o	Coldham's Lane play area improvements for older children (S106)	A Wilson	80	0	0	0	0	0
PR030p	Lichfield Rd play area improvements (S106)	A Wilson	45	0	0	0	0	0
PR030r	Brothers' Place landscaping & natural play improvements (S106)	A Wilson	8	0	0	0	0	0
PR031g	Milton Rd Library community meeting space (S106)	J Hanson	100	0	0	0	0	0
PR031n	Grant for 4 tennis courts at North Cambridge Academy (S106)	I Ross	125	0	0	0	0	0
PR031q	Bramblefields nature reserve: improve biodiversity & access (S106)	A Wilson	12	0	0	0	0	0
PR031r	Chesterton Rec Ground skate and scooter park (S106)	A Wilson	50	0	0	0	0	0
PR031s	Nun's Way Rec Ground - mini climbing dome (S106)	A Wilson	27	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	24	0	0	0	0	0
PR032t	Fulbourn Road open space improvements (S106)	A Wilson	10	0	0	0	0	0
PR032u	Tenby Close play area improvements (S106)	A Wilson	50	0	0	0	0	0
PR032v	Gunhild Close play area improvements (S106)	A Wilson	50	0	0	0	0	0
PR032w	Accordia open space improvements (S106)	A Wilson	10	0	0	0	0	0
PR032y	Trumpington Rec Ground skate park (S106)	A Wilson	80	0	0	0	0	0
PR032z	Trumpington Rec Ground trim trail and climbing frame (S106)	A Wilson	70	0	0	0	0	0
PR033m	Benches on Carisbrooke Road green and next to Coton footpath near Wilberforce Road (S106)	A Wilson	1	0	0	0	0	0
PR033q	Additional play equipment, benches and landscaping at Christ Piece's (S106)	A Wilson	1	0	0	0	0	0
PR033r	Improvements to Histon Road Rec Ground football area (S106)	I Ross	31	0	0	0	0	0
PR033s	Histon Rd Rec play area: paths, surfacing & landscaping (S106)	A Wilson	12	0	0	0	0	0
PR033t	St Clement's churchyard open space on Bridge Street (S106)	A Wilson	10	0	0	0	0	0
PR034d	Public Art - 150th and 400th Anniversary (Cambridge Rules) (S106)	N Black	12	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
PR040i	Public art grant - History Trails (S106)	N Black	5	0	0	0	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
PR040o	Public art grant - 'The place where we stand' (S106)	N Black	3	0	0	0	0	0
PR040s	Public art grant for Kettle's Yard - Antony Gormley Performance Programme (S106)	N Black	10	0	0	0	0	0
PR040t	Public Art Grant for Cambridge Live - Colours in our Community (S106)	N Black	8	0	0	0	0	0
PR040u	Public art grant for University of Cambridge Primary School Eddington flag parade (S106)	N Black	15	0	0	0	0	0
PR040v	Public Art Grant for Pink Festival Group - showcase of queerarts (S106)	N Black	(3)	0	0	0	0	0
PR040w	Public Art Grant for Menagerie Theatre Company - Trumpington voices (S106)	N Black	11	0	0	0	0	0
PR040x	Public Art Grant for Oblique Arts - Mitcham's Moving (S106)	N Black	3	0	0	0	0	0
PR040y	Public Art Grant - Rhyme, Rhythm & Railways (S106)	N Black	5	0	0	0	0	0
PR040z	Public art grant for Historyworks - Michael Rosen Walking Trail (S106)	N Black	15	0	0	0	0	0
PR041a	Grant for refurbishment of Memorial Hall and Church Hall (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
PR041g	Netherhall School: supplementary grant for gym and fitness suite facilities (S106)	I Ross	236	0	0	0	0	0
PR042b	Mill Road cemetery access and main footpath improvements (S106)	A Wilson	175	0	0	0	0	0
PR042g	To the River - artist in residence (S106)	N Black	117	0	0	0	0	0
PR050a	Relocation of services to 130 Cowley Road (OAS)	W Barfield	374	0	0	0	0	0
PR050b	Mandela House refurbishment (OAS)	W Barfield	869	0	0	0	0	0
PR050d	Mobile working (OAS)	W Barfield	99	0	0	0	0	0
PR050e	Cowley Road Compound ex-Park and Ride site (OAS)	W Barfield	428	0	0	0	0	0
PR050f	Guildhall Welfare Improvements (OAS)	W Barfield	209	0	0	0	0	0
PR050g	Office optimisation (OAS)	W Barfield	275	0	0	0	0	0
SC548	Southern Connections Public Art Commission (S106)	A Wilson	17	0	0	0	0	0
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Saunders	20	0	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Queen Anne Terrace car park	S Cleary	208	0	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	34	0	0	0	0	0
SC604	Replacement Financial Management System	C Ryba	50	0	0	0	0	0
SC605	Replacement Building Access Control System	W Barfield	33	0	0	0	0	0
SC611	Grafton East car park essential roof repair	S Cleary	37	0	0	0	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
SC614	Redeployable CCTV camera stock	J Carre	13	0	0	0	0	0
SC615	Cherry Hinton Grounds improvements Phase 2 (S106)	A Wilson	160	0	0	0	0	0
SC621	20 Newmarket Road - commercial property	D Prinsep	3	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	101	0	0	0	0	0
SC633	Reinforcing grass edges along paths across Parker's Piece (S106)	D Peebles	140	0	0	0	0	0
SC634	Grand Arcade and Queen Anne Terrace car parks sprinkler system	S Cleary	382	0	0	0	0	0
SC635	Grand Arcade car park deck coating and drainage	S Cleary	117	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	58	0	0	0	0	0
SC645	Electric vehicle charging points	J Dicks	376	176	50	0	0	0
SC648	Local Centres Improvement Programme - Arbury Court	J Richards	138	0	0	0	0	0
SC651	Shared ICT waste management software	J Carre	453	0	0	0	0	0
SC654	Redevelopment of Silver Street Toilets	D O'Halloran	315	283	0	0	0	0
SC655	Resealing the roof at Robert Davies Court	A Muggeridge	177	0	0	0	0	0
SC656	Barnwell Business Park remedial works to the roofs	A Muggeridge	90	0	0	0	0	0
SC658	Cambridge City CCTV infrastructure	J Carre	601	0	0	0	0	0
SC659	My Cambridge City online customer portal	J James	160	76	0	0	0	0
SC660	Council Anywhere - desktop transformation	F Bryant	400	96	0	0	0	0
SC661	Adaptions to Riverside Railings	A Wilson	100	0	0	0	0	0
SC662	Shared Planning Service software and implementation	S Kelly	90	0	0	0	0	0
SC670	Lammas Land car parking infrastructure	A French	27	0	0	0	0	0
SC671	Mill Road depot development - capital contribution	F Bryant	5,760	0	0	0	0	0
SC672	Mill Road Redevelopment - Development Loan to CIP	F Bryant	1,550	9,200	0	0	0	0
SC673	Roller brake tester for Waterbeach Garage	D Cox	26	0	0	0	0	0
SC674	Mill Road Redevelopment - Equity Loan to CIP	F Bryant	2,200	1,000	2,500	0	0	0
SC675	Bateman Street tree replacement	A Wilson	30	0	0	0	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
SC676	Refurbishment of Jesus Green Public Convenience	A Wilson	25	0	0	0	0	0
SC678	Crematorium - additional car park	G Theobald	25	325	0	0	0	0
SC679	Crematorium - cafe facilities	G Theobald	20	310	0	0	0	0
SC680	CCTV equipment upgrade	J Carre	30	0	0	0	0	0
SC681	Abbey astroturf floodlighting (S106)	I Ross	66	0	0	0	0	0
PR042j	Public art grant - NIE Theatre, tales from the Edge of Town (S106)	N Black	14	0	0	0	0	0
PR042h	Public art grant - Cambridge Junction: News News News (S106)	N Black	15	0	0	0	0	0
PR042i	Public art grant - In your way festival: TAAT KHOR II (S106)	N Black	15	0	0	0	0	0
PR042k	Public art grant - Rowan Humberstone: Ecology sculpture (S106)	N Black	15	0	0	0	0	0
PR042m	Public art grant - Chesterton village sign (S106)	N Black	10	0	0	0	0	0
PR042n	Public art grant - HistoryWorks: Travellers and Outsiders (S106)	N Black	15	0	0	0	0	0
PR042l	Public art grant - Faith and Hope (S106)	N Black	30	0	0	0	0	0
Capital-GF Projects			18,831	11,466	2,550	0	0	0
Capital-Programmes								
PR010a	Environmental Improvements Programme - North Area	J Richards	140	0	0	0	0	0
PR010b	Environmental Improvements Programme - South Area	J Richards	126	0	0	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	J Richards	147	0	0	0	0	0
PR010d	Environmental Improvements Programme - East Area	J Richards	169	0	0	0	0	0
PR017	Vehicle Replacement Programme	D Cox	1,781	0	0	0	0	0
PR035	Waste & Recycling Bins - New Developments (S106)	T Nicoll	284	0	0	0	0	0
PR037	Local Centres Improvement Programme	J Richards	7	0	0	0	0	0
PR038	Investment in commercial property portfolio	D Prinsep	2,427	0	0	0	0	0
PR039	Minor Highway Improvement Programme	J Richards	85	0	0	0	0	0
PR050	Office Accommodation Strategy Phase 2 (OAS)	W Barfield	473	0	0	0	0	0
PR051	Building works at the Guildhall to reduce carbon emissions and improve energy efficiency	W Barfield	437	0	0	0	0	0
Capital-Programmes			6,076	0	0	0	0	0
Capital-GF Provisions								
PV007	Cycleways	J Richards	408	0	0	0	0	0
PV018	Bus Shelters	J Richards	5	0	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett		0	0	61	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
PV549	City Centre Cycle Parking	J Richards	23	0	0	0	0	0
PV554	Development Of land at Clay Farm	D Prinsep	537	96	816	0	0	0
PV583	Clay Farm Commercial Property Construction Costs	D Prinsep	67	0	0	0	0	0
PV682	Local investment bond	C Ryba	5,000	0	0	0	0	0
Capital-GF Provisions			6,042	96	816	61	0	0
Total GF Capital Plan			30,949	11,562	3,366	61	0	0

Appendix A(b): Capital Funding 2018/19 to 2023/24

Description	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
External Support						
Developer Contributions	(2,553)	0	0	0	0	0
Other Sources	(3,209)	(579)	0	0	0	0
Total - External Support	(5,762)	(579)	0	0	0	0
City Council						
Direct Revenue Financing (DRF) - GF Services	(105)	0	0	0	0	0
Direct Revenue Financing (DRF) - Use of Reserves	(3,211)	(1,786)	(1,786)	(1,786)	(1,786)	(1,786)
Earmarked Reserve - Capital Contributions	(495)	(151)	(25)	0	0	0
Earmarked Reserve - Climate Change Fund	(300)	0	0	0	0	0
Earmarked Reserve - Repair & Renewals Fund	(2,156)	0	0	0	0	0
Internal Borrowing - Temporary Use of Balances	(17,149)	(10,296)	(3,316)	0	0	0
Usable Capital Receipts	(1,771)	(102)	0	0	0	0
Total - City Council	(25,187)	(12,335)	(5,127)	(1,786)	(1,786)	(1,786)
Total Available Finance	(30,949)	(12,914)	(5,127)	(1,786)	(1,786)	(1,786)
Capital Plan	30,949	11,562	3,366	61	0	0
Net Funding Available	0	(1,352)	(1,761)	(1,725)	(1,786)	(1,786)

Appendix B

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

Description	Level of risk	Amount at risk	Risk
Employee costs	Low	27,885,130	55,770
Premises costs	Low	6,425,010	12,850
Transport costs	Low	650,510	2,602
Supplies and services	Low	17,830,540	8,915
Grants and transfers	Low	19,442,700	19,443
Grant income	Low	20,873,870	20,874
Other income	Medium	52,217,680	783,265
Miscellaneous	Low	580,420	871
Total one year operational risk			904,590
Three years operation risk			2,715,000

General and specific risks	Amount (£)	Probability (%)	Risk
Unforeseen events	2,000,000	33%	660,000
Legal action - counsel's fees	100,000	50%	50,000
Data Protection breach	500,000	50%	250,000
Capital project overruns	1,000,000	50%	500,000
Project failure / delays to savings realisation	2,000,000	50%	1,000,000
Cover for lower level of earmarked and specific reserves	1,000,000	33%	330,000
General risks			2,790,000
Prudent Minimum Balance (PMB) <i>[Three years operational plus general risks]</i>			5,504,000
Target (PMB + 20%)			6,605,000

Operational cost risk profiles (£)

		Low	Medium	High
Employee costs	overspend	1.00%	3.00%	5.00%
27,885,130	probability	20.0%	15.0%	10.0%
	amount at risk	55,770	125,483	139,426
Premises costs	overspend	1.00%	3.00%	5.00%
6,425,010	probability	20.0%	15.0%	10.0%
	amount at risk	12,850	28,913	32,125
Transport costs	overspend	2.00%	4.00%	6.00%
650,510	probability	20.0%	15.0%	10.0%
	amount at risk	2,602	3,903	3,903
Supplies and services	overspend	1.00%	3.00%	5.00%
17,830,540	probability	5.0%	10.0%	15.0%
	amount at risk	8,915	53,492	133,729
Grants and transfers	overspend	1.00%	2.00%	3.00%
19,442,700	probability	10.0%	7.5%	5.0%
	amount at risk	19,443	29,164	29,164
Grant income	overspend	1.00%	2.00%	3.00%
20,873,870	probability	10.0%	7.5%	5.0%
	amount at risk	20,874	31,311	31,311
Other income	overspend	5.00%	10.00%	15.00%
52,217,680	probability	10.0%	15.0%	20.0%
	amount at risk	261,088	783,265	1,566,530
Other	overspend	1.00%	2.00%	3.00%
580,420	probability	15.0%	10.0%	5.0%
	amount at risk	871	1,161	871

Appendix C

Principal earmarked and specific funds

Fund	Balance at 1 April 2018 £000	Anticipated contributions £000	Forecast expenditure £000	Forecast balance 31 March 2023 £000
Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund	(5,034)	(9,652)	14,686	0
Sharing Prosperity Fund	(469)	(200)	669	0
Climate Change Fund	(345)	(250)	595	0
Asset Replacement Fund	(1,005)	(5,000)	6,005	0
Bereavement Services Trading Account	(1,094)	(800)	1,894	0
Development Plan Fund	0	(210)	210	0
Shared Local Plan Fund	(315)	(750)	1,065	0
Office accommodation strategy fund	(2,759)	0	2,759	0
Invest for Income	(8,000)	0	8,000	0
A14 Mitigation Fund	(718)	(782)	1,500	0
General Fund (GF) Development Fund	0	(829)	829	0
Cambridge Live Development Plan (new)	0	(500)	500	0
Total	(19,739)	(18,973)	38,712	0

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.

ENVIRONMENT AND COMMUNITY SCRUTINY COMMITTEE 4 October 2018
5.00 - 8.00 pm

Present: Councillors Smart (Chair), Bird (Vice-Chair), Barnett, Gillespie, Martinelli, Massey, McGerty, O'Connell, Sheil and Thittala

Executive Councillors: Moore (Executive Councillor for Environmental Services and City Centre), Smith (Executive Councillor for Communities) and Thornburrow (Executive Councillor for Streets and Open Spaces)

FOR ADOPTION BY THE COUNCIL

18/22/EnC Council Appointments to the Conservators of the River Cam

Matter for Decision

The three year term of office for the seven Conservators of the River Cam appointed by the City Council (four non-councillor appointments and three City Councillors) ends on 31 December 2018.

The maximum term of office is 3 x three-year terms with thereafter a break period of three years before a re-application can be made.

New appointments are required for the three year term commencing 1 January 2019.

Legislation requires the seven city council appointments to be made by the Council on the recommendation of the Executive Councillor.

Finally, following the resignation of former Cllr Sinnott, Cllr Sargeant has been nominated to fill the vacant seat for the remainder of 2018.

Accordingly, Council is recommended to:

- i. Approve the Executive Councillor for Streets and Open Spaces's recommendation of the non-councillor appointments to the Conservators of the River Cam commencing 1 January 2019:
 - a. Jim Ross
 - b. Kate Hurst

- c. May Block
 - d. Ceridwen Salisbury
- ii. Approve the nominations of three City Councillor appointments (two Labour and one Liberal Democrat appointment) to the Conservators of the River Cam commencing 1 January 2019.
- iii. Approve Cllr Sargeant to the vacant seat held by former Cllr Sinnott to 31 December 2018.



Item

NON COUNCILLOR AND COUNCILLOR APPOINTMENT TO THE CONSERVATORS OF THE RIVER CAM

To:

Councillor Katie Thornburrow, Executive Councillor for Streets and Open Spaces

Environment & Community Scrutiny Committee 04/10/2018

Report by:

Gary Clift, Democratic Services Manager

Tel: 01223 - 457011 Email: gary.clift@cambridge.gov.uk

Wards affected:

All

Not a Key Decision

1. Executive Summary

- 1.1 The three year term of office for the seven Conservators of the River Cam appointed by the City Council (four non-councillor appointments and three City Councillors) ends on 31 December 2018.
- 1.2 The maximum term of office is 3 x three-year terms with thereafter a break period of three years before a re-application can be made.
- 1.3 New appointments are required for the three year term commencing 1 January 2019
- 1.4 Legislation requires the seven city council appointments to be made by the Council on the recommendation of the Executive Councillor.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 To agree the recommendation of the non-councillor appointments of Jim Ross, Kate Hurst, May Block and Ceridwen Salisbury to the Conservators of the River Cam commencing 1 January 2019 for Council's approval.
- 2.2 To note that Council considers and approves the nominations of three City Councillor appointments (two Labour and one Liberal Democrat appointment) to the Conservators of the River Cam commencing 1 January 2019.
- 2.3 To write, on behalf of the Council to all the current non-councillors Conservators whose term will end thanking them for their valuable contribution

3. Background

- 3.1 Applications were invited through an open recruitment process over a four week period which ended on 31 August to apply for the voluntary position as a Conservator of the River Cam.
- 3.2 All four current Conservators were eligible to reapply for a further three year term, with only three existing Conservators choosing to do so.
- 3.3 A total of thirteen applications were received.
- 3.4 The Executive Councillor for Streets and Open Spaces agreed that members of the Environment & Community Scrutiny Committee would form a selection panel to consider the applications received and recommend four for approval for the non-councillor City Council appointments.
- 3.5 The selection panel consisted of Councillors Smart, McGerty and Gillespie which met on 17 September. The Executive Councillor for Streets and Open Spaces took part in the discussions with the selection panel but did not have a vote.
- 3.6 Selection was based purely on the written applications and considered alongside the following criteria which was advertised:

- An interest in, and/or evidenced knowledge of, some aspect of river use.
- Not a Councillor or officer of Cambridge City Council, Cambridgeshire County Council, other District or Parish Councils in Cambridgeshire. Not a relative or close friend of any current elected member or officer of the Council.
- Live or work in the City of Cambridge.
- Commitment to serve the community, attend meetings and a willingness to take required training and to offer requisite time to perform the duties to the satisfaction of the City Council.
- Willingness to sign up to a Code of Conduct applicable to members of the public made Council appointees.
- Must declare any party political membership on the application form.
- Will have disclosed to the Council during the application process any matter in his/her background, which, if it became public, might cause the council to reconsider the appointment.
- Committed to a three-year term of office.

3.7. The Panel recommended the following four candidates:

Jim Ross - Has been a member of Camboaters, holding the position of Chair and Treasurer, experience of establishing good working relationships between the river users and local authorities, having set up monthly meetings to address issues and improve communication and understanding between the parties. Lives on the river and has a professional background in urban design.

Kate Hurst – Has a residential mooring license, sits on the committee of the Camboaters Community group, and is the Boathouse Manager and Head Coach at Christ’s College Boat Club, Water Safety Officer of both Christ’s College Boat Club and City of Cambridge Rowing Club.

May Block – Has held various office positions with Cambridge Canoe Club such as Competition Manager. Appointed to the Environment Agency Regional Fisheries Advisory Committee, British Canoe Union (now Canoe England), Environment and Conservation Panel. Currently taking part in the pollution monitoring scheme organised by a consortium of the Environment Agency, Wildlife Trust and various

Angling groups. Invited member to the sub committee Health and Safety of the Cam Conservator.

Ceridwen Salisbury – Civil engineer who lives and works in Cambridge, whose work is focused on designing drainage systems for projects in and around Cambridge, including the colleges and other riparian bodies. Holds a MPhil in Engineering for Sustainable Development. Member of the Cambridge Canoe Club and holds the position of Club Racing Secretary.

4. Implications

(a) Financial Implications

There are none.

(b) Staffing Implications

There are none.

(c) Equality and Poverty Implications

An Equality Impact Assessment is not applicable. The initial appointment was advertised on the Council's website and social media. It was also advertised various web sites relevant to the post. It was conducted in accordance with the Council's recruitment guidance.

(d) Environmental Implications

Nil Impact

(e) Procurement Implications

Nil Impact

(f) Community Safety Implications

Nil Impact

5. Consultation and communication considerations

The recommendations are the outcome of an open appointment process. The recommendations are made by the Panel. Consultation, as such, was not appropriate for the non-Councillor appointment.

6. Background papers

Previous report to the Environment Scrutiny Committee – 26.06.12

Minutes of the Environment Scrutiny Committee – 26.06.12

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=177&MId=713&Ver=4>

Previous report to the Communities Services Scrutiny Committee – 08.10.15

Minutes of the Communities Services Scrutiny Committee – 08.10.15

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=176&MId=2791&Ver=4>

7. Appendices

Application Form for 2019 Recruitment

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Claire Tunncliffe, Committee Manager, tel: 01223 - 457013, email: democratic.services@cambridge.gov.uk.

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City Council appointments to the Conservators of the River Cam

Guidance to applicants

A panel of up to four councillors taken from Cambridge City Council's Environment and Community Services Scrutiny Committee will consider your application. This panel will meet in private and applications at this stage will not be published more widely than for the panel.

The panel will make recommendations to the Executive Councillor for Streets and Open Spaces and members of the Environment and Community Services Committee meeting on 4 October 2018.

The panel's recommendations will be included in the agenda, which is due to be published on Monday 24 September 2018. All applications will remain confidential. If the Environment and Community Services Scrutiny Committee wishes to debate the merits of each application, it may choose to do so in a closed session, which means that the public will not be present in the room.

Applicants will not be able to address the Scrutiny Committee or any other meeting on any application made so that the selection process is based purely on the written applications received.

Closing date

Friday 31 August 2018. Applications should be emailed to the officer below or marked for their attention at Cambridge City Council, The Guildhall, Market Square, Cambridge, CB2 3QJ.

Officer contact

If you require any further information of assistance with the process please contact:

Claire Tunnicliffe 01223 457013

claire.tunnicliffe@cambridge.gov.uk

Application form

Name:

Address:

Email:

Telephone number:

Preferred method of contact:

Your skills, abilities, knowledge and experience

(Please read the person specification before you complete this section. This is the most important part of your application. In particular please illustrate your interest in, and/or evidenced knowledge of, some aspect of river use. You do not have to cover employment history unless you wish to.)

Do you or have you previously had a contractual relationship with the Council (eg as a supplier or a developer) or are you currently negotiating a contract?

YES

NO

If **YES**, please enclose details with your application.

Under the criteria set by this authority, you have confirmed that:

- You are not a Councillor or officer of Cambridge City Council, Cambridgeshire County Council, other District or Parish Councils in Cambridgeshire. Or, not be a relative or close friend of any current elected member or officer of the City Council.
- You will sign up to a Code of Conduct applicable to members of the public made Council appointees
- You have declared any party political membership on the application form
- You have not been declared bankrupt.

Please tick here to confirm that you comply with these requirements:

Please note: The canvassing of councillors or officers in relation to this appointment will disqualify you.

Declaration

I declare that all the above information is correct. If I am successful in obtaining this position and the information is later discovered to be incorrect I understand that the appointment can be terminated by the Council.

Signature..... Date.....

Please note: If you do not sign, your application will not be considered further.

Person specification

1. An interest in, and/or evidenced knowledge of, some aspect of river use.
2. Not a Councillor or officer of Cambridge City Council, Cambridgeshire County Council, other District or Parish Councils in Cambridgeshire. Not a relative or close friend of any current elected member or officer of the Council.
3. Live or work in the City of Cambridge.
4. Commitment to serve the community, attend meetings and a willingness to take any training and to offer requisite time to perform the duties to the satisfaction of the City Council. Committed to a three year term of office.
5. Willingness to sign up to a Code of Conduct applicable to members of the public made Council appointees.
6. Must declare any party political membership on the application form.
7. Not been declared bankrupt.
8. Will have disclosed to the Council during the application process any matter in his/her background which, if it became public, might cause the council to reconsider the appointment.

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LICENSING COMMITTEE

1 October 2018
10.00 - 11.10 am

Present: Councillors Bird (Chair), Benstead, Gawthrope, Gehring, Holt, McPherson, McQueen, Moore, Page-Croft, Pippas and Sargeant

FOR ADOPTION BY THE COUNCIL

18/31/Lic **Gambling Statement of Principles**

The Team Manager (Commercial & Licensing) tabled an amendment to section 13 Appendix A of the policy (agenda P153). The new wording is:

13. Self-Service Betting Terminals (SSBTs) in Betting Premises

The Council will, as per s181 of the Gambling Act 2005, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of SSBTs by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number / nature / circumstances of SSTBs an operator wants to offer.

The Committee unanimously resolved to accept the amendment.

The Committee:

Resolved (unanimously) to endorse the post-consultation draft Statement of Gambling Principles shown in Appendix A (and amended above); and recommend to full Council that the Statement is approved for publication on 3rd January 2019, and for it to come into effect on 31st January 2019.

The meeting ended at 11.10 am

CHAIR

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Item

STATEMENT OF GAMBLING PRINCIPLES



To:

Licensing Committee 01/10/2018

Report by:

Luke Catchpole, Senior Technical Officer

Tel: 01223 - 457818 Email: luke.catchpole@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 Cambridge City Council, as the Licensing Authority, is required to discharge its responsibilities under the Gambling Act 2005 with a view to promoting the three licensing objectives, namely;
 - Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
 - Ensuring that gambling is conducted in a fair and open way; and
 - Protecting children and other vulnerable persons from being harmed or exploited by gambling.
- 1.2 The Gambling Act 2005 was designed to be a light touch legislation covering a number of “licensable activities”. Such activities are defined within the Act.
- 1.3 The Statement of Gambling Principles is required to be reviewed every three years. The current statement runs until the end of January 2019 after which a revised Statement must be in place in order for the relevant duties to be undertaken.
- 1.4 Following review of the Statement, a 12 week consultation was undertaken; 2 responses were received.
- 1.5 After consideration, and minor amendment, the proposed 2019-2022 Statement is presented for consideration.

2. Recommendations

2.1 Members are recommended:

To endorse the post-consultation draft Statement of Gambling Principles shown in Appendix A and recommend to full Council that the Statement is approved for publication on 3rd January 2019, and for it to come into effect on 31st January 2019.

3. Background

3.1. The Gambling Act 2005 came fully into effect on 1 September 2007. It created a revised system of licensing and regulation for commercial gambling in this country. This Act gives Licensing Authorities a number of important regulatory functions in relation to gambling. The main functions are to:

- licence premises for gambling activities;
- consider notices given for the temporary use of premises for gambling;
- grant permits for gaming and gaming machines in clubs and miners' welfare institutes;
- regulate gaming and gaming machines in alcohol licensed premises;
- grant permits to family entertainment centres for the use of certain lower stake gaming machines;
- grant permits for prize gaming;
- consider occasional use notices for betting at tracks; and
- register small societies' lotteries.

3.2 In addition, section 349 of the Gambling Act 2005 requires that the Council prepares and publishes a Statement of Principles that it proposes to apply in exercising its function under the Act, before each successive period of three years.

3.3 The Statement of Principles must be formulated in accordance with, and reflect, the guidance issued by the Gambling Commission and the Government Codes of Practice. The principles essentially inform the processes that the Council would normally follow in conducting its duties as the Licensing Authority.

3.4 The existing Statement of Gambling Principles for Cambridge City Council became effective in January 2016. Since this Statement was published, there has been only minor revision of the Gambling Commission guidance, with the latest guidance being produced in September 2016.

- 3.5 It is a requirement of the Act that the revised Statement must be approved at a full meeting of the Council. Such approval cannot be granted until consultation has been undertaken with a range of statutory bodies, defined by the Act. Additionally the authority is empowered to consult with other organisations as is deemed appropriate.
- 3.6 Once any revised Statement is approved by full Council, the Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006, requires licensing authorities to subsequently publish a notice of their intention to publish the Statement or revision. There are several specific requirements in undertaking this, including appropriate publication a minimum of 28 days before the Statement of Principles comes into effect.
- 3.7 With these legal requirements in mind, the revision process commenced in May 2018 with an officer review of the existing Statement of Principles taking into account the Gambling Act 2005 and the current guidance issued by the Gambling Commission. The draft revised Statement produced is shown in Appendix B, with the specific changes from the previous version shown in red.
- 3.8 Subsequently, the revised Statement was subject to a twelve week public consultation between 25th May 2018 and Sunday 17th August 2018. This was undertaken by directly contacting the relevant responsible authorities and resident associations and publishing the consultation on our website and in the Cambridge News on Friday 25th May 2018. A full list of those directly consulted can be found in Appendix B of the Statement of Principles (pages 45-48). Additionally all those holding a licence or permit in regards to gambling issued by Cambridge City Council were directly consulted.
- 3.9 A total of 2 responses were received to the consultation. One was from Gosschalks Solicitors on behalf of the Association of British Bookmakers and the other was from an individual. Both responses have been attached to the report as Appendix C.
- 3.10 Both responses were considered and Appendix D details the specific considerations and actions taken in relation to the consultation responses. Minor variations to the Statement proposed include a consideration of these responses.

- 3.11 It is also proposed in the draft Statement of Principles to retain the Local Area Profile but separate it from the policy and have it as a stand-alone document.
- 3.12 The primary reason for proposing the separation of the Statement from the Area Profile is in order to facilitate review of the Area Profile on a more regular basis, without the need to delay updates to fit into the formal statement consultation periods. In contrast if the Local Area Profile remained within the Statement of Principles, the licensing authority's view of local risks would be a consideration for local gambling regulation in the context of section 153 of the Gambling Act 2005.
- 3.13 In order for the Council's statutory duty to be fulfilled, the final Statement of Principles must be published no later than 3rd January 2019 so that it comes in to effect no later than 31st January 2019.

4. Implications

(a) Financial Implications

The review of the Statement of Principles is a statutory function, covered by the fees paid by Licence and permit holders.

(b) Staffing Implications

Existing staff resources will apply the Statement once finalised.

(c) Equality and Poverty Implications

This is a statutory policy and it promotes equal opportunities. The policy does not prohibit any person from making an application or objecting to an application where they have a statutory right to do so.

An Equalities Impact Assessment has been completed and is attached as Appendix E.

(d) Environmental Implications

There are no environmental implications that result from the draft policy.

(e) Procurement Implications

There are no procurement implications that result from the draft policy.

(f) Community Safety Implications

The Statement of Principles will ensure that in carrying out its statutory duties, the Licensing Authority will promote the licensing objectives.

5. Consultation and communication considerations

- 5.1 In accordance with Government Code of Practice on consultation, the draft Statement of Gambling Principles was submitted for public consultation over a twelve week period between 25 May 2018 and 17 August 2018.
- 5.2 Consultation was undertaken as widely as possible, with approximately 200 letters and emails being sent out, including the Chief Officer of Police and all other responsible authorities and interested parties as required by legislation, including persons/bodies representing holders of premises licences and gaming permits, businesses and residents associations. The consultation was also available to view on Cambridge City Council website and appeared in the Cambridge News on Friday 25 May 2018. A list of those consulted can be found in Appendix B, pages 45 - 48 of the current statement of principles.
- 5.3 Two comments were received and are listed in the attached Appendix C, which relates to specific written comments received in response to the draft policy. Consideration to all comments has been given in drawing up the Policy. Additionally, Appendix D shows the nature of the comment, the evaluation of the comment and the action taken.

6. Background papers

Background papers used in the preparation of this report:

- Gambling Act 2005
- Guidance published by the Gambling Commission in September 2015 and updated in September 2016.
- Existing Statement of Gambling Principles published in January 2016.

7. Appendices

Appendix A – Post consultation draft Statement of Principles

Appendix B – Statement of Principles showing changes made in red

Appendix C – Comments and Responses from Consultation

Appendix D – Evaluation and Response to Consultee Feedback.

Appendix E – Equality Impact Assessment

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Luke Catchpole, Senior Technical Officer, tel: 01223 - 457818, email: luke.catchpole@cambridge.gov.uk.

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CAMBRIDGE CITY COUNCIL



GAMBLING ACT 2005

Statement of Principles

January 2019 – January 2022

Published: 03 January 2019

Effective from: 31 January 2019

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Introduction

Under the Gambling Act 2005 ("the 2005 Act" a regime for regulating gambling and betting was introduced throughout the United Kingdom from 1 September 2007. Apart from the National Lottery and spread betting, gambling and betting is regulated by the Gambling Commission whose duties include licensing the operators and individuals involved in the provision of gambling and betting.

Cambridge City Council Licensing Authority recognises the potential impact of gambling and in adopting this policy; the Licensing Authority will seek to work with communities and partners. It will address the concerns of the public to maintain safe and high quality environments making Cambridge an even better place to live, work and visit. It wishes to work together with premises licence operators/ holders to assist the thriving and growing local economy whilst seeking to protect vulnerable persons from harm.

Cambridge City Council ("the Council"), along with other licensing authorities, has a duty under the 2005 Act to licence premises where gambling is taking place. The Council is also required to licence certain other activities (such as registering small society lotteries). This document sets out how Cambridge City Council intends to carry out these duties.

Licensing authorities are required by Section 349 of the 2005 Act to publish a statement of principles that they propose to apply when exercising their functions in accordance with the legislation. This statement must be published every 3 years and this is the third revision. If any part of the document is amended, further consultation and re-publication is required.

The 2005 Act requires that the following parties are consulted by licensing authorities:

- The Chief Officer of Police
- One or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area; and
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Gambling Act 2005.

A full list of those persons/ organisations consulted is detailed at Appendix B.

The latest draft of this statement of principles contains the minimum of amendments and no changes to the intent or direction of the policy. In producing the final statement, the Council declares that it has regard to the Licensing objectives of the Gambling Act 2005, the guidance issued by the

Gambling Commission and any response from those consulted on this statement.

This statement of principles was approved at a meeting of the Full Council on (date to be inserted). It was then published via Cambridge City Council's website on (date to be inserted).

It should be noted that this policy statement does not override any right of any person to make an application, make representation about an application or apply for review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

The full list of comments made and the consideration by the Council of these comments is available by request to the Commercial & Licensing Team, Environmental Services.

Should you have any comments in regard to this statement of principles, please send them to:

Team Manager (Commercial &

Licensing)

Environmental Health Service

Cambridge City Council

PO Box 700

Cambridge, CB1 0JH

Email:

commercial@cambridge.gov.uk

PART A

1. The Licensing Objectives

In exercising most of its functions under the Gambling Act 2005, the Council as the Licensing Authority must have regard to the Licensing Objectives as set out in Section 1 of the 2005 Act. The objectives are:

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.

The Gambling Commission will be taking a lead role in preventing gambling from being a source of crime. Cambridge City Council is aware that it falls to the Gambling Commission to ensure the suitability of an operator before issuing an operator licence.

However, this Licensing Authority will bring to the attention of the Gambling Commission any information that is brought to its attention during the course of processing a premises licence application or at any other time, which could question the appropriateness of an applicant.

Where an area has known high levels of crime, this Licensing Authority will consider carefully whether gambling premises are suitable to be located there. If there are concerns over a premises location, in order to prevent that premises from becoming a source of crime, certain conditions could be considered by the Council to be attached to the licence.

Ensuring that gambling is conducted in a fair and open way.

The Gambling Commission is concerned to ensure that not only is gambling fair in the way it is played, but also that the rules are transparent to players and they know what to expect. It achieves this by working to ensure that: -

- Operating and personal licences are issued only to those who are suitable to offer gambling facilities or work in the industry;
- Easily understandable information is made available by operators to players about, for example, the rules of the game, the probability of losing or winning, and the terms and conditions on which business is conducted;
- The rules are fair;
- Advertising is not misleading;
- The results of events and competitions on which commercial gambling takes place are made public;

- Machines, equipment and software used to produce the outcome of games meet standards set by the Gambling Commission and operate as advertised.

The Gambling Commission would not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way. This is because they will either be concerned with the management of the gambling business (and therefore subject to the operating licence), or the suitability and actions of an individual (and therefore subject to a personal licence). These permissions both fall within the remit of the Gambling Commission.

Protecting children and other vulnerable persons from being harmed or exploited by gambling.

The Gambling Act 2005 is intended to ensure that children and vulnerable persons should not be allowed to gamble and should be prohibited from entering those gambling premises which are adult-only environments.

This licensing objective refers to protecting children from being ‘harmed or exploited by gambling’; meaning that they should be prevented from taking part in gambling and for there to be restrictions on advertising so that gambling products are not aimed at children or advertised in such a way that makes them particularly attractive to children, with the exception of Category D gaming machines.

It does not however seek to disallow particular groups of adults from gambling in the same way that it does children. The Gambling Commission has not sought to define ‘vulnerable persons’, but it does for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to mental health needs, learning disability or substance misuse relating to alcohol or drugs.

This Licensing Authority will consider this licensing objective on a case by case basis. In order to protect vulnerable persons, this Licensing Authority will consider whether any special considerations apply to a particular premises. These considerations could include self-barring schemes or providing information in the form of leaflets or helpline information from relevant organisations.

The Gambling Commission has stated (5.2) *“The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling”*

From 6 April 2016 premises licence holders must conduct a local risk assessment for each of their current premises. This applies to:-

- Adult Gaming Centres
- Family Entertainment Centres
- Non-Remote Betting

- Non-Remote Bingo
- Non-Remote Casinos
- Remote Betting Intermediary (trading room only)

There is also a requirement to conduct or update a risk assessment when:

- Applying for a new gambling premises licence
- Applying for a variation to a gambling premises licence
- Changes in the local environment, or the premises, warrant a risk assessment to be conducted again.

This licensing authority is aware that, as per section 153, in making decisions about premises licences and temporary use notices it should “aim to permit” the use of premises for gambling in so far as it is satisfied the application is *“in accordance with any code of practice issued by the Gambling Commission; in accordance with any relevant guidance issued by the Gambling Commission; reasonably consistent with the licensing objectives and in accordance with the authority’s statement of licensing principles”*.

As a means of assisting Licensing Authorities in determining whether the provision of gambling facilities at premises will be, and will remain, consistent with the licensing objectives, the Gambling Commission request that premises licence holders should have policies and procedures in place to mitigate the local risks to the licensing objectives arising from the provision of gambling at their premises.

Following the Gambling Commission’s review of the social responsibility elements of the Licence Conditions and Codes of Practice (LCCP), the Commission have introduced a social responsibility code (SR code 10.1.1) which requires all premises licensees to assess the local risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and have policies, procedures and control measures to mitigate these risks. In undertaking their risk assessments, they must take into account relevant matters identified in the licensing authority’s statement of policy.

The new SR provision is supplemented by an ordinary code provision that requires licensees to share their risk assessment with licensing authorities when applying for a premises licence or applying for a variation to existing licensed premises, or otherwise at the request of the licensing authority, such as when they are inspecting a premises.

Cambridge City Council has a Local Area Profile that licensees should consider when undertaking their local area risk assessments. The Local Area Profile can be found at the following link:

<https://www.cambridge.gov.uk/gambling-licensing-overview>

The Council notes the Gambling Commission's Guidance (5.34) to local authorities that *"Licensing authorities should be aware that other considerations such as moral or ethical objections to gambling are not a valid reason to reject applications for premises licences. In deciding to reject an application, a licensing authority should rely on reasons that demonstrate that the licensing objectives are not being, or are unlikely to be, met, and such objections do not relate to the licensing objectives. An authority's decision cannot be based on dislike of gambling, or a general notion that it is undesirable to allow gambling premises in an area (with the exception of the casino resolution powers)"*.

2. Cambridge City

Cambridge City Council is situated in Cambridgeshire, which contains a total of 5 District Councils. Cambridge combines a rich history with the vibrancy and prosperity of outstanding educational institutions and modern businesses. It is at the heart of a buoyant sub-region which is an area designed for major growth in employment and housing.

The City of Cambridge is in the east of England, 50 miles north of London. A beautiful place to live and work, Cambridge is an historic University City and market town with high quality architecture and attractive open spaces. It is also a city of national importance, being a world leader in higher education and many 21st century industries – information technology, telecommunications and commercial research, particularly the biotechnology sector.

The population of Cambridge is over 130,000. This is forecast to increase to over 150,000 in 2031 as a result of new developments

A significant characteristic of the City's population is its large and diverse student population, totaling almost 27,000 (including post graduates). This is swollen further by language students attending "summer schools", which adds to a high "churn" in our population. The proportion of older people in the City has not grown in the past 10 years.

The daytime population of the City increases significantly, with high levels of commuting into the City and very large numbers of tourists and visitors. Last year over 5 million people visited the City. The high day time population places pressure on the City's infrastructure and heavy demands on basic Council services such as street cleaning.

Cambridge has one of the highest qualified work forces in the East of England, and relatively speaking, the City is affluent.

This area is shown in the map at Appendix A.

3. Authorised Activities

'Gambling' is defined in the 2005 Act as either gaming, betting or taking part in a lottery.

Gaming - means playing a game of chance for a prize

Betting – means making or accepting a bet on the outcome of a race, competition or any other event, the likelihood of anything occurring or not occurring, or whether anything is true or not true.

Lottery – is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process, which relies wholly on chance.

Private Gaming – in private dwellings and on domestic occasions is exempt from licensing or registration providing that no charge is made for participating; only equal chance gaming takes place; and it does not occur in a place to which the public have access.

Domestic Betting – between inhabitants of the same premises or between employees of the same employer is also exempt.

Non-commercial gaming and betting – where no part of the proceeds are for private gain may be subject to certain exemptions.

4. Licences under the Gambling Act 2005

The 2005 Act provides for 3 categories of licence as detailed below:

- Operating Licences
- Personal Licence
- Premises Licences

The Council is responsible for the issue of Premises Licences. The Gambling Commission is responsible for the issue of Operating and Personal Licences.

5. The Gambling Commission

The Gambling Commission regulates gambling in the public interest. It does so by keeping crime out of gambling, by ensuring that gambling is conducted in a fair and open way and by protecting children and vulnerable people. The Commission provides independent advice to the Government about the manner in which gambling is carried out, the effects of gambling and the regulation of gambling generally.

The Commission has issued guidance in accordance with Section 25 of the 2005 Act about the manner in which Licensing Authorities exercise their functions under the Act and, in particular, the principles to be applied.

The Commission will also issue Codes of Practice under Section 24 about the way in which facilities for gambling is provided, which may also include provisions about the advertising of gambling facilities.

The Gambling Commission can be contacted at:

Gambling Commission

Victoria Square House

Victoria Square

Birmingham

B2 4BP

Website www.gamblingcommission.gov.uk

Email info@gamblingcommission.gov.uk

6. Responsible Authorities

The licensing authority is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm.

The principles are:

- The need for the body to be responsible for an area covering the whole of the licensing authority's area; and
- The need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

In accordance with the suggestion in the Gambling Commission's Guidance for local authorities, this licensing authority designates the Local safeguarding Children's Board for this purpose.

The contact details of all the Responsible Authorities under the Gambling Act 2005 are set out in Appendix C.

7. Interested Parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in the Gambling Act 2005 as follows:

"For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if, in the opinion of the licensing authority which issues the licence or to which the application is made, the person –

- a) Lives sufficiently close to the premises to be likely affected by the authorised activities, and/ or*
- b) Has business interests that might be affected by the authorised activities, or*
- c) Represents persons who satisfy paragraph a) or b)".*

The licensing authority is required by regulations to state the principles it will apply in exercising its powers under the Gambling Act 2005 to determine whether person is an interested party. The principles are:

- Each case will be decided upon its merits. The authority will not apply a rigid rule to its decision making.
- It will have regard to the examples of considerations provided in the Gambling Commissions Guidance to licensing authorities at 8.9 to 8.17

- It will also consider the Gambling Commission's Guidance that "business interests" should be given the widest possible interpretation and where appropriate include organisations such as, but not limited to, partnerships, charities, faith groups and medical practices.

Interested parties can be people who are democratically elected such as Councillors and MP's. Where appropriate, this will include county, parish and town Councillors. Other than these persons, authorities should require written evidence that a person 'represents' someone who either lives sufficiently close to the premises likely to be affected by the authorised activities and/ or business interests that might be affected by the authorised activities. A letter from one of these persons requesting the representation is sufficient.

Further advice on how licensing authorities can determine whether someone is an interested party is detailed below:

- i) The approach taken by licensing authorities in determining who is an interested party is also a function that is dealt with in the Licensing Statement of Policy.
- ii) The factors that should be taken into account when determining what 'sufficiently close to the premises' means (in each case) might include:
 - The size of the premises
 - The nature of the premises
 - The distance of the premises from the location of the person making the representation
 - The potential impact of the premises such as the number of customers, routes likely to be taken by those visiting the establishment; and
 - The circumstances of the person who lives close to the premises. This is not their personal characteristics, but their interests which may be relevant to the distance from the premises.

8. Exchange of Information

Licensing authorities are required to include in their statements, the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Gambling Commission. It is also required to include the principles it will apply in exercising its functions under section 350 of the Act with respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.

The principle that the Council applies is that it will act in accordance with the provisions of the Gambling Act 2005 in its exchange of information which includes the provision that the Data Protection Act 1998 will not be contravened. The Council will also have regard to any guidance issued by the Gambling Commission on this

matter, as well as any relevant regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.

Details of applications and representations which are referred to a Licensing Sub-Committee for determination will be detailed in the reports that are made publicly available in accordance with the Local Government Act 1972 and the Freedom of Information Act 2000. Personal details of people making representations will be disclosed to applicants and only be withheld from publication on the grounds of personal safety where the Licensing Authority is asked to do so.

Should any protocols be established as regards information exchange with other bodies then they will be made available. The Council has various policies relating to the sharing of information which will be considered when deciding what information to share and the process of doing so.

9. Enforcement

Licensing authorities are required by regulation under the Gambling Act 2005 to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and under the powers of Section 346 of the Act to instigate criminal proceedings in respect of offences specified.

This Licensing Authority's principles are that it will be guided by the Gambling Commission's Guidance to licensing authorities and will endeavor to be:

- **Proportionate** – regulators should only intervene when necessary. Remedies should be appropriate to the risk posed and costs identified and minimized;
- **Accountable** – regulators must be able to justify decisions and be subject to public scrutiny;
- **Consistent** – rules and standards must be coherent and implemented fairly;
- **Transparent** – regulators should be open and keep regulations simple and user friendly; and
- **Targeted** – regulation should be focused on the problem and minimize side effects.

In accordance with the Gambling Commission's Guidance, the Council will endeavor to avoid duplication with other regulatory regimes so far as possible.

Cambridge City Council has adopted and implemented a risk-based inspection programme based on:

- The Licensing Objectives
- Relevant Codes of Practice
- Guidance issued by the Gambling Commission (in particular Part 36)

- The principles set out in this Statement of Licensing Policy

The main enforcement and compliance role for the Council in terms of the Gambling Act 2005 is to ensure compliance with the premises licences and other permissions which it authorises. The Gambling Commission is the enforcement body for the operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines will not be dealt with by the licensing authority but will be notified to the Gambling Commission.

The Council shall have regard to the principles of “Better Regulation” as outlined by the Department for Business Innovation and Skills.

Bearing in mind the principle of transparency, the Council’s enforcement/ compliance protocols and written agreements are available upon request.

The Corporate Enforcement Policy can be found online here:

<https://www.cambridge.gov.uk/enforcement-policy>

10. Licensing Authority Functions

Licensing Authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences
- Issue Provisional Statements
- Regulate members’ clubs and miners’ welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/ or Club Machine Permits
- Issue Club Machine Permits to Commercial Clubs
- Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue Licensed Premises Gaming Machine Permits for premises licensed to sell/ supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register small society lotteries below prescribed thresholds
- Issue Prize Gaming Permits
- Receive and endorse Temporary Use Notices
- Receive Occasional Use Notices
- Provide information to the Gambling Commission regarding details of licences issued
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that local licensing authorities will not be involved in licensing remote gambling at all, which is regulated by the Gambling Commission via operating licenses.

11. Public Register

Section 156 of the Act requires licensing authorities to maintain a register of the premises licences that it has issued. The register must be made available, at any reasonable time, to the public who may request copies of the entries. The Council achieves this requirement through the use of an online register which is accessible via the Council's website.

PART B PREMISES LICENCES

1. General Principles

Premises licences are subject to the requirements set out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions which are detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others where it is believed to be necessary.

The Council is aware that in making decisions about premises licences it should aim to permit the use of premises for gambling in so far as it thinks it is:

- In accordance with any relevant code of practice issued by the Gambling Commission;
- In accordance with any relevant guidance issued by the Gambling Commission;
- Reasonably consistent with the licensing objectives; and
- In accordance with the authority's statement of licensing principles

It is appreciated that as per the Gambling Commission's Guidance to Licensing Authorities "moral objections to are not a valid reason to reject applications for premises licences" (except as regards to any 'no casino resolution') and also unmet demand is not a criterion for a licensing authority.

Premises are defined in the Act as including "any place". Section 152 therefore prevents more than one premises licence applying to any place. However, a single building could be subject to more than one premises licence, provided they are for different parts of the building and the different parts of the building can be reasonably regarded as being different premises.

This approach has been taken to allow large, multiple unit premises such as pleasure parks, piers, tracks or shopping malls to obtain discrete premises licences where appropriate safeguards are in place. However, licensing authorities should pay particular attention if there are issues about sub-divisions of a single building or

plot and should ensure that mandatory conditions relating to access between premises are observed.

The Gambling Commission states in the fifth edition of its Guidance to Licensing Authorities that *“In most cases the expectation is that a single building/ plot will be the subject of an application for a licence, for example 32 High Street. But, that does not mean 32 High Street cannot be the subject of separate premises licences for the basement and ground floor, if they are configured acceptably.*

Whether different parts of a building can properly be regarded as being separate premises will depend on the circumstances. The location of the premises will clearly be an important consideration and the suitability of the division is likely to be a matter for discussion between the operator and the licensing officer.

The Commission does not consider that areas of a building that are artificially or temporarily separated, for example by ropes or moveable partitions, can properly be regarded as different premises. If a premises is located within a wider venue, a licensing authority should request a plan of the venue on which the premises should be identified as a separate unit”.

The Commission recognises that different configurations may be appropriate under different circumstances but the crux of the matter is whether the proposed premises are genuinely separate premises that merit their own licence – with the machine entitlements that brings – and are not an artificially created part of what is readily identifiable as a single premises.

The Council takes particular note of the Gambling Commission’s Guidance to Licensing Authorities which states that *“Licensing Authorities should take particular care in considering applications for multiple licences for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular they should be aware of the following:*

- *The third licensing objective seeks to protect children from being harmed or exploited by gambling. In practice that means not only preventing them from taking part in gambling but also preventing them from being in close proximity to gambling. Therefore premises should be configured so that children are not invited to participate in, have accidental access to or closely observe gambling where they are prohibited from participating.*
- *Entrances to and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised and people do no ‘drift’ into a gambling area. In this context it should normally be possible to access the premises without going through another licensed premises or premises with a permit.*
- *Customers should be able to participate in the activity named on the premises*

licence”

The Guidance also gives a list of factors which the licensing authority should be aware of, which may include:

- Do the premises have a separate registration for business rates?
- Is the premises neighbouring premises owned by the same person or someone else?
- Can each of the premises be accessed from the street or a public passageway?
- Can the premises only be accessed from any other gambling premises?

The Council will consider these and other relevant factors in making its decision, depending on all the circumstances of the case.

2. Access Provisions

The Gambling Commissions relevant access provisions for each premises type are below:

Casinos

- The principal access entrance to the premises must be from a street (as defined at 7.21 of the guidance)
- No entrance to a casino must be from premises that are used wholly or mainly by children and/ or young persons
- No customer must be able to enter a casino directly from any other premises which hold a gambling premises licence

Adult Gaming Centre

- No customer must be able to access the premises directly from any other licensing gambling premises

Betting Shops

- Access must be from a street (as per paragraph 7.21 of the guidance) or from another premises with a betting premises licence
- No direct access from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be an entrance to a betting shop from a shop of any kind and you could not have a betting shop at the back of a café, the whole area would have to be licensed

Tracks

- No customer should be able to access the premises from:
 - i) a casino
 - ii) an adult gaming centre

Bingo Premises

- No customer must be able to access the premises directly from:
 - i) a casino
 - ii) an adult gaming centre
 - iii) a betting premises, other than a track

Family Entertainment Centre

- No customer must be able to access the premises directly from:
 - i) a casino
 - ii) an adult gaming centre
 - iii) a betting premises, other than a track

Part 7 of the Gambling Commission's Guidance to Licensing Authorities contains further information on this issue, which the Council will also take into account in its decision making.

A license to use premises for gambling may be issued in relation to premises that are not going to be ready to be used for gambling in the reasonably near future.

If the construction of the premises is not yet complete, or if they need alteration, or if the applicant does not yet have a right to occupy them, or does not hold (or applied for) the relevant operating licence then an application for a provisional statement may be made instead.

In deciding whether a premises licence can be granted where there is outstanding construction or alteration works at the premises, the Council will determine such applications on their merits, applying a two stage consideration process:

1. First, whether the premises ought to be permitted to be used for gambling
2. Second, whether the appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place

Applicants should note that the Council is entitled to decide that it is appropriate to grant a licence subject to conditions, but it not obliged to grant such a licence.

More information concerning the consideration of applications can be found at paragraphs 7.56-7.65 of the Guidance.

3. Location

The Council is aware that demand issues cannot be considered with regard to the location of the premises but that considerations in terms of the licensing objectives are relevant to its decision making. As per the guidance, the Council will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder.

4. Planning

The Gambling Commission Guidance to Licensing Authorities states *“In determining applications, the licensing authority should not take into consideration matters that are not related to gambling and the licensing objectives. One example would be the likelihood of the applicant obtaining planning permission or building regulations approval for their proposal. Licensing authorities should bear in mind that a premises licence, once it comes into effect, authorises premises to be used for gambling”*.

The Local Authority is aware of s210 of the Gambling Act and will have regard to this in any decision made.

5. Duplication with other Regulatory regimes

The Council will seek to avoid any duplication with other statutory/ regulatory systems where possible, including planning. This authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval in its consideration of it. It will though, listen to and consider carefully any concerns about conditions, which are not able to be met by licensees due to planning restrictions, should such a situation arise.

When dealing with a premises licence application for finished building, the Council will not take into account whether those buildings have to comply with the necessary planning or buildings consents. Fire or health and safety risks will not be taken into account, as these matters are dealt with under relevant planning control, buildings and other regulations and must not form part of the consideration for the premises licence.

6. Licensing Objectives

Premises licences granted must be reasonably consistent with the licensing objectives. With regard to these objectives, the Council has considered the Gambling Commission’s Guidance to Licensing Authorities:

- **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.**

The Gambling Commission takes a leading role in preventing gambling from being a source of crime. The Gambling Commission's guidance does however envisage that licensing authorities should pay attention to the proposed location of gambling premises in terms of this licensing objective. Thus, where an area has known high levels of organised crime the Council will consider carefully whether gambling premises are suitable to be located there and whether conditions may be suitable such as the provision of door supervisors. The Council is aware of the distinction between disorder and nuisance and will consider factors such as whether police assistance was required and how threatening the behavior was to those who could see it, so as to make that distinction.

- **Ensuring that gambling is conducted in a fair and open way**

The Gambling Commission has stated that it generally does not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way, as this will be addressed via operating and personal licences. There is however, more of a role with regard to tracks.

- **Protecting children and other vulnerable persons from being harmed or exploited by gambling**

The Gambling Commission's Guidance to Licensing Authorities states that this objective means preventing children from taking part in gambling (as well as restriction of advertising so that gambling products are not aimed at, or are, particularly attractive to children). The Council will therefore consider, as suggested in the guidance, whether specific measures are required at particular premises with regard to this licensing objective. Appropriate measures may include supervision of entrances/ machines, segregation of areas etc.

The Council is also aware of the Gambling Commission Codes of Practice, which the Gambling Commission issues as regards this licensing objective, in relation to specific premises.

With regard to the term 'vulnerable persons' it is noted that the Gambling Commission does not seek to offer a definition but states that "*it will for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to, for example, mental health, a learning disability or substance misuse relating to alcohol or drugs*". The Council will consider this licensing objective on a case by case basis.

7. Licence Conditions

Mandatory and default conditions will be added to premises license's as per the Gambling Act 2005 (Mandatory and Default Conditions) Regulations 2007.

Any further conditions attached to licences will be proportionate and will be:

- Relevant to the need to make the proposed building suitable as a gambling facility;
- Directly related to the premises (including the locality and any identified local risks) and the type of licence applied for;
- Fairly and reasonable related to the scale and type of premises; and
- Reasonable in all other aspects

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures this licensing authority will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. The Council will also expect the licence applicant to offer his/ her own suggestions as to the way in which the licensing objectives can be met effectively.

The Council will also consider specific measures which may be required for buildings which are subject to multiple premises licences. Such measures may include the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the licensing objectives. These matters are in accordance with the Gambling Commission's Guidance.

The Council will also ensure that where category C or above machines are on offer in premises to which children are admitted:

- All such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- Only adults are admitted to the area where these machines are located;
- Access to the area where the machines are located is supervised;
- The area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- At the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18

These considerations will apply to premises including buildings where multiple premises licences are applicable.

The Council is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Gambling Commission's Guidance, the Council will consider the impact upon the

third licensing objective and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

It is noted that there are conditions that the licensing authority cannot attach to premises licences, which are:

- Any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- Conditions relating to gaming machine categories, numbers or method of operation;
- Conditions which provide that membership of a club or body be required. The Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated; and
- Conditions in relation to stakes, fees, winning or prizes.

8. Door Supervisors

The Gambling Commission advises in its guidance that if a licensing authority is concerned that a premises may attract disorder or be subject to attempts at unauthorised access (for example by children and young persons) then it may require that the entrances to the premises are controlled by a door supervisor, and is entitled to impose a condition on the premises licence to this effect.

Where it is decided that supervision of entrances/ machines is appropriate for particular cases, a consideration of whether these need to be SIA licensed or not will be necessary. It will not be automatically assumed that they need to be licensed, as the statutory requirements for different types of premises vary.

9. Adult Gaming Centres

The Council will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to, for example, ensure that under 18 year olds do not have access to the premises.

The Council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/ machine areas
- Physical separation of areas
- Location of entry
- Notices/ signage
- Specific opening hours
- Self-exclusion schemes

- Provision of information leaflets/ helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

10. Licensed Family Entertainment Centres

The Council will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

The Council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/ machine areas
- Physical separation of areas
- Location of entry
- Notices/ signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/ helpline numbers for organisations such as GamCare
- Measures/ training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

The Council will, as per the Gambling Commission's Guidance, refer to the Commission's website to see any conditions that apply to operating licences covering the way in which the area containing category C machines should be delineated. The Council will also make itself aware of any mandatory or default conditions on these premises licences, when they have been published.

11. Casinos

The Council has not passed a 'no casino' resolution under Section 166 of the Gambling Act 2005, but is aware that it has the power to do so. Should the Council decide in the future to pass such a resolution, it will update this statement of principles with details of that resolution. Any such decision will be made by the Full Council.

12. Bingo Premises

The Council notes that the Gambling Commission's Guidance states in 18.5 *"Licensing authorities will need to satisfy themselves that bingo can be played in any bingo premises for which they issue a premises licence. An operator may choose to vary their licence to exclude a previously licensed area of that premises, and then apply for a new premises licence, or multiple new premises licences, with the aim of creating separate premises in that area. Essentially providing multiple licensed premises within a single building or site. Before issuing additional bingo premises licences, licensing authorities need to consider whether bingo can be played at each of those new premises"*.

The Council also notes the Guidance at paragraph 18.8 where the holder of a bingo premises licence may make available for use a number of category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises.

Premises in existence before 13 July 2011 are entitled to make available eight category B gaming machines, or 20% of the total number of gaming machines, whichever is the greater.

Regulations state that category B machines at bingo premises should be restricted to sub-category B3 (but not B3A) and B4 machines.

"Children and young people are allowed into bingo premises; however they are not permitted to participate in the bingo and if category B or C machines are made available for use these must be separate from areas where children and young people are allowed. Social Responsibility (SR) code 3.2.5(3) states that 'licensees must ensure that their policies and procedures take account of the structure and layout of their gambling premises' in order to prevent underage gambling".

13. Self-Service Betting Terminals (SSBTs) in Betting Premises

The Council will, as per s181 of the GaMBLING Act 2005, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of SSBTs by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number / nature / circumstances of SSTBs an operator wants to offer.

14. Credit/ ATM's

Section 177 of the 2005 Act requires, in relation to casino and bingo premises licences, that a condition be placed on the licence prohibiting the provision of credit in connection with gambling authorised by the licence or any involvement with the provision of credit.

Section 177 does not, however, prevent the licensee from permitting the installation of cash dispensers (ATM's) on the premises. Such machines may accept credit cards (and debit cards) providing the arrangement is subject to a requirement that the licensee has no other commercial connection with the machine provider in relation to gambling (aside from the agreement to site the machines) and does not profit from the arrangement, nor make any payment in connection with the machines. All premises licences also include a mandatory condition which requires that any ATM made available for use on the premises must be located in a place that requires any customer who wishes to use it to cease gambling in order to do so.

15. Tracks

The Council is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Gambling Commission's Guidance, the Council will especially consider the impact upon the third licensing objective (i.e the protection of children and vulnerable persons from being harmed or exploited by gambling) and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

The Council will therefore expect the premises licence applicant to demonstrate suitable measures to ensure that children do not have access to adult only gaming facilities. It is noted that children and young persons will be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/ or horse racing takes place, but that they are still prevented from entering areas where gaming machines (other than category D machines) are provided.

The Council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/ machine areas
- Physical separation of areas
- Location of entry
- Notices/ signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/ helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Gaming Machines

Where the applicant holds a pool betting operating licence and is going to use his entitlement to four gaming machines (other than category D machines), these

machines should be located in areas from which children are excluded.

Betting Machines

The Council will take into account the size of the premises and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/ nature/ circumstances of betting machines an operator wants to offer.

Applications and Plans

The Gambling Act (Section 51) requires applicants to submit plans of the premises with their application, in order to ensure that the licensing authority has the necessary information to make an informed judgment about whether the premises are fit for gambling. The plan will also be used for the Council to plan future premises inspection activity.

Plans for tracks do not need to be in a particular scale, but should be drawn to scale and should be sufficiently detailed to include the information required by regulations.

Some tracks may be situated on agricultural land where the perimeter is not defined by virtue of an outer wall or fence, such as point-to-point race tracks. In such instances, where an entry fee is levied, track premises licence holders may erect temporary structures to restrict access to premises.

In the rare cases where the outer perimeter cannot be defined, it is likely that the track in question will not be specifically designed for the frequent holding of sporting events or races. In such cases betting facilities may be better provided through occasional use notices where the boundary premises do not need to be defined.

The Council appreciates that it is sometimes difficult to define the precise location of betting areas on tracks. The precise location of where betting facilities are provided is not required to be shown on track plans, both by virtue of the fact that betting is permitted anywhere on the premises and because difficulties associated with pinpointing exact locations for some types of track. Applicants should provide sufficient information that this authority can satisfy itself that the plan indicates the main areas where betting might take place. For racecourses in particular, any betting areas subject to the 'five times rule' (commonly known as betting rings) must be indicated on the plan.

16. Travelling Fairs

It will fall to the Council to decide whether, where category D machines and/ or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

The Council will also consider whether the applicant falls within the statutory definition of a travelling fair.

It is noted that the 27 day statutory maximum for the land being used as a fair, is per calendar year, and that it applies to the piece of land on which the fairs are held regardless of whether it is the same or different travelling fairs occupying the land. The Council will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

17. Provisional Statements

Developers may wish to apply to the Council for provisional statements before entering into a contract to buy or lease property or land to judge whether a development is worth taking forward in light of the need to obtain a premises licence. There is no need for the applicant to hold an operating licence in order to apply for a provisional statement.

Section 204 of the Gambling Act 2005 provides for a person to make an application to the licensing authority for a provisional statement in respect of premises that he or she:

- a) Expects to be constructed;
- b) Expects to be altered; or
- c) Expects to acquire a right to occupy

The process for considering an application for a provisional statement is the same as that for a premises licence application. The applicant is obliged to give notice of the application in the same way as applying for a premises licence. Responsible authorities and interested parties may make representations and there are rights of appeal.

In contrast to the premises licence application, the applicant does not have to hold or have applied for an operating licence from the Gambling Commission (except in the case of a track) and they do not have a right to occupy the premises in respect of which their provisional application is made.

The holder of a provisional statement may then apply for a premises licence once the premises are constructed, altered or acquired. The Council will be constrained in the matters it can consider when determining the premises licence application, and in terms of representations about premises licence applications that follow the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless:

- They concern matters which could not have been addressed at the provisional statement stage, or
- They reflect a change in the applicant's circumstances.

In addition, the Council may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- Which could not have been raised by objectors at the provisional statement stage;
- Which in the authority's opinion reflect a change in the operator's circumstances; or
- Where the premises has not been constructed in accordance with the plan submitted with the application. This must be a substantial change to the plan and the Council notes that it can discuss any concerns it has with the applicant before making a decision.

18. Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities (it should be noted that there is no mechanism to review any permit or notice). However, it is for the Licensing Authority to decide whether such a request will result in a review. Such a decision will be taken by considering, amongst other matters, the following:

- Any relevant code of practice or guidance issued by the Gambling Commission;
- The licensing objectives
- The Licensing Authority's Statement of Policy
- Whether the request is considered frivolous, vexatious, or whether it will certainly not cause the authority to wish to alter or revoke or suspend the licence; and
- Whether the request is substantially the same as previous representations or requests for a review.
- Whether the request is substantially the same as representations made at the time the application for a premises licence was considered.

The Council, as the licensing authority, may also initiate a review of a premises licence. The purpose of such a review would be to determine whether the Council, as the licensing authority, should take any action in relation to the licence.

Following a review, the actions open to the licensing authority are:

- Add, remove or amend a licence condition imposed by the licensing authority;
- Exclude a default condition imposed by the Secretary of State or Scottish Ministers or remove or amend such an exclusion;
- Suspend the licence for any period not exceeding three months; and
- Revoke the licence.

In considering what action, if any, should be taken following a review the Council must have regard to the principles set out under Section 153 of the Act as well as any relevant representations.

PART C PERMITS/ TEMPORARY & OCCASIONAL USE NOTICES

1. Unlicensed Family Entertainment Centre Gaming Machine Permits

Unlicensed family entertainment centres will be able to offer category D machines if granted a permit by the Council. If an operator of a family entertainment centre wishes to make category C machines available in addition to category D machines, they will need to apply for an operating licence from the Gambling Commission and a Premises Licence from the Council.

The Council can grant or refuse an application for a permit, but cannot attach conditions.

2. Statement of Principles

As unlicensed family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues.

The Council will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits.

The policies and procedures are expected to include:

- What staff should do if they suspect that truant children are on the premises
- How staff should deal with unsupervised young children on the premises
- How staff should deal with children causing perceived problems on or around the premises

The Council will also expect applicants to demonstrate:

- A full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed family entertainment centres;
- That the applicant has no relevant convictions (those that are set out in Schedule 7 to the Act);
- That staff are trained to have a full understanding of the maximum stakes and prizes

3. Alcohol Licensed Premises Gaming Machine Permits

Premises licensed to sell alcohol for consumption on the premises, can automatically have 2 gaming machines, of categories C and/or D. The holder of a Premises Licence under the Licensing Act 2003, authorising the sale of alcohol, will simply

need to notify the Council, and pay the prescribed fee.

The Council may remove the automatic authorisation in respect of any particular premises if;

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Act;
- the premises are mainly used for gaming; or
- an offence under the Act has been committed on the premises.

If a premises wishes to have more than 2 machines, then the holder of the Premises Licence will need to apply for a permit. The Council shall consider that application having regard to the licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Act, and any other matters that are considered relevant.

The Council shall determine what constitutes a relevant consideration on a case-by-case basis, but weight shall be given to the third licensing objective i.e. protecting children and vulnerable persons from being harmed or being exploited by gambling. To this end, the Council will expect applicants to demonstrate

- that there will be sufficient measures in place to ensure that under 18 year olds do not have access to the adult only gaming machines.
- Measures may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18.
- Notices and signage will also need to be considered.

With respect to the protection of vulnerable persons, the Council will expect applicants to provide information leaflets / helpline numbers for organisations such as GamCare.

It is recognised that some alcohol-licensed premises may apply for a Premises Licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre Premises Licence.

The Council may decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. The Council will not attach any other conditions in granting such an application.

The holder of such a permit will be required to comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

4. Prize Gaming Permits

Applicants for prize gaming permits should set out the types of gaming that they intend to offer. The applicant will be required to demonstrate:

- that they understand the limits to stakes and prizes that are set out in Regulations; and
- that the gaming offered is within the law.

In making its decision on an application for this type of permit the Council does not need to have regard to the licensing objectives but will have regard to any Gambling Commission guidance. Weight will be given to child protection issues, and relevant considerations are likely to include the suitability of the applicant (i.e. if the applicant has any convictions which would make them unsuitable to operate prize gaming) and the suitability of the premises. Applicants for prize gaming permits must disclose any previous relevant convictions to the Council.

The Council may grant or refuse an application for a permit, but will not attach any conditions. However, there are 4 conditions in the Act that permit holders must comply with. These are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

5. Club Gaming and Club Machine Permits

Members clubs (but not commercial clubs) may apply for a club gaming permit. The club gaming permit will enable the premises to provide gaming machines (3 machines of categories B4, C or D), equal chance gaming and games of chance.

If a club does not wish to have the full range of facilities permitted by a club gaming permit or if they are a commercial club not permitted to provide non-machine gaming (other than exempt gaming under section 269 of the Act), they may apply for a club machine permit, which will enable the premises to provide gaming machines (3 machines of categories B3A, B4, C or D).

Members clubs must have at least 25 members and be established and conducted “wholly or mainly” for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members’ club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men’s clubs, branches of Royal British Legion and clubs with political affiliations.

The Council will only refuse such an application on one or more of the following grounds;

- the applicant does not fulfill the requirements for a members’ or commercial club and therefore is not entitled to receive the type of permit for which it has applied;
- the applicant’s premises are used wholly or mainly by children and/or young persons;
- an offence under the Act or a breach of a condition of a permit has been committed by the applicant while providing gaming facilities;
- a permit held by the applicant has been cancelled in the previous ten years; or;
- an objection has been lodged by the Gambling Commission or the Police

The Council will have regard to the guidance issued by the Gambling Commission and (subject to that guidance), the licensing objectives.

There is a ‘fast-track’ procedure available for clubs which hold a club premises certificate under the Licensing Act 2003. Under the fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police, and the grounds upon which an authority can refuse a permit licences are reduced.

The grounds on which an application under the fast track procedure may be refused are;

- that the club is established primarily for gaming, other than gaming prescribed under s.266 of the Act;
- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

The Council may grant or refuse an application for a club gaming or club machine permit, but will not attach any conditions. However, premises must comply with the Gambling Commissions Licence Conditions and Codes of Practice. There are a number of conditions in the Act that the holder must comply with.

6. Cancellation of Permits

Gaming / Machine Permits

The authority is able to cancel a permit. It may do so in specified circumstances which include if the premises are used wholly or mainly by children or young persons or if an offence under the Act has been committed. Before it cancels an authority must notify the holder giving 21 days' notice of intention to cancel, consider any representations made by the holder, hold a hearing if requested, and comply with any other prescribed requirements relating to the procedure to be followed.

Club Gaming / Club Machine Permits

Decisions relating to the cancellation of a Club Gaming or Club Machine Permit may not be made by an officer of the authority. Such decisions shall be dealt with by the Licensing Sub Committee.

Alcohol Licensed Premises Permits

In the event of representations being received against a notice of cancellation, the matter will be determined by a licensing sub-committee. Where no representations have been received, or if they have been received but have been subsequently withdrawn, then the final decision may remain with an Officer of the Council.

7. Small Local Society Lotteries

A Small Society Lottery is a lottery that is promoted on behalf of a non-commercial society (such as a charity or similar non-profit making organisation) to raise funds for any of the purposes for which the society or organisation is set up.

Small Society Lotteries do not require a licence but must be registered with the licensing authority in the area where the society's principle premises is situated. An application to register a Small Society Lottery should be on the relevant application form and accompanied by any necessary documents and the appropriate fee.

The maximum prize per ticket in either money or monies worth is £25,000.

In determining whether to grant or renew a small society lottery registration, the Licensing Authority will have regard to the Guidance to Local Authorities issued by the Commission.

Societies may wish to refer to the relevant section of the Licensing Authority's website for full details on how to register and maintain small society lottery registrations.

8. Exempt Gambling

The Licensing Authority has no control over Gambling in these circumstances, provided the specific requirements are complied with and any limits on stakes and prizes are observed.

8.1. Non-commercial gaming

There are two types of non-commercial gaming allowed: non-commercial prize gaming and non-commercial equal chance gaming. Neither of these require any authorisation provided the maximum stakes and prizes are not exceeded. In each case the gaming can be incidental to another activity, or the activity itself. It must be non-commercial which means there must be no private profit or gain. However, the proceeds of such events may benefit an organisation, group or one or more individuals if the activity is organised:

- by, or on behalf of, a charity or for charitable purposes;
- to enable participation in, or support of, sporting, athletic or cultural activities.

8.2. Non-commercial prize gaming

In this case, the prize should be determined in advance and not be dependent on the number of players or monies staked. The players should be told what the monies are being raised for, and it cannot take place in premises that have a Gambling Act premises licence (except a track).

This can include casino nights and race nights.

8.3. Non-commercial equal chance gaming

In this case, the stakes per player cannot exceed £8. In addition, the aggregate value of prizes in all games played at a single event cannot exceed £600 (but if the event is the final one of a series in which all of the players have previously taken part, a higher prize fund of up to £900 is allowed). The players should be told what the monies are being raised for, and it cannot take place in premises that have a Gambling Act premises licence (except a track).

This can include casino nights and race nights.

8.4. Private gaming

This covers situations where the public are not admitted to the gaming. This includes residential and domestic premises and workplaces.

This can include casino nights and race nights.

8.5. Domestic gaming

Non-equal chance gaming can be played in private dwellings on domestic occasions provided no participation charge is made.

8.6. Residential gaming

Non-equal chance gaming can be played in hostels or halls of residence provided at least 50% of the participants are residents.

8.7. Non-commercial and private betting

This is betting in domestic premises or workplaces. In domestic premises the participants must habitually reside there, and for workers betting the participants must be employed by the same employer.

8.8. Incidental non-commercial lottery

These can take place as an incidental activity at another non-commercial event, e.g. a raffle at a dinner or tombola at a garden party. No registration or permission is required provided the following requirements are met.

- Tickets can only be sold on the premises where the event takes place to people present and while the event is taking place;
- The draw must take place at the event and the results must be announced while the event is taking place;
- No rollovers are allowed;
- The maximum deduction allowed for prizes from the proceeds is £500; and
- The maximum deduction allowed for organising costs from the proceeds is £100.

9. Exempt gambling in pubs

Various types of gambling can take place in premises that are licensed under the Licensing Act 2003 to sell alcohol for consumption on the premises and which have a bar at which alcohol is served to customers, but this does not apply where the sale of alcohol can only take place as being ancillary to the sale of food.

9.1. Equal chance gaming in pubs

Equal chance gaming up to specified limits on stakes and prizes can take place, and this includes games such as backgammon, mah-jong, rummy, kalooki, dominoes, cribbage, bingo and poker.

The following requirements have to be met:

- The maximum stakes and prizes for each type of game must not be exceeded

(£5 maximum stake for any game of chance except poker, dominoes and cribbage. For poker the maximum stake is £5, a daily maximum of £100 in aggregate stakes cannot be exceeded and the maximum prize limit is £100. There are no limits on stakes and prizes for dominoes or cribbage);

- The gaming must be supervised by a nominated gaming supervisor and comply with Gambling Commission codes of practice;
- No participation fees can be charged and no levy taken from stakes or prizes;
- The games cannot be linked to any other games in other premises; and
- Nobody under 18 years old can take part.

9.2. Bingo in pubs

Low-turnover bingo where the aggregate of stakes and prizes in a seven day period does not exceed £2000 can take place.

10. Exempt gambling in Clubs

There are two types of club for the purposes of the Act: members' clubs (including miners' welfare institutes) and commercial clubs. Generally speaking the club must be established for purposes other than gaming, but there is an exception for bridge or whist clubs. The exempt gaming that can take place differs according to the type of club. If a club has a club gaming permit, additional games and higher stakes and participation fees apply.

10.1. Equal chance gaming in clubs

Equal chance gaming with no specified limits on stakes and prizes (except for poker) can take place.

The following requirements have to be met:

- Only club members (who have been members for at least 48 hours) or a bona fide guest of a member can participate;
- Except for poker, there is no maximum stake or prize;
- For poker there is a £10 maximum stake, a daily maximum of £250 in aggregate stakes and a seven day maximum of £1000 in aggregate stakes cannot be exceeded, and the maximum prize limit is £250;
- The gaming must be supervised by a nominated gaming supervisor and comply with Gambling Commission codes of practice;
- A maximum participation fee of £1 can be charged but no levy taken from stakes or prizes (however if the games are bridge or whist, on a day when no other gaming is permitted, participation fees of up to £18 per person can be charged);
- The games cannot be linked to any other games in other premises; and
- Nobody under 18 years old can take part.

10.2. Bingo in clubs

Low-turnover bingo where the aggregate of stakes and prizes in a seven day period does not exceed £2000 can take place in all types of club.

10.3. Bridge and Whist clubs

Unlimited stakes bridge or whist can be played. In addition participation fees (up to £18) can be charged.

11. Temporary Use Notices

Temporary Use Notices allow the use of premises for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for a Temporary Use Notice, according to the Gambling Commission, would include hotels, conference centres and sporting venues.

The licensing authority can only grant a Temporary Use Notice to a person or company holding a relevant operating licence i.e. a non-remote casino operating licence.

The Secretary of State has the power to determine what form of gambling can be authorised by Temporary Use Notices, and at the time of writing this statement the relevant regulations (SI no3157: The Gambling Act 2005 (Temporary Use Notices) Regulations 2007) state that Temporary Use Notices can only be used to permit the provision of facilities or equal chance gaming, where the gaming is intended to produce a single winner, which in practice means poker tournaments.

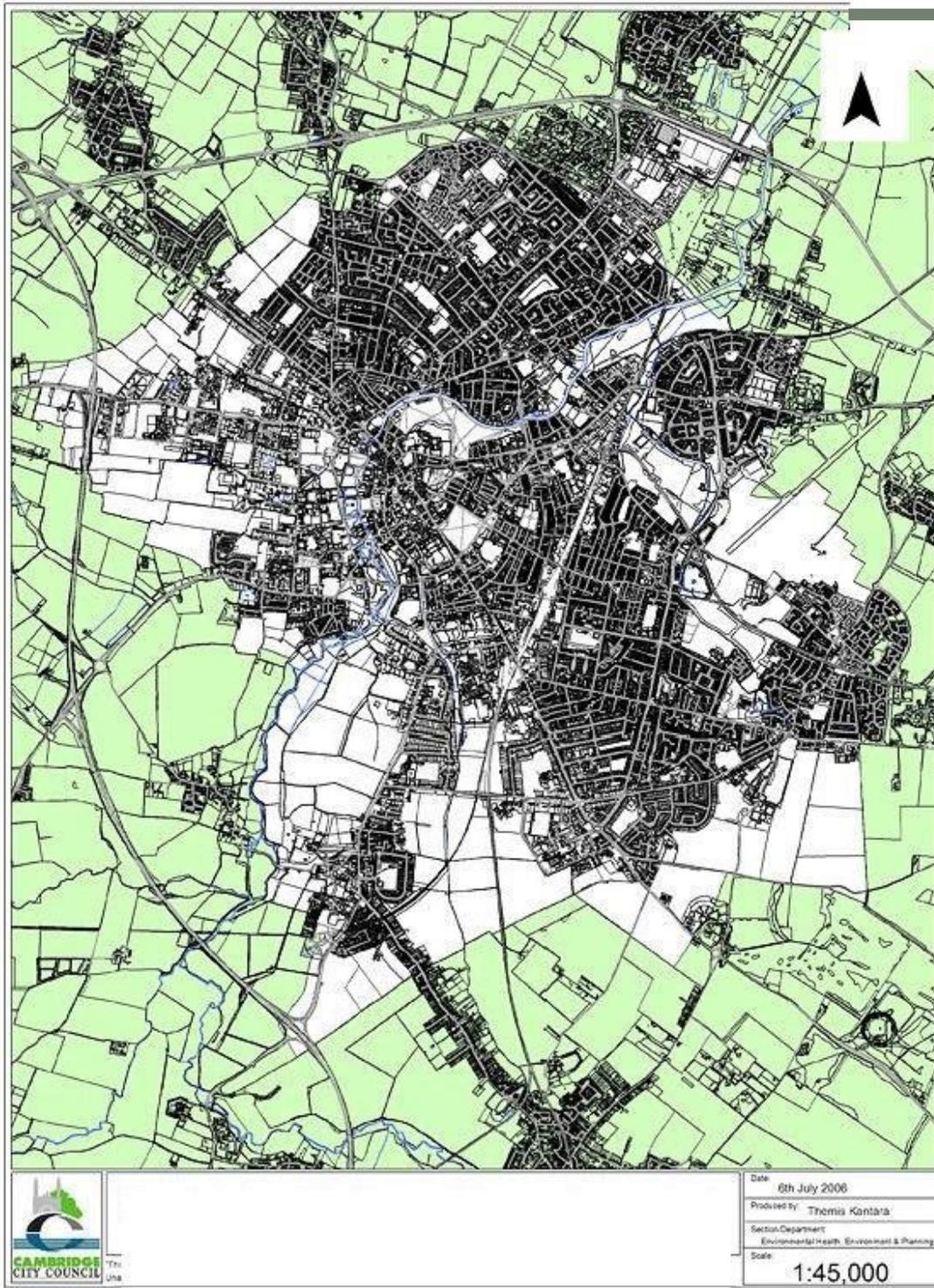
There are a number of statutory limits as regards Temporary Use Notices. Gambling Commission Guidance notes that *“this definition of a ‘set of premises’ differs to ‘premises’ in Part 8 or the Act (see Part 7 of the guidance). The definition of a ‘set of premises’ will be a question of fact in the particular circumstances of each notice given. In considering whether a place falls within the definition, licensing authorities will need to look at, amongst other things, the ownership/occupation and control of the premises”*.

This licensing authority expects to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises, as recommended in the Gambling Commission’s Guidance.

12. Occasional Use Notices

The Council has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. The Council will though consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

APPENDIX A



APPENDIX B – LIST OF CONSULTEES

- Responsible Authorities
- Emma Thornton (Chief Executive Officer, Visit Cambridge and Beyond)
- Graham Saint (Consultation Working Group)
- Adam Ratcliffe (CAMBAC Manager)
- Gamestec
- Select Gaming
- Power Leisure Bookmakers Ltd
- Coral Racing Limited
- Ladbrokes Betting & Gaming Limited
- Done Brothers (Cash Betting) Limited
- Talarius Limited
- BACTA
- The Bingo Association
- Association of British Bookmakers Ltd (ABB)
- Business In Sport and Leisure (BISL)
- BALPPA
- British Institute of Inn Keeping (BII)
- The Portman Group
- British Beer and Pub Association
- Racecourse Association Ltd
- GAMCARE
- Greater Cambridge Partnership
- Cambridge & District Citizens Advice
- Cambridgeshire Chambers of Commerce

Ward Residents Associations

Abbey People
Riverside Area Residents Association
Riverside Area Residents Association
The Friends of Sourbridge Common
Histon Road Area Residents' Association (HRARA)
Arbury Road East RA (ARERA)
Darwin & Akeman St (DEARA)
Benson Area Residents' Association *1
NAFRA 19 Acre Field Residents' Association
Storeys Way Residents' Association
Concerned Residents Of North West Cambridge (CRONC)
Windsor Road Residents Association (WIRE)
Oxford Road Residents' Association
CREW
Tavistock Road & Stratfield Close Residents' Association
Richmond Road Residents' Association
Marion Close & Sherlock Road Association
Sherlock Close RA
Madingley Road Group
Shelly Gardens Leaseholder's Association
Rustat Neighbourhood Association
Birdwood Area Residents' Association
Cherry Hinton & Rathmore Road Residents' Association
Old Chesterton Residents Association
Three Trees Residents' Association
St Andrews Road RA
Fen Estates and Nuffield Road RA (FENRA)
Fen Road Steering Group
Bradmore & Petersfield Residents Association
North Cambridge Community Partnership
Citygate Property Partners
Park Street Residents' Association
Christs Pieces Residents Association
King Street Neighbourhood Association
Jesus Green Association
Brunswick & North Kite Residents Association
Evening Court RA
Radcliffe Court Residents' Association
Newnham Croft Conservation Group
North Newnham Residents Association
Gough Way Residents Association
West Cambridge Preservation Society
Clerk Maxwell Road Residents' Association
Pinehurst South Resident's Association
Residents' Association of Old Newnham
Bulstrode Gardens Residents Association
Barton Close Residents' Association

Millington Road & Millington Lane Residents' Association
Grantchester Road Residents' Association
Hedgerley Close RA
Bradmore & Petersfield Residents Association
Glisson Road/Tenison Road Area Residents' Association
Petersfield Mansions Residents' Association
Petersfield Area Community Trust (PACT)
Mill Road Community Improvements Group
Highsett Houses Residents' Society
Guest Road Residents' Association
Highsett Flats Resident's Association
Babraham Road Action Group
Queen Edith's Way Residents' Association
Corfe Close Residents Association (CCRA)
Greenlands' Residents Association
Hills Road Residents' Association
Blinco Grove Residents' Association
Greville Road RA
Monteal Square Residents' Association
East Mill Road Action Group EMRAG
Romsey Action
Mill Road Society
Empty Common Allotment Society
Gazeley Lane Residents' Association
Brookside Residents Association
Hanover & Princess Court Residents' Association
Bateman Street & Bateman Mews Residents Association
Trumpington Residents Association
Norwich Street Residents' Association
Southacre Latham Road and Chaucer Road RA (SOLACHRA)
Accordia Community and Resident's Association (ACRA)
Brooklands Avenue Area Residents' Association
North Newtown Residents' Association
Newtown Residents' Association
Applecourt Residents' Association
Fenners Lawn Residents' Association
BENERA (Bentley and Newton Road Residents' Association)
Victoria Park Residents Working Group
Friends of Mitcham's Corner
Mitchams Corner Residents' & Traders' Association (MCRTA)
Mulberry Close (Leys Road, Cambridge) Residents' Society Ltd
Milton Road RA (MRRA)
Ascham Road Residents' Association
Gurney Way (& Atherton Close) Residents Association
Highworth Avenue CB
Hurst Park Estate Residents' Association (HPERA) *3
Sandy Lane Residents' Association
Cambridge Valley Forum
Federation of Cambridge Residents' Associations

APPENDIX C – Responsible Authorities

The Licensing Authority

Commercial & Licensing, Environmental Services, Cambridge City Council, PO Box 700, Cambridge, CB1 0JH

Tel: 01223 457879 Fax: 01223 457909

e-mail: commercial@cambridge.gov.uk

The Gambling Commission

Victoria Square House, Victoria Square, Birmingham, B2 4BP

Email: info@gamblingcommission.gov.uk

The Chief Officer of Police

The Chief Officer, Cambridgeshire Constabulary, Southern Division, Police Station, Parkside, Cambridge, CB1 1JG

Telephone: 01223 823397 Fax: 01223 823232

The Fire and Rescue Authority

Fire Protection, Cambridge Fire Station, Parkside, Cambridge, CB1 1JF

Email: danny.hans@cambsfire.gov.uk

Planning Authority

Environment & Planning, Cambridge City Council, The Guildhall, Cambridge, CB2 3QJ

Telephone: 01223 457100

e-mail: planning@cambridge.gov.uk

Environmental Health

The Environmental Health Manager, Environmental Services, Cambridge City Council, PO Box 700, Cambridge, CB1 0JH

Telephone: 01223 457890 Fax: 01223 457909 e-mail:

env.services@cambridge.gov.uk

Local Safeguarding Children Board

Child Protection Services, Licensing Applications, OCYPS, PO Box 144, St Ives, Cambs, PE27 9AU

Telephone: 03450455203

Referralcentre2.children@cambridgeshire.gov.uk

HM Revenues and Customs

Excise Processing Teams, BX9 1GL, United Kingdom

In addition, for vessels:
Environment Agency

The Team Leader, Great Ouse & Stour Waterways, The Environment Agency,
Kingfisher House, Goldhay Way, Orton Goldhay, Peterborough, PE2 5ZR.
Telephone: 01733 464072
e-mail: enquiries@environment-agency.gov.uk, quoting Great Ouse & Stour
Waterways

Conservators of the River Cam

The River Manager
Conservators of the River Cam
Baits Bite Lock, Fen Road, Milton, Cambridge, CB24 6AF
Telephone/Fax 01223 863785
e-mail river.manager@camconservators.org.uk

MATTER TO BE DEALT WITH	FULL COUNCIL	LICENSING COMMITTEE/SUB COMMITTEE	OFFICERS	COUNCIL SOLICITOR
Three year licensing policy	✓			
Policy not to permit casinos	✓			
Fee setting-when appropriate		✓		
Application for premises licences		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Application for a variation to a licence		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Application for a transfer of a licence		Where representations received from the Gambling Commission	Where no representations received from the Gambling Commission	
Application for provisional statement		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Review of premises licence		✓		
Application for club gaming/club machine permits		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Cancellation of club gaming/club machine permits		✓		
Application for other permits			✓	
Cancellation of licensed premises gaming machine permits			✓	
Consideration of Temporary Use Notices			✓	
Decision to give a counter Notice to a Temporary Use Notice		✓		
Determination as to whether a person is an interested party				✓
Determination as to whether				✓

representations are relevant				
Determination as whether a representation is frivolous, vexatious or repetitive				✓
Representative of Licensing Authority who will be responsible for making representations as the Responsible Authority on licence applications				✓
Responsibility for attaching to premises licences Mandatory, Default and Specific Conditions			✓	
Representative of Licensing Authority who can initiate a Licence review				✓
Representative of Licensing Authority who can reject an application for a Licence review				✓

APPENDIX E – GLOSSARY OF TERMS

Admissible Representations: - representations submitted by a Responsible Authority or Interested Party.

Authorised Local Authority Officer: - a Licensing Authority Officer who is an authorised person for a purpose relating to premises in that authority's area.

Authorised Person: - a licensing officer and an officer of an authority other than a Licensing Authority, both of whom have been authorised for a purpose relating to premises in that authority's area. The following are considered authorised persons:

- Inspectors appointed under the Fire Precautions Act 1971;
- Inspectors appointed under the Health and Safety at work, etc. Act 1974;
- Inspectors or Surveyors of ships appointed under the Merchant Shipping Act 1995; &
- A person in a class prescribed in regulations by the Secretary of State.

Automated Roulette Equipment: - equipment that is either linked to a live game of chance, e.g. roulette, or plays live automated games, i.e. operates without human intervention.

Automatic Conditions: - conditions attached automatically to premises licences or authorisations. The Licensing Authority has no discretion not to include or modify them.

AWP machines: - Amusement with Prize Machines

BACTA: - the British Amusement Catering Trade Association

Betting Intermediary: - someone who offers services via remote communication, such as the internet.

Betting Ring: - an area that is used for temporary 'on course' betting facilities.

Bingo: - a game of equal chance.

Casino: - an arrangement whereby people are given an opportunity to participate in one or more casino games.

Casino Games: - games of chance that are not equal chance gaming.

Casino Premises Licence Categories: - regional, large, small, casinos permitted under transitional arrangements.

Casino Resolution: - resolution concerning whether or not to issue Casino Premises Licences.

Child: - an individual who is less than 16 years old.

Christmas Day Period: - the period of 24 hours from midnight on 24 December.

Club Gaming Machine Permit: - a permit to enable the premises to provide gaming machines (three machines of Categories B, C or D)

Club Gaming Permit: - a permit to enable the premises to provide gaming machines (three machines of Categories B C or D), equal chance gaming and games of chance.

Complex Lottery: - an arrangement where:

- Persons are required to pay to participate in the arrangement;
- In the course of the arrangement, one or more prizes are allocated to one or more members of a class;
- The prizes are allocated by a series of processes; and
- The first of those processes relies wholly on chance.

Conditions: - conditions to be attached to licences by way of:

- Automatic provision
- Regulations provided by Sec. Of State
- Conditions provided by Gambling Commission
- Conditions provided by Licensing Authority
- Conditions may be general in nature (either attached to all licences or all licences of a particular nature) or may be specific to a particular licence.

Customer Lotteries: - lotteries run by the occupiers of business premises who sell tickets only to customers present on their premises. These lotteries may not be conducted on vessels.

Default Conditions: - conditions that will apply unless the Licensing Authority decide to exclude them. This may apply to all Premises Licences, to a class of Premises Licence or Licences for specified circumstances.

Delegated Powers: - decisions delegated by the Licensing Authority either to a Licensing Committee, Sub-Committee or Licensing Officers.

Disorders: - in the case of gambling premises licences, disorder is intended to mean activity that is more serious and disruptive than mere nuisance.

Domestic Computer: - one used for in a residential property for private, non-commercial purposes and is exempt from a Gaming Machine Permit.

Dual Use Computer: - definition in forthcoming Regulations. Exempt from a Gaming Machine Permit.

Equal Chance Gaming: - games that do not involve playing or staking against a bank and where the chances are equally favourable to all participants.

EBT: - Electronic Bingo Ticket Minders consisting of electronic equipment operated by a Bingo Operators Licence for the purposes of playing bingo.

Exempt Lotteries: - lotteries specified in the Gambling Act as permitted to be run without a licence from the Gambling Commission. There are four types:

- Small Society Lottery (required to register with Licensing Authorities)
- Incidental Non Commercial Lotteries

- Private Lotteries
- Customer Lotteries

External Lottery Manager: - an individual, firm or company appointed by the Small Lottery Society to manage a lottery on their behalf. They are consultants who generally take their fees from the expenses of the lottery.

Fixed Odds Betting: - general betting on tracks.

Gaming: - prize gaming where the nature and size of the prize is not determined by the number of people playing or the amount paid for or raised by the gaming and where the prizes are determined by the operator before the play commences.

Gaming Machine: - a machine used for gambling under all types of gambling activity, including betting on virtual events.

Guidance to Licensing Authorities: - guidance issued by the Gambling Commission dated September 2015 (updated September 2016).

Inadmissible Representation: - a representation not made by a Responsible Authority or Interested Party.

Incidental non-commercial lottery: - a lottery that is run as an additional amusement at non-commercial events with tickets only sold and drawn during the event, such as a raffle at a dance, bazaar etc.

Information Exchange: - exchanging of information with other regulatory bodies under the Gambling Act.

Interested Party: - a person who in the opinion of the Licensing Authority

- Lives sufficiently close to the premises to be likely to be affected by the authorised activities,
 - Has business interests that might be affected by the authorised activities, or
 - Represents persons above, including Trade Associations, Trade Unions, Residents and Tenants Associations where they can demonstrate that they represent such persons.
- In determining if a person lives or has business interests sufficiently close to the premises, the following factors will be considered: -
- The size and nature of the premises to be licensed.
 - The distance of the premises from the location of the person making the representation.
 - The potential impact of the premises (e.g. number of customers, routes likely to be taken by those visiting the establishment).
 - The nature of the complaint, i.e. not the personal characteristics of the complainant but the interest of the complainant, which may be relevant to the distance from the premises.
 - The catchment area of the premises (i.e. how far people travel to visit).
 - Whether the person making the representation has business interests that might be affected in that catchment area.

Irrelevant Representations: - representations that are vexatious, frivolous or will certainly not influence the authority's determination of the application.

Large Lottery: - where the total value of tickets in any one lottery exceeds £20,000 or tickets in separate lotteries in one calendar year exceeds £250,000. This type of lottery requires an operating Licence from the Gambling Commission.

Licensed Lottery: - large society lotteries and lotteries run for the benefit of local authorities will require operating licences to be issued by the Gambling Commission.

Licensing Objectives: - there are three objectives

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime;
- Ensuring that gambling is conducted in a fair and open way; and
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

Live Gambling: - gambling on a live game as it happens.

Lottery: - an arrangement which satisfies the statutory description of either a simple lottery or a complex lottery in Section 14 of the Act.

Lottery Tickets: - every lottery must have tickets for each chance

- Identifying the promoting society
- Stating the price of the ticket, which must be the same for all tickets
- Stating the name and address of the member of the society who is designated as having responsibility at the Society for the promotion of the lottery, or, if there is one, the external lottery manager; and
- Stating the date of the draw, or sufficient information to enable the date of the draw to be determined.

Mandatory Conditions: - conditions that must be attached to a Premises Licence, to a class of Premises Licence or licences for specified circumstances.

Members Club: - a club must have at least 25 members, be established and conducted 'wholly or mainly' for purposes other than gaming, be permanent in nature, not established to make commercial profit and controlled by its members equally.

Non-commercial event: - an event where all the money raised at the event, including entrance fees, goes entirely to purposes that are not for private gain.

Non-commercial society: - a society established and conducted for charitable purposes; for the purpose of enabling participation in, or of supporting, sport athletics or a cultural activity; or for any other non-commercial purpose other than that of private gain.

Occasional Use Notice: - a notice that may only be issued in respect of a track, that permits betting on a track without the need for a Premises Licence and which only the person responsible for administration of events on the track or the occupier of the track may issue.

Off Course Betting: - betting that takes place other than at a track, i.e. at a licensed betting shop.

Off Course Betting: - betting that takes place in self contained betting premises within the track premises providing facilities for off course betting, i.e. on other events, not just those taking place on the track. Normally operate only on race days.

On Course Betting: - betting that takes place on a track while races are taking place.

Operating Licence: - a licence issued by the Gambling Commission to permit individuals and companies to provide facilities for certain types of gambling, including remote or non remote gambling.

Permit: - an authorisation issued by the Licensing Authority to provide gambling facilities where the stakes and prizes are low or gambling is not the main function of the premises.

Personal Licence: - a licence issued by the Gambling Commission to individuals who control facilities for gambling or are able to influence the outcome of gambling.

Pool Betting (Tracks): - pool betting may only be offered at a horse racecourse by the Tote and at a dog track by the holder of the premises licence for the track.

Premises: - 'any place' including anything (other than a seaplane or amphibious vehicle) designed or adapted for use on water, a hovercraft or anything or any place situated on or in water. It is for the Licensing Authority to decide whether different parts of a building can be properly regarded as being separate premises.

Premises Licence: - a licence issued by the Licensing Authority to authorise the provision of gaming facilities on casino premises, bingo premises, betting premises, including tracks, adult gaming centres and family entertainment centres where an operator's licence and personal licence have been issued by the Gambling Commission. A licence is restricted to one premises only but one set of premises may have separate licences issued in respect of different parts of the building.

Private lottery: - there are three types of private lottery

- Private Society Lotteries – tickets may only be sold to members of the Society or persons who are on the premises of the Society
- Work Lotteries – the promoters and purchasers of tickets must all work on a single set of work premises
- Residents' Lotteries – promoted by, and tickets may only be sold to, people who live at the same set of premises

Prize Gaming: - gaming in which the nature and size of the prize is not determined by the number of players or the amount paid for or raised by the gaming, the prizes having been determined before play commences, e.g. bingo with non-cash prizes. (NB: bingo with cash prizes and that carried on in commercial bingo halls will need to be licensed by the Gambling Commission; prize gaming does not include gaming by use of gaming machines.)

Prize Gaming Permit: - a permit issued by the Licensing Authority to authorise the provision of facilities for gaming with prizes on specific premises.

Provisional Statement: - an application to the Licensing Authority in respect of premises that are

- Expected to be constructed
- Expected to be altered
- Expected to acquire a right to occupy

Relevant Representations: - representations that relate to the Gambling Licensing Objectives, the Gambling Commission's Guidance, the Codes of Practice.

Responsible Authorities: - public bodies for the area in which the premises are mainly or wholly situated

- Licensing Authority in whose area the premise is partly or wholly situated
- Chief Officer of Police
- Fire & Rescue Service
- Planning Authority
- Environmental Health (related to pollution and harm to human health)
- Body competent to advise on protection of children from harm, i.e. Children & Young Peoples' Service
- Authority in relation to vulnerable adults

- Navigation Authority whose statutory functions are in relation to waters where a vessel is usually moored or berthed
- Environment Agency
- British Waterways Board
- Maritime & Coastguard Agency
- HM Revenue & Customs
- Gambling Commission

Simple Lottery: - an arrangement where

- Persons are required to pay to participate in the arrangement
- In the course of the arrangement, one or more prizes are allocated to one or more members of a class and
- The prizes are allocated by a process which relies wholly on chance.

SWP: - a Skills-with-Prizes machine

Skills with Prizes machine: - a machine on which the winning of a prize is determined only by the player's skill and there is no element of chance. SWPs are unregulated.

Small Lottery: - where the total value of tickets in a single lottery is £20,000 or less and the aggregate value of the tickets in a calendar year is £250,000 or less.

Small Society Lottery: - a lottery promoted on behalf of a non-commercial society, i.e. lotteries intended to raise funds for good causes.

Small Operations: - independent on course betting operators with only one or two employees or a bookmaker running just one shop.

Statement of Principles: - matters the Licensing Authority may publish in the Statement of Licensing Principles that they intend to apply when considering an applicant's suitability in applications for permits for unlicensed family entertainment centres and prize gaming.

Temporary Use Notice: - a notice that may be issued in respect of a set of premises where there is no premises licence, but where a person or company holding an operating licence relevant to the proposed temporary use of premises wishes to use the premises temporarily for providing facilities for gambling.

Travelling Fair: - a fair that 'wholly or principally' provides amusements and must be on a site used for fairs for no more than 27 days per calendar year.

Vehicles: - includes trains, aircraft, sea planes and amphibious vehicles other than hovercraft.

Vessel: - anything (other than a seaplane or amphibious vehicle) designed or adapted for use on water; a hovercraft; or anything or part of any place situated on or in water.

Virtual Betting: - gambling by machine that takes bets on virtual races, i.e. images generated by computer to resemble races or other events.

Vulnerable Persons: - no set definition but likely to mean group to include people who gamble more than they want to, people who gamble beyond their means; people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs.

Young Person: - an individual who is over 16 years of age but who is under 18 years of age.

Appendix F – Links to documents referenced

Gambling Commission guidance to Licensing Authorities (5th edition)

<http://www.gamblingcommission.gov.uk/for-licensing-authorities/GLA/Guidance-to-licensing-authorities.aspx>

Licence Conditions and Codes of Practice (LCCP)

<http://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice-April-2018.pdf>

CAMBRIDGE CITY COUNCIL



GAMBLING ACT 2005

Statement of Principles

January 2019 – January 2022

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Introduction

Under the Gambling Act 2005 ("the 2005 Act" a regime for regulating gambling and betting was introduced throughout the United Kingdom from 1 September 2007. Apart from the National Lottery and spread betting, gambling and betting is regulated by the Gambling Commission whose duties include licensing the operators and individuals involved in the provision of gambling and betting.

Cambridge City Council Licensing Authority recognises the potential impact of gambling and in adopting this policy; the Licensing Authority will seek to work with communities and partners. It will address the concerns of the public to maintain safe and high quality environments making Cambridge an even better place to live, work and visit. It wishes to work together with premises licence operators/ holders to assist the thriving and growing local economy whilst seeking to protect vulnerable persons from harm.

Cambridge City Council ("the Council"), along with other licensing authorities, has a duty under the 2005 Act to licence premises where gambling is taking place. The Council is also required to licence certain other activities (such as registering small society lotteries). This document sets out how Cambridge City Council intends to carry out these duties.

Licensing authorities are required by Section 349 of the 2005 Act to publish a statement of principles that they propose to apply when exercising their functions in accordance with the legislation. This statement must be published every 3 years and this is the third revision. If any part of the document is amended, further consultation and re-publication is required.

The 2005 Act requires that the following parties are consulted by licensing authorities:

- The Chief Officer of Police
- One or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area; and
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Gambling Act 2005.

A full list of those persons/ organisations consulted is detailed at Appendix B.

The latest draft of this statement of principles contains the minimum of amendments and no changes to the intent or direction of the policy. In producing the final statement, the Council declares that it has regard to the Licensing objectives of the Gambling Act 2005, the guidance issued by the

Gambling Commission and any response from those consulted on this statement.

This statement of principles was approved at a meeting of the Full Council on (date to be inserted). It was then published via Cambridge City Council's website on (date to be inserted).

It should be noted that this policy statement does not override any right of any person to make an application, make representation about an application or apply for review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

The full list of comments made and the consideration by the Council of these comments is available by request to the Commercial & Licensing Team, Environmental Services.

Should you have any comments in regard to this statement of principles, please send them to:

Team Manager (Commercial &

Licensing)

Environmental Health Service

Cambridge City Council

PO Box 700

Cambridge, CB1 0JH

Email:

commercial@cambridge.gov.uk

PART A

1. The Licensing Objectives

In exercising most of its functions under the Gambling Act 2005, the Council as the Licensing Authority must have regard to the Licensing Objectives as set out in Section 1 of the 2005 Act. The objectives are:

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.

The Gambling Commission will be taking a lead role in preventing gambling from being a source of crime. Cambridge City Council is aware that it falls to the Gambling Commission to ensure the suitability of an operator before issuing an operator licence.

However, this Licensing Authority will bring to the attention of the Gambling Commission any information that is brought to its attention during the course of processing a premises licence application or at any other time, which could question the appropriateness of an applicant.

Where an area has known high levels of crime, this Licensing Authority will consider carefully whether gambling premises are suitable to be located there. If there are concerns over a premises location, in order to prevent that premises from becoming a source of crime, certain conditions could be considered by the Council to be attached to the licence.

Ensuring that gambling is conducted in a fair and open way.

The Gambling Commission is concerned to ensure that not only is gambling fair in the way it is played, but also that the rules are transparent to players and they know what to expect. It achieves this by working to ensure that: -

- Operating and personal licences are issued only to those who are suitable to offer gambling facilities or work in the industry;
- Easily understandable information is made available by operators to players about, for example, the rules of the game, the probability of losing or winning, and the terms and conditions on which business is conducted;
- The rules are fair;
- Advertising is not misleading;
- The results of events and competitions on which commercial gambling takes place are made public;

- Machines, equipment and software used to produce the outcome of games meet standards set by the Gambling Commission and operate as advertised.

The Gambling Commission would not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way. This is because they will either be concerned with the management of the gambling business (and therefore subject to the operating licence), or the suitability and actions of an individual (and therefore subject to a personal licence). These permissions both fall within the remit of the Gambling Commission.

Protecting children and other vulnerable persons from being harmed or exploited by gambling.

The Gambling Act 2005 is intended to ensure that children and vulnerable persons should not be allowed to gamble and should be prohibited from entering those gambling premises which are adult-only environments.

This licensing objective refers to protecting children from being ‘harmed or exploited by gambling’; meaning that they should be prevented from taking part in gambling and for there to be restrictions on advertising so that gambling products are not aimed at children or advertised in such a way that makes them particularly attractive to children, with the exception of Category D gaming machines.

It does not however seek to disallow particular groups of adults from gambling in the same way that it does children. The Gambling Commission has not sought to define ‘vulnerable persons’, but it does for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to mental health needs, learning disability or substance misuse relating to alcohol or drugs.

This Licensing Authority will consider this licensing objective on a case by case basis. In order to protect vulnerable persons, this Licensing Authority will consider whether any special considerations apply to a particular premises. These considerations could include self-barring schemes or providing information in the form of leaflets or helpline information from relevant organisations.

The Gambling Commission has stated (5.2) *“The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling”*

From 6 April 2016 premises licence holders must conduct a local risk assessment for each of their current premises. This applies to:-

- Adult Gaming Centres
- Family Entertainment Centres
- Non-Remote Betting

- Non-Remote Bingo
- Non-Remote Casinos
- Remote Betting Intermediary (trading room only)

There is also a requirement to conduct or update a risk assessment when:

- Applying for a new gambling premises licence
- Applying for a variation to a gambling premises licence
- Changes in the local environment, or the premises, warrant a risk assessment to be conducted again.

This licensing authority is aware that, as per section 153, in making decisions about premises licences and temporary use notices it should “aim to permit” the use of premises for gambling in so far as it is satisfied the application is *“in accordance with any code of practice issued by the Gambling Commission; in accordance with any relevant guidance issued by the Gambling Commission; reasonably consistent with the licensing objectives and in accordance with the authority’s statement of licensing principles”*.

As a means of assisting Licensing Authorities in determining whether the provision of gambling facilities at premises will be, and will remain, consistent with the licensing objectives, the Gambling Commission that premises licence holders should have policies and procedures in place to mitigate the local risks to the licensing objectives arising from the provision of gambling at their premises.

Following the Gambling Commission’s review of the social responsibility elements of the Licence Conditions and Codes of Practice (LCCP), the Commission have introduced a social responsibility code (SR code 10.1.1) which requires all premises licensees to assess the local risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and have policies, procedures and control measures to mitigate these risks. In undertaking their risk assessments, they must take into account relevant matters identified in the licensing authority’s statement of policy.

The new SR provision is supplemented by an ordinary code provision that requires licensees to share their risk assessment with licensing authorities when applying for a premises licence or applying for a variation to existing licensed premises, or otherwise at the request of the licensing authority, such as when they are inspecting a premises.

Cambridge City Council has a Local Area Profile that licensees should consider when undertaking their local area risk assessments. The local area profile can be found at the following link:

<https://www.cambridge.gov.uk/gambling-licensing-overview>

The Council notes the Gambling Commission’s Guidance (5.34) to local authorities

that

Licensing authorities should be aware that other considerations such as moral or ethical objections to gambling are not a valid reason to reject applications for premises licences. In deciding to reject an application, a licensing authority should rely on reasons that demonstrate that the licensing objectives are not being, or are unlikely to be, met, and such objections do not relate to the licensing objectives. An authority's decision cannot be based on dislike of gambling, or a general notion that it is undesirable to allow gambling premises in an area (with the exception of the casino resolution powers).

2. Cambridge City

Cambridge City Council is situated in Cambridgeshire, which contains a total of 5 District Councils. Cambridge combines a rich history with the vibrancy and prosperity of outstanding educational institutions and modern businesses. It is an inspiring and attractive place in which to live and work. It is at the heart of a buoyant sub-region which is an area designated for major growth in employment and housing.

The City of Cambridge is in the east of England, 50 miles north of London. A beautiful place to live and work, Cambridge is an historic University City and market town with high quality architecture and attractive open spaces. It is also a city of national importance, being a world leader in higher education and many 21st century industries – information technology, telecommunications and commercial research, particularly the biotechnology sector.

The population of Cambridge is over 130,000. This is forecast to increase to over 150,000 in 2031 as a result of new developments

A significant characteristic of the City's population is its large and diverse student population, totaling almost 27,000 (including post graduates). This is swollen further by language students attending "summer schools", which adds to a high "churn" in our population. The proportion of older people in the City has not grown in the past 10 years.

The daytime population of the City increases significantly, with high levels of commuting into the City and very large numbers of tourists and visitors. Last year over 5 million people visited the City. The high day time population places pressure on the City's infrastructure and heavy demands on basic Council services such as street cleaning.

Cambridge has one of the highest qualified work forces in the East of England, and relatively speaking, the City is affluent.

This area is shown in the map at Appendix A.

3. Authorised Activities

'Gambling' is defined in the 2005 Act as either gaming, betting or taking part in a lottery.

Gaming - means playing a game of chance for a prize

Betting – means making or accepting a bet on the outcome of a race, competition or any other event, the likelihood of anything occurring or not occurring, or whether anything is true or not true.

Lottery – is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process, which relies wholly on chance.

Private Gaming – in private dwellings and on domestic occasions is exempt from licensing or registration providing that no charge is made for participating; only equal chance gaming takes place; and it does not occur in a place to which the public have access.

Domestic Betting – between inhabitants of the same premises or between employees of the same employer is also exempt.

Non-commercial gaming and betting – where no part of the proceeds are for private gain may be subject to certain exemptions.

4. Licences under the Gambling Act 2005

The 2005 Act provides for 3 categories of licence as detailed below:

- Operating Licences
- Personal Licence
- Premises Licences

The Council is responsible for the issue of Premises Licences. The Gambling Commission is responsible for the issue of Operating and Personal Licences.

5. The Gambling Commission

The Gambling Commission regulates gambling in the public interest. It does so by keeping crime out of gambling, by ensuring that gambling is conducted in a fair and open way and by protecting children and vulnerable people. The Commission provides independent advice to the Government about the manner in which gambling is carried out, the effects of gambling and the regulation of gambling generally.

The Commission has issued guidance in accordance with Section 25 of the 2005 Act about the manner in which Licensing Authorities exercise their functions under the Act and, in particular, the principles to be applied.

The Commission will also issue Codes of Practice under Section 24 about the way in which facilities for gambling is provided, which may also include provisions about the advertising of gambling facilities.

The Gambling Commission can be contacted at:

Gambling Commission

Victoria Square House

Victoria Square

Birmingham

B2 4BP

Website www.gamblingcommission.gov.uk

Email info@gamblingcommission.gov.uk

6. Responsible Authorities

The licensing authority is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm.

The principles are:

- The need for the body to be responsible for an area covering the whole of the licensing authority's area; and
- The need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

In accordance with the suggestion in the Gambling Commission's Guidance for local authorities, this licensing authority designates the Local safeguarding Children's Board for this purpose.

The contact details of all the Responsible Authorities under the Gambling Act 2005 are set out in Appendix C.

7. Interested Parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in the Gambling Act 2005 as follows:

"For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if, in the opinion of the licensing authority which issues the licence or to which the application is made, the person –

- a) Lives sufficiently close to the premises to be likely affected by the authorized activities, and/ or*
- b) Has business interests that might be affected by the authorized activities, or*
- c) Represents persons who satisfy paragraph a) or b)".*

The licensing authority is required by regulations to state the principles it will apply in exercising its powers under the Gambling Act 2005 to determine whether person is an interested party. The principles are:

- Each case will be decided upon its merits. The authority will not apply a rigid rule to its decision making.
- It will have regard to the examples of considerations provided in the Gambling Commissions Guidance to licensing authorities at 8.9 to 8.17

- It will also consider the Gambling Commission's Guidance that "business interests" should be given the widest possible interpretation and where appropriate include organisations such as, but not limited to, partnerships, charities, faith groups and medical practices.

Interested parties can be people who are democratically elected such as Councillors and MP's. Where appropriate, this will include county, parish and town Councillors. Other than these persons, authorities should require written evidence that a person 'represents' someone who either lives sufficiently close to the premises likely to be affected by the authorized activities and/ or business interests that might be affected by the authorized activities. A letter from one of these persons requesting the representation is sufficient.

Further advice on how licensing authorities can determine whether someone is an interested party is detailed below:

- i) The approach taken by licensing authorities in determining who is an interested party is also a function that is dealt with in the Licensing Statement of Policy.
- ii) The factors that should be taken into account when determining what 'sufficiently close to the premises' means (in each case) might include:
 - The size of the premises
 - The nature of the premises
 - The distance of the premises from the location of the person making the representation
 - The potential impact of the premises such as the number of customers, routes likely to be taken by those visiting the establishment; and
 - The circumstances of the person who lives close to the premises. This is not their personal characteristics, but their interests which may be relevant to the distance from the premises.

8. Exchange of Information

Licensing authorities are required to include in their statements, the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Gambling Commission. It is also required to include the principles it will apply in exercising its functions under section 350 of the Act with respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.

The principle that the Council applies is that it will act in accordance with the provisions of the Gambling Act 2005 in its exchange of information which includes the provision that the Data Protection Act 1998 will not be contravened. The Council will also have regard to any guidance issued by the Gambling Commission on this matter, as well as any relevant regulations issued by the Secretary of State under

the powers provided in the Gambling Act 2005.

Details of applications and representations which are referred to a Licensing Sub-Committee for determination will be detailed in the reports that are made publicly available in accordance with the Local Government Act 1972 and the Freedom of Information Act 2000. Personal details of people making representations will be disclosed to applicants and only be withheld from publication on the grounds of personal safety where the Licensing Authority is asked to do so.

Should any protocols be established as regards information exchange with other bodies then they will be made available. The Council has various policies relating to the sharing of information which will be considered when deciding what information to share and the process of doing so.

9. Enforcement

Licensing authorities are required by regulation under the Gambling Act 2005 to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and under the powers of Section 346 of the Act to instigate criminal proceedings in respect of offences specified.

This Licensing Authority's principles are that it will be guided by the Gambling Commission's Guidance to licensing authorities and will endeavor to be:

- **Proportionate** – regulators should only intervene when necessary. Remedies should be appropriate to the risk posed and costs identified and minimized;
- **Accountable** – regulators must be able to justify decisions and be subject to public scrutiny;
- **Consistent** – rules and standards must be coherent and implemented fairly;
- **Transparent** – regulators should be open and keep regulations simple and user friendly; and
- **Targeted** – regulation should be focused on the problem and minimize side effects.

In accordance with the Gambling Commission's Guidance, the Council will endeavor to avoid duplication with other regulatory regimes so far as possible.

Cambridge City Council has adopted and implemented a risk-based inspection programme based on:

- The Licensing Objectives
- Relevant Codes of Practice
- Guidance issued by the Gambling Commission (in particular Part 36)
- The principles set out in this Statement of Licensing Policy

The main enforcement and compliance role for the Council in terms of the Gambling Act 2005 is to ensure compliance with the premises licences and other permissions which it authorises. The Gambling Commission is the enforcement body for the operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines will not be dealt with by the licensing authority but will be notified to the Gambling Commission.

The Council shall have regard to the principles of “Better Regulation” as outlined by the Department for Business Innovation and Skills.

Bearing in mind the principle of transparency, the Council’s enforcement/ compliance protocols and written agreements are available upon request.

The Corporate Enforcement Policy can be found online here:

<https://www.cambridge.gov.uk/enforcement-policy>

10. Licensing Authority Functions

Licensing Authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences
- Issue Provisional Statements
- Regulate members’ clubs and miners’ welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/ or Club Machine Permits
- Issue Club Machine Permits to Commercial Clubs
- Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue Licensed Premises Gaming Machine Permits for premises licensed to sell/ supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register small society lotteries below prescribed thresholds
- Issue Prize Gaming Permits
- Receive and endorse Temporary Use Notices
- Receive Occasional Use Notices
- Provide information to the Gambling Commission regarding details of licences issued
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that local licensing authorities will not be involved in licensing remote gambling at all, which is regulated by the Gambling Commission via operating licenses.

11. Public Register

Section 156 of the Act requires licensing authorities to maintain a register of the premises licences that it has issued. The register must be made available, at any reasonable time, to the public who may request copies of the entries. The Council achieves this requirement through the use of an online register which is accessible via the Council's website.

PART B PREMISES LICENCES

1. General Principles

Premises licences are subject to the requirements set out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions which are detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others where it is believed to be necessary.

The Council is aware that in making decisions about premises licences it should aim to permit the use of premises for gambling in so far as it thinks it is:

- In accordance with any relevant code of practice issued by the Gambling Commission;
- In accordance with any relevant guidance issued by the Gambling Commission;
- Reasonably consistent with the licensing objectives; and
- In accordance with the authority's statement of licensing principles

It is appreciated that as per the Gambling Commission's Guidance to Licensing Authorities "moral objections to are not a valid reason to reject applications for premises licences" (except as regards as any 'no casino resolution') and also unmet demand is not a criterion for a licensing authority.

Premises are defined in the Act as including "any place". Section 152 therefore prevents more than one premises licence applying to any place. However, a single building could be subject to more than one premises licence, provided they are for different parts of the building and the different parts of the building can be reasonably regarded as being different premises.

This approach has been taken to allow large, multiple unit premises such as pleasure parks, piers, tracks or shopping malls to obtain discrete premises licences where appropriate safeguards are in place. However, licensing authorities should pay particular attention if there are issues about sub-divisions of a single building or plot and should ensure that mandatory conditions relating to access between premises are observed.

The Gambling Commission states in the fifth edition of its Guidance to Licensing

Authorities that *“In most cases the expectation is that a single building/ plot will be the subject of an application for a licence, for example 32 High Street. But, that does not mean 32 High Street cannot be the subject of separate premises licences for the basement and ground floor, if they are configured acceptably.*

Whether different parts of a building can properly be regarded as being separate premises will depend on the circumstances. The location of the premises will clearly be an important consideration and the suitability of the division is likely to be a matter for discussion between the operator and the licensing officer.

The Commission does not consider that areas of a building that are artificially or temporarily separated, for example by ropes or moveable partitions, can properly be regarded as different premises. If a premises is located within a wider venue, a licensing authority should request a plan of the venue on which the premises should be identified as a separate unit”.

The Commission recognises that different configurations may be appropriate under different circumstances but the crux of the matter is whether the proposed premises are genuinely separate premises that merit their own licence – with the machine entitlements that brings – and are not an artificially created part of what is readily identifiable as a single premises.

The Council takes particular note of the Gambling Commission’s Guidance to Licensing Authorities which states that *“Licensing Authorities should take particular care in considering applications for multiple licences for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular they should be aware of the following:*

- *The third licensing objective seeks to protect children from being harmed or exploited by gambling. In practice that means not only preventing them from taking part in gambling but also preventing them from being in close proximity to gambling. Therefore premises should be configured so that children are not invited to participate in, have accidental access to or closely observe gambling where they are prohibited from participating.*
- *Entrances to and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised and people do not ‘drift’ into a gambling area. In this context it should normally be possible to access the premises without going through another licensed premises or premises with a permit.*
- *Customers should be able to participate in the activity named on the premises licence”*

The Guidance also gives a list of factors which the licensing authority should be aware of, which may include:

- Do the premises have a separate registration for business rates?
- Is the premises neighbouring premises owned by the same person or someone else?
- Can each of the premises be accessed from the street or a public passageway?
- Can the premises only be access from any other gambling premises?

The Council will consider these and other relevant factors in making its decision, depending on all the circumstances of the case.

2. Access Provisions

The Gambling Commissions relevant access provisions for each premises type are below:

Casinos

- The principal access entrance to the premises must be from a street (as defined at 7.21 of the guidance)
- No entrance to a casino must be from premises that are used wholly or mainly by children and/ or young persons
- No customer must be able to enter a casino directly from any other premises which hold a gambling premises licence

Adult Gaming Centre

- No customer must be able to access the premises directly from any other licensing gambling premises

Betting Shops

- Access must be from a street (as per paragraph 7.21 of the guidance) or from another premises with a betting premises licence
- No direct access from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be an entrance to a betting shop from a shop of any kind and you could not have a betting shop at the back of a café, the whole area would have to be licensed

Tracks

- No customer should be able to access the premises from:
 - i) a casino
 - ii) an adult gaming centre

Bingo Premises

- No customer must be able to access the premises directly from:
 - i) a casino
 - ii) an adult gaming centre
 - iii) a betting premises, other than a track

Family Entertainment Centre

- No customer must be able to access the premises directly from:
 - i) a casino
 - ii) an adult gaming centre
 - iii) a betting premises, other than a track

Part 7 of the Gambling Commission's Guidance to Licensing Authorities contains

further information on this issue, which the Council will also take into account in its decision making.

A licence to use premises for gambling may be issued in relation to premises that are not going to be ready to be used for gambling in the reasonably near future.

If the construction of the premises is not yet complete, or if they need alteration, or if the applicant does not yet have a right to occupy them, or does not hold (or applied for) the relevant operating licence then an application for a provisional statement may be made instead.

In deciding whether a premises licence can be granted where there is outstanding construction or alteration works at the premises, the Council will determine such applications on their merits, applying a two stage consideration process:

1. First, whether the premises ought to be permitted to be used for gambling
2. Second, whether the appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place

Applicants should note that the Council is entitled to decide that it is appropriate to grant a licence subject to conditions, but it not obliged to grant such a licence.

More information concerning the consideration of applications can be found at paragraphs 7.56-7.65 of the Guidance.

3. Location

The Council is aware that demand issues cannot be considered with regard to the location of the premises but that considerations in terms of the licensing objectives are relevant to its decision making. As per the guidance, the Council will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder.

4. Planning

The Gambling Commission Guidance to Licensing Authorities states *In determining applications, the licensing authority should not take into consideration matters that are not related to gambling and the licensing objectives. One example would be the likelihood of the applicant obtaining planning permission or building regulations approval for their proposal.*

Licensing authorities should bear in mind that a premises licence, once it comes into effect, authorises premises to be used for gambling.

The Local Authority is aware of s210 of the Gambling Act and will have regard to this in any decisions made.

5. Duplication with other Regulatory regimes

The Council will seek to avoid any duplication with other statutory/ regulatory systems where possible, including planning. This authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval in its consideration of it. It will though, listen to and consider carefully any concerns about conditions, which are not able to be met by licensees due to planning restrictions, should such a situation arise.

When dealing with a premises licence application for finished building, the Council will not take into account whether those buildings have to comply with the necessary planning or buildings consents. Fire or health and safety risks will not be taken into account, as these matters are dealt with under relevant planning control, buildings and other regulations and must not form part of the consideration for the premises licence.

6. Licensing Objectives

Premises licences granted must be reasonably consistent with the licensing objectives. With regard to these objectives, the Council has considered the Gambling Commission's Guidance to Licensing Authorities:

- **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.**

The Gambling Commission takes a leading role in preventing gambling from being a source of crime. The Gambling Commission's guidance does however envisage that licensing authorities should pay attention to the proposed location of gambling premises in terms of this licensing objective. Thus, where an area has known high levels of organised crime the Council will consider carefully whether gambling premises are suitable to be located

there and whether conditions may be suitable such as the provision of door supervisors. The Council is aware of the distinction between disorder and nuisance and will consider factors such as whether police assistance was required and how threatening the behavior was to those who could see it, so as to make that distinction.

- **Ensuring that gambling is conducted in a fair and open way**

The Gambling Commission has stated that it generally does not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way, as this will be addressed via operating and personal licences. There is however, more of a role with regard to tracks.

- **Protecting children and other vulnerable persons from being harmed or exploited by gambling**

The Gambling Commission's Guidance to Licensing Authorities states that this objective means preventing children from taking part in gambling (as well as restriction of advertising so that gambling products are not aimed at, or are, particularly attractive to children). The Council will therefore consider, as suggested in the guidance, whether specific measures are required at particular premises with regard to this licensing objective. Appropriate measures may include supervision of entrances/ machines, segregation of areas etc.

The Council is also aware of the Gambling Commission Codes of Practice, which the Gambling Commission issues as regards this licensing objective, in relation to specific premises.

With regard to the term 'vulnerable persons' it is noted that the Gambling Commission does not seek to offer a definition but states that "*it will for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to, for example, mental health, a learning disability or substance misuse relating to alcohol or drugs*". The Council will consider this licensing objective on a case by case basis.

7. Licence Conditions

Mandatory and Default Conditions will be added to premises licences as per The Gambling Act 2005 (Mandatory and Default Conditions) Regulations 2007.

Any further conditions attached to licences will be proportionate and will be:

- Relevant to the need to make the proposed building suitable as a gambling facility;

- Directly related to the premises (including the locality and any identified local risks) and the type of licence applied for;
- Fairly and reasonable related to the scale and type of premises; and

- Reasonable in all other aspects

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures this licensing authority will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. The Council will also expect the licence applicant to offer his/ her own suggestions as to the way in which the licensing objectives can be met effectively.

The Council will also consider specific measures which may be required for buildings which are subject to multiple premises licences. Such measures may include the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the licensing objectives. These matters are in accordance with the Gambling Commission's Guidance.

The Council will also ensure that where category C or above machines are on offer in premises to which children are admitted:

- All such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- Only adults are admitted to the area where these machines are located;
- Access to the area where the machines are located is supervised;
- The area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- At the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18

These considerations will apply to premises including buildings where multiple premises licences are applicable.

The Council is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Gambling Commission's Guidance, the Council will consider the impact upon the third licensing objective and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

It is noted that there are conditions that the licensing authority cannot attach to premises licences, which are:

- Any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- Conditions relating to gaming machine categories, numbers or method of operation;
- Conditions which provide that membership of a club or body be required. The

Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated; and

- Conditions in relation to stakes, fees, winning or prizes.

8. Door Supervisors

The Gambling Commission advises in its guidance that if a licensing authority is concerned that a premises may attract disorder or be subject to attempts at unauthorised access (for example by children and young persons) then it may require that the entrances to the premises are controlled by a door supervisor, and is entitled to impose a condition on the premises licence to this effect.

Where it is decided that supervision of entrances/ machines is appropriate for particular cases, a consideration of whether these need to be SIA licenced or not will be necessary. It will not be automatically assumed that they need to be licensed, as the statutory requirements for different types of premises vary.

9. Adult Gaming Centres

The Council will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to, for example, ensure that under 18 year olds do not have access to the premises.

The Council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/ machine areas
- Physical separation of areas
- Location of entry
- Notices/ signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/ helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

10. Licensed Family Entertainment Centres

The Council will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures

to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

The Council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/ machine areas
- Physical separation of areas
- Location of entry
- Notices/ signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/ helpline numbers for organisations such as GamCare
- Measures/ training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

The Council will, as per the Gambling Commission's Guidance, refer to the Commission's website to see any conditions that apply to operating licences covering the way in which the area containing category C machines should be delineated. The Council will also make itself aware of any mandatory or default conditions on these premises licences, when they have been published.

11. Casinos

The Council has not passed a 'no casino' resolution under Section 166 of the Gambling Act 2005, but is aware that it has the power to do so. Should the Council decide in the future to pass such a resolution, it will update this statement of principles with details of that resolution. Any such decision will be made by the Full Council.

12. Bingo Premises

The Council notes that the Gambling Commission's Guidance states in 18.4 *"Licensing authorities will need to satisfy themselves that bingo can be played in any bingo premises for which they issue a premises licence. An operator may choose to vary their licence to exclude a previously licensed area of that premises, and then apply for a new premises licence, or multiple new premises licences, with the aim of creating separate premises in that area. Essentially providing multiple licensed premises within a single building or site. Before issuing additional bingo premises licences, licensing authorities need to consider whether bingo can be played at each of those new premises"*.

The Council also notes the Guidance at paragraph 18.8 where the holder of a bingo premises licence may make available for use a number of category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises.

Premises in existence before 13 July 2011 are entitled to make available eight category B gaming machines, or 20% of the total number of gaming machines, whichever is the greater.

Regulations state that category B machines at bingo premises should be restricted to sub-category B3 (but not B3A) and B4 machines.

“Children and young people are allowed into bingo premises; however they are not permitted to participate in the bingo and if category B or C machines are made available for use these must be separate from areas where children and young people are allowed. Social Responsibility (SR) code 3.2.5(3) states that ‘licensees must ensure that their policies and procedures take account of the structure and layout of their gambling premises’ in order to prevent underage gambling”.

13. Betting Premises

The Council will, as per the Gambling Commission's Guidance, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/ nature/ circumstances of betting machines an operator wants to offer.

14. Credit/ ATM's

Section 177 of the 2005 Act requires, in relation to casino and bingo premises licences, that a condition be placed on the licence prohibiting the provision of credit in connection with gambling authorised by the licence or any involvement with the provision of credit.

Section 177 does not, however, prevent the licensee from permitting the installation of cash dispensers (ATM's) on the premises. Such machines may accept credit cards (and debit cards) providing the arrangement is subject to a requirement that the licensee has no other commercial connection with the machine provider in relation to gambling (aside from the agreement to site the machines) and does not profit from the arrangement, nor make any payment in connection with the machines. All premises licences also include a mandatory condition which requires that any ATM made available for use on the premises must be located in a place that requires any customer who wishes to use it to cease gambling in order to do so.

15. Tracks

The Council is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Gambling Commission's Guidance, the Council will especially consider the impact upon the third licensing objective (i.e the protection of children and vulnerable

persons from being harmed or exploited by gambling) and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

The Council will therefore expect the premises licence applicant to demonstrate suitable measures to ensure that children do not have access to adult only gaming facilities. It is noted that children and young persons will be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/ or horse racing takes place, but that they are still prevented from entering areas where gaming machines (other than category D machines) are provided.

The Council may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances/ machine areas
- Physical separation of areas
- Location of entry
- Notices/ signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets/ helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Gaming Machines

Where the applicant holds a pool betting operating licence and is going to use his entitlement to four gaming machines (other than category D machines), these machines should be located in areas from which children are excluded.

Betting Machines

The Council will take into account the size of the premises and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/ nature/ circumstances of betting machines an operator wants to offer.

Applications and Plans

The Gambling Act (Section 51) requires applicants to submit plans of the premises with their application, in order to ensure that the licensing authority has the necessary information to make an informed judgement about whether the premises are fit for gambling. The plan will also be used for the Council to plan future premises inspection activity.

Plans for tracks do not need to be in a particular scale, but should be drawn to scale and should be sufficiently detailed to include the information required by regulations.

Some tracks may be situated on agricultural land where the perimeter is not defined by virtue of an outer wall or fence, such as point-to point race tracks. In such instances, where an entry fee is levied, track premises licence holders may erect temporary structures to restrict access to premises.

In the rare cases where the outer perimeter cannot be defined, it is likely that the track in question will not be specifically designed for the frequent holding of sporting events or races. In such cases betting facilities may be better provided through occasional use notices where the boundary premises do not need to be defined.

The Council appreciates that it is sometimes difficult to define the precise location of betting areas on tracks. The precise location of where betting facilities are provided is not required to be shown on track plans, both by virtue of the fact that betting is permitted anywhere on the premises and because difficulties associated with pinpointing exact locations for some types of track. Applicants should provide sufficient information that this authority can satisfy itself that the plan indicates the main areas where betting might take place. For racecourses in particular, any betting areas subject to the 'five times rule' (commonly known as betting rings) must be indicated on the plan.

16. Travelling Fairs

It will fall to the Council to decide whether, where category D machines and/ or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

The Council will also consider whether the applicant falls within the statutory definition of a travelling fair.

It is noted that the 27 day statutory maximum for the land being used as a fair, is per calendar year, and that it applies to the piece of land on which the fairs are held regardless of whether it is the same or different travelling fairs occupying the land. The Council will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

17. Provisional Statements

Developers may wish to apply to the Council for provisional statements before entering into a contract to buy or lease property or land to judge whether a development is worth taking forward in light of the need to obtain a premises licence. There is no need for the applicant to hold an operating licence in order to apply for a provisional statement.

Section 204 of the Gambling Act 2005 provides for a person to make an application to the licensing authority for a provisional statement in respect of premises that he or she:

- a) Expects to be constructed;
- b) Expects to be altered; or
- c) Expects to acquire a right to occupy

The process for considering an application for a provisional statement is the same as that for a premises licence application. The applicant is obliged to give notice of the application in the same way as applying for a premises licence. Responsible authorities and interested parties may make representations and there are rights of appeal.

In contrast to the premises licence application, the applicant does not have to hold or have applied for an operating licence from the Gambling Commission (except in the case of a track) and they do not have a right to occupy the premises in respect of which their provisional application is made.

The holder of a provisional statement may then apply for a premises licence once the premises are constructed, altered or acquired. The Council will be constrained in the matters it can consider when determining the premises licence application, and in terms of representations about premises licence applications that follow the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless:

- They concern matters which could not have been addressed at the provisional statement stage, or
- They reflect a change in the applicant's circumstances.

In addition, the Council may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- Which could not have been raised by objectors at the provisional statement stage;
- Which in the authority's opinion reflect a change in the operator's circumstances; or
- Where the premises has not been constructed in accordance with the plan submitted with the application. This must be a substantial change to the plan and the Council notes that it can discuss any concerns it has with the applicant before making a decision.

18. Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities (it should be noted that there is no mechanism to review any permit or notice). However, it is for the Licensing Authority to decide whether such a

request will result in a review. Such a decision will be taken by considering, amongst other matters, the following:

- Any relevant code of practice or guidance issued by the Gambling Commission;
- The licensing objectives
- The Licensing Authority's Statement of Policy
- Whether the request is considered frivolous, vexatious, or whether it will certainly not cause the authority to wish to alter or revoke or suspend the licence; and
- Whether the request is substantially the same as previous representations or requests for a review.
- Whether the request is substantially the same as representations made at the time the application for a premises licence was considered.

The Council, as the licensing authority, may also initiate a review of a premises licence. The purpose of such a review would be to determine whether the Council, as the licensing authority, should take any action in relation to the licence.

Following a review, the actions open to the licensing authority are:

- Add, remove or amend a licence condition imposed by the licensing authority;
- Exclude a default condition imposed by the Secretary of State or Scottish Ministers or remove or amend such an exclusion;
- Suspend the licence for any period not exceeding three months; and
- Revoke the licence.

In considering what action, if any, should be taken following a review the Council must have regard to the principles set out under Section 153 of the Act as well as any relevant representations.

PART C PERMITS/ TEMPORARY & OCCASIONAL USE NOTICES

1. Unlicensed Family Entertainment Centre Gaming Machine Permits

Unlicensed family entertainment centres will be able to offer category D machines if granted a permit by the Council. If an operator of a family entertainment centre wishes to make category C machines available in addition to category D machines, they will need to apply for an operating licence from the Gambling Commission and a Premises Licence from the Council.

The Council can grant or refuse an application for a permit, but cannot attach conditions.

2. Statement of Principles

As unlicensed family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues.

The Council will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits.

The policies and procedures are expected to include:

- What staff should do if they suspect that truant children are on the premises
- How staff should deal with unsupervised young children on the premises
- How staff should deal with children causing perceived problems on or around the premises

The Council will also expect applicants to demonstrate:

- A full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed family entertainment centres;
- That the applicant has no relevant convictions (those that are set out in Schedule 7 to the Act);
- That staff are trained to have a full understanding of the maximum stakes and prizes

3. Alcohol Licensed Premises Gaming Machine Permits

Premises licensed to sell alcohol for consumption on the premises, can automatically have 2 gaming machines, of categories C and/or D. The holder of a Premises Licence under the Licensing Act 2003, authorising the sale of alcohol, will simply need to notify the Council, and pay the prescribed fee.

The Council may remove the automatic authorisation in respect of any particular premises if;

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Act;
- the premises are mainly used for gaming; or
- an offence under the Act has been committed on the premises.

If a premises wishes to have more than 2 machines, then the holder of the Premises Licence will need to apply for a permit. The Council shall consider that application having regard to the licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Act, and any other matters that are considered relevant.

The Council shall determine what constitutes a relevant consideration on a case-by-case basis, but weight shall be given to the third licensing objective i.e. protecting children and vulnerable persons from being harmed or being exploited by gambling. To this end, the Council will expect applicants to demonstrate

- that there will be sufficient measures in place to ensure that under 18 year olds do not have access to the adult only gaming machines.
- Measures may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18.
- Notices and signage will also need to be considered.

With respect to the protection of vulnerable persons, the Council will expect applicants to provide information leaflets / helpline numbers for organisations such as GamCare.

It is recognised that some alcohol-licensed premises may apply for a Premises Licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre Premises Licence.

The Council may decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. The Council will not

attach any other conditions in granting such an application.

The holder of such a permit will be required to comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

4. Prize Gaming Permits

Applicants for prize gaming permits should set out the types of gaming that they intend to offer. The applicant will be required to demonstrate:

- that they understand the limits to stakes and prizes that are set out in Regulations; and
- that the gaming offered is within the law.

In making its decision on an application for this type of permit the Council does not need to have regard to the licensing objectives but will have regard to any Gambling Commission guidance. Weight will be given to child protection issues, and relevant considerations are likely to include the suitability of the applicant (i.e. if the applicant has any convictions which would make them unsuitable to operate prize gaming) and the suitability of the premises. Applicants for prize gaming permits must disclose any previous relevant convictions to the Council.

The Council may grant or refuse an application for a permit, but will not attach any conditions. However, there are 4 conditions in the Act that permit holders must comply with. These are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

5. Club Gaming and Club Machine Permits

Members clubs (but not commercial clubs) may apply for a club gaming permit. The club gaming permit will enable the premises to provide gaming machines (3 machines of categories B4, C or D), equal chance gaming and games of chance.

If a club does not wish to have the full range of facilities permitted by a club gaming permit or if they are a commercial club not permitted to provide non-machine gaming (other than exempt gaming under section 269 of the Act), they may apply for a club machine permit, which will enable the premises to provide gaming machines (3 machines of categories B3A, B4, C or D).

Members clubs must have at least 25 members and be established and conducted “wholly or mainly” for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members’ club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men’s clubs, branches of Royal British Legion and clubs with political affiliations.

The Council will only refuse such an application on one or more of the following grounds;

- the applicant does not fulfil the requirements for a members’ or commercial club and therefore is not entitled to receive the type of permit for which it has applied;
- the applicant’s premises are used wholly or mainly by children and/or young persons;
- an offence under the Act or a breach of a condition of a permit has been committed by the applicant while providing gaming facilities;
- a permit held by the applicant has been cancelled in the previous ten years; or;
- an objection has been lodged by the Gambling Commission or the Police

The Council will have regard to the guidance issued by the Gambling Commission and (subject to that guidance), the licensing objectives.

There is a 'fast-track' procedure available for clubs which hold a club premises certificate under the Licensing Act 2003. Under the fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police, and the grounds upon which an authority can refuse a permit licences are reduced.

The grounds on which an application under the fast track procedure may be refused are;

- that the club is established primarily for gaming, other than gaming prescribed under s.266 of the Act;
- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

The Council may grant or refuse an application for a club gaming or club machine permit, but will not attach any conditions. However, premises must comply with the Gambling Commissions Licence Conditions and Codes of Practice. There are a number of conditions in the Act that the holder must comply with.

6. Cancellation of Permits

Gaming / Machine Permits

The authority is able to cancel a permit. It may do so in specified circumstances which include if the premises are used wholly or mainly by children or young persons or if an offence under the Act has been committed. Before it cancels an authority must notify the holder giving 21 days' notice of intention to cancel, consider any representations made by the holder, hold a hearing if requested, and comply with any other prescribed requirements relating to the procedure to be followed.

Club Gaming / Club Machine Permits

Decisions relating to the cancellation of a Club Gaming or Club Machine Permit may not be made by an officer of the authority. Such decisions shall be dealt with by the Licensing Sub Committee.

Alcohol Licensed Premises Permits

In the event of representations being received against a notice of cancellation, the matter will be determined by a licensing sub-committee. Where no representations have been received, or if they have been received but have been subsequently withdrawn, then the final decision may remain with an Officer of the Council.

7. Small Local Society Lotteries

A Small Society Lottery is a lottery that is promoted on behalf of a non-commercial society (such as a charity or similar non-profit making organisation) to raise funds for any of the purposes for which the society or organisation is set up.

Small Society Lotteries do not require a licence but must be registered with the licensing authority in the area where the society's principle premises is situated. An application to register a Small Society Lottery should be on the relevant application form and accompanied by any necessary documents and the appropriate fee.

The maximum prize per ticket in either money or monies worth is £25,000.

In determining whether to grant or renew a small society lottery registration, the Licensing Authority will have regard to the Guidance to Local Authorities issued by the Commission.

Societies may wish to refer to the relevant section of the Licensing Authority's website for full details on how to register and maintain small society lottery registrations.

8. Exempt Gambling

The Licensing Authority has no control over Gambling in these circumstances, provided the specific requirements are complied with and any limits on stakes and prizes are observed.

8.1. Non-commercial gaming

There are two types of non-commercial gaming allowed: non-commercial prize gaming and non-commercial equal chance gaming. Neither of these require any authorisation provided the maximum stakes and prizes are not exceeded. In each case the gaming can be incidental to another activity, or the activity itself. It must be non-commercial which means there must be no private profit or gain. However, the proceeds of such events may benefit an organisation, group or one or more individuals if the activity is organised:

- by, or on behalf of, a charity or for charitable purposes;
- to enable participation in, or support of, sporting, athletic or cultural activities.

8.2. Non-commercial prize gaming

In this case, the prize should be determined in advance and not be dependent on the number of players or monies staked. The players should be told what the monies are being raised for, and it cannot take place in premises that have a Gambling Act premises licence (except a track).

This can include casino nights and race nights.

8.3. Non-commercial equal chance gaming

In this case, the stakes per player cannot exceed £8. In addition, the aggregate value of prizes in all games played at a single event cannot exceed £600 (but if the event is the final one of a series in which all of the players have previously taken part, a higher prize fund of up to £900 is allowed). The players should be told what the monies are being raised for, and it cannot take place in premises that have a Gambling Act premises licence (except a track).

This can include casino nights and race nights.

8.4. Private gaming

This covers situations where the public are not admitted to the gaming. This includes residential and domestic premises and workplaces.

This can include casino nights and race nights.

8.5. Domestic gaming

Non-equal chance gaming can be played in private dwellings on domestic occasions provided no participation charge is made.

8.6. Residential gaming

Non-equal chance gaming can be played in hostels or halls of residence provided at least 50% of the participants are residents.

8.7. Non-commercial and private betting

This is betting in domestic premises or workplaces. In domestic premises the participants must habitually reside there, and for workers betting the participants must be employed by the same employer.

8.8. Incidental non-commercial lottery

These can take place as an incidental activity at another non-commercial event, e.g. a raffle at a dinner or tombola at a garden party. No registration or permission is required provided the following requirements are met.

- Tickets can only be sold on the premises where the event takes place to people present and while the event is taking place;
- The draw must take place at the event and the results must be announced while the event is taking place;
- No rollovers are allowed;
- The maximum deduction allowed for prizes from the proceeds is £500; and
- The maximum deduction allowed for organising costs from the proceeds is £100.

9. Exempt gambling in pubs

Various types of gambling can take place in premises that are licensed under the Licensing Act 2003 to sell alcohol for consumption on the premises and which have a bar at which alcohol is served to customers, but this does not apply where the sale of alcohol can only take place as being ancillary to the sale of food.

9.1. Equal chance gaming in pubs

Equal chance gaming up to specified limits on stakes and prizes can take place, and this includes games such as backgammon, mah-jong, rummy, kalooki, dominoes, cribbage, bingo and poker.

The following requirements have to be met:

- The maximum stakes and prizes for each type of game must not be exceeded (£5 maximum stake for any game of chance except poker, dominoes and cribbage. For poker the maximum stake is £5, a daily maximum of £100 in aggregate stakes cannot be exceeded and the maximum prize limit is £100. There are no limits on stakes and prizes for dominoes or cribbage);
- The gaming must be supervised by a nominated gaming supervisor and comply with Gambling Commission codes of practice;
- No participation fees can be charged and no levy taken from stakes or prizes;
- The games cannot be linked to any other games in other premises; and
- Nobody under 18 years old can take part.

9.2. Bingo in pubs

Low-turnover bingo where the aggregate of stakes and prizes in a seven day period does not exceed £2000 can take place.

10. Exempt gambling in Clubs

There are two types of club for the purposes of the Act: members' clubs (including miners' welfare institutes) and commercial clubs. Generally speaking the club must be established for purposes other than gaming, but there is an exception for bridge or whist clubs. The exempt gaming that can take place differs according to the type of club. If a club has a club gaming permit, additional games and higher stakes and participation fees apply.

10.1. Equal chance gaming in clubs

Equal chance gaming with no specified limits on stakes and prizes (except for poker) can take place.

The following requirements have to be met:

- Only club members (who have been members for at least 48 hours) or a bona fide guest of a member can participate;
- Except for poker, there is no maximum stake or prize;
- For poker there is a £10 maximum stake, a daily maximum of £250 in aggregate stakes and a seven day maximum of £1000 in aggregate stakes cannot be exceeded, and the maximum prize limit is £250;
- The gaming must be supervised by a nominated gaming supervisor and comply with Gambling Commission codes of practice;
- A maximum participation fee of £1 can be charged but no levy taken from stakes or prizes (however if the games are bridge or whist, on a day when no other gaming is permitted, participation fees of up to £18 per person can be charged);
- The games cannot be linked to any other games in other premises; and
- Nobody under 18 years old can take part.

10.2. Bingo in clubs

Low-turnover bingo where the aggregate of stakes and prizes in a seven day period does not exceed £2000 can take place in all types of club.

10.3. Bridge and Whist clubs

Unlimited stakes bridge or whist can be played. In addition participation fees (up to £18) can be charged.

11. Temporary Use Notices

Temporary Use Notices allow the use of premises for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for a Temporary Use Notice, according to the Gambling Commission, would include hotels, conference centres and sporting venues.

The licensing authority can only grant a Temporary Use Notice to a person or company holding a relevant operating licence i.e. a non-remote casino operating licence.

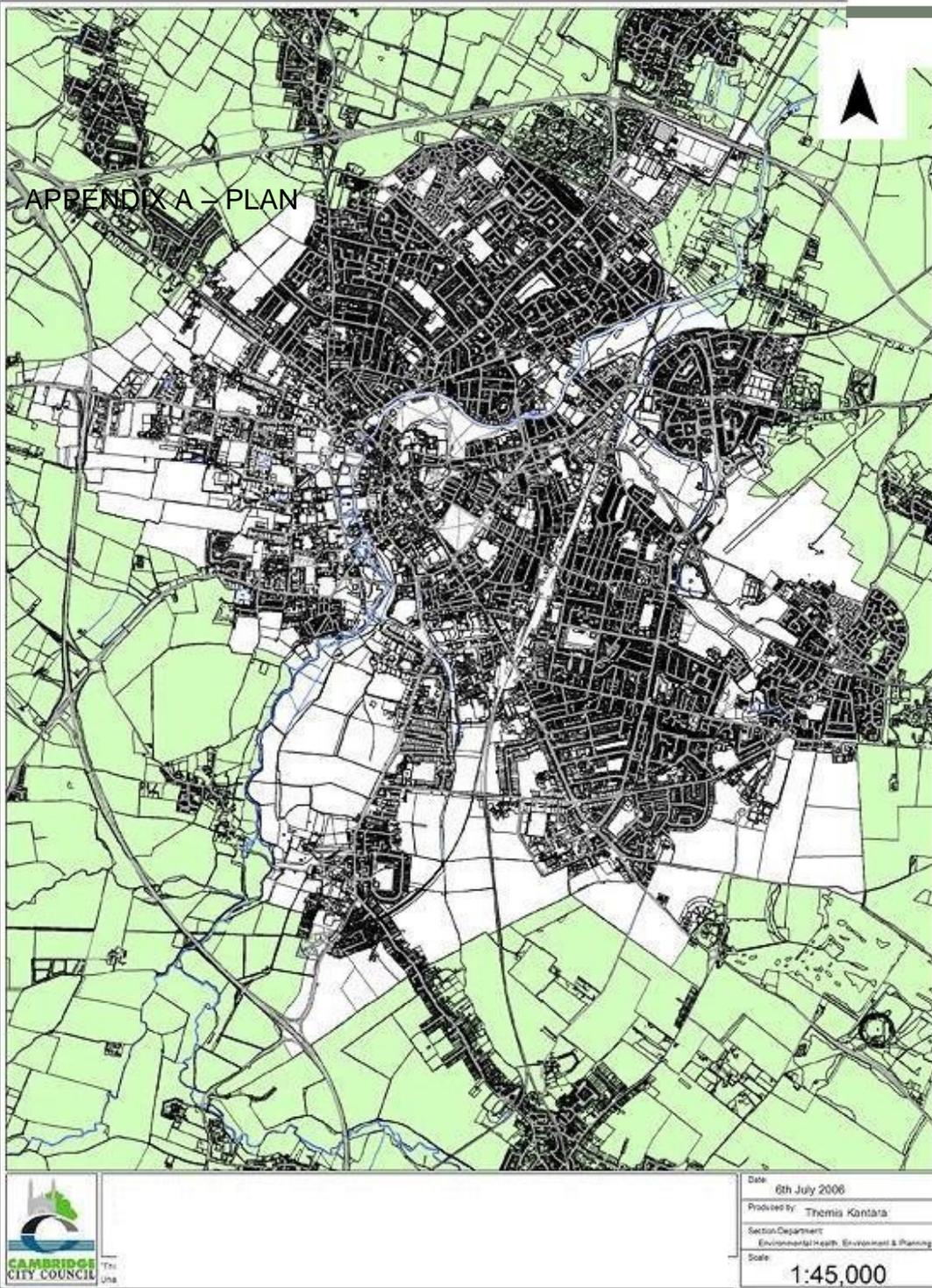
The Secretary of State has the power to determine what form of gambling can be authorised by Temporary Use Notices, and at the time of writing this statement the relevant regulations (SI no3157: The Gambling Act 2005 (Temporary Use Notices) Regulations 2007) state that Temporary Use Notices can only be used to permit the provision of facilities or equal chance gaming, where the gaming is intended to produce a single winner, which in practice means poker tournaments.

There are a number of statutory limits as regards Temporary Use Notices. Gambling Commission Guidance is noted that *“this definition of a ‘set of premises’ differs to ‘premises’ in Part 8 or the Act (see Part 7 of the guidance). The definition of a ‘set of premises’ will be a question of fact in the particular circumstances of each notice given. In considering whether a place falls within the definition, licensing authorities will need to look at, amongst other things, the ownership/occupation and control of the premises”*.

This licensing authority expects to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises, as recommended in the Gambling Commission’s Guidance.

12. Occasional Use Notices

The Council has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. The Council will though consider the definition of a ‘track’ and whether the applicant is permitted to avail him/ herself of the notice.



APPENDIX B – LIST OF CONSULTEES

- Responsible Authorities
- Emma Thornton (Head of Tourism & City Centre Management)
- Graham Saint (Consultation Working Group)
- Adam Ratcliffe (CAMBAC Manager)
- Poppleston Allen
- TLT Solicitors
- Gamestec

- **BACTA**
- **The Bingo Association**
- **Association of British Bookmakers Ltd (ABB)**
- **Business In Sport and Leisure (BISL)**
- **BALPA**
- **British Institute of Inn Keeping (BIK)**
- **Justices Clerks' Society**
- **The Portman Group**
- **British Beer and Pub Association**
- **Racecourse Association Ltd**
- **GAMCARE**
- **Greater Cambridge Partnership**
- **Cambridge Citizens Advice Bureau**
- **Cambridgeshire Chambers of Commerce**

Paddy Power

Coral Bookmakers

Ladbrokes PLC

William Hill

Betfred

Done Brothers (Cash Betting) Limited

Power Leisure Bookmakers Ltd

Quicksilver Amusement

Talarius Limited

Ward Residents Associations

Abbey People
Riverside Area Residents Association
Riverside Area Residents Association
Whitehill Residents Association
The Friends of Sourbridge Common
Castle Community Action Group
Darwin & Akeman St (DEARA)
NAFRA 19 Acre Field Residents' Association
NAFRA 19 Acre Field Residents' Association
Storeys Way Residents' Association
Concerned Residents Of North West Cambridge (CRONC)
Windsor Road Residents Association (WIRE)
Oxford Road Residents' Association
CREW
Tavistock Road & Stratfield Close Residents' Association
Richmond Road Residents' Association
Richmond Road Residents' Association
Marion Close & Sherlock Road Association
Sherlock Close RA
Shelly Gardens Leaseholder's Association
Rustat Neighbourhood Association
Newnham Croft Conservation Group
Newnham Croft Conservation Group
Cherry Hinton & Rathmore Road Residents' Association
Old Chesterton Residents Association
Iceni Homes (Hundred Houses) Tenants' Association
Three Trees Residents' Association
Three Trees Residents' Association
St Andrews Road RA
Fen Estates and Nuffield Road RA (FENRA)
Fen Road Steering Group
Bradmore & Petersfield Residents Association
Kings Hedges Neighbourhood Partnership
Park Street Residents' Association
Park Street Residents' Association
Park Street Residents' Association
Ravensworth Gardens Residents Association Limited
Christs Pieces Residents Association
King Street Neighbourhood Association
Jesus Green Association
Jesus Green Association
Brunswick & North Kite Residents Association
Brunswick & North Kite Residents Association
Evening Court RA

Radcliffe Court Residents' Association
St Andrews Road RA
North Newnham Residents Association
Gough Way Residents Association
West Cambridge Preservation Society
Clerk Maxwell Road Residents' Association
Pinehurst South Resident's Association
Pinehurst South Resident's Association
Residents' Association of Old Newnham
Residents' Association of Old Newnham
Residents' Association of Old Newnham
Bulstrode Gardens Residents Association
Barton Close Residents' Association
Millington Road & Millington Lane Residents' Association
Millington Road & Millington Lane Residents' Association
Hedgerley Close RA
Bradmore & Petersfield Residents Association
Bradmore & Petersfield Residents Association
George Pateman Court Residents' Association
Covent Garden Residents' Association
Glisson Road/Tenison Road Area Residents' Association
Petersfield Mansions Residents' Association
Petersfield Mansions Residents' Association
Petersfield Area Community Trust (PACT)
Mill Road Community Improvements Group
Devonshire Road Residents' Association
Guest Road Residents' Association
Highsett Flats Resident's Association
Babraham Road Action Group
Corfe Close Residents Association (CCRA)
Greenlands' Residents Association
Blinco Grove Residents' Association
East Mill Road Action Group EMRAG
Romsey Action
Mill Road Society
Mill Road Society
Mill Road Society
Mill Road Society
Empty Common Allotment Society
Gazeley Lane Residents' Association
Brookside Residents Association
Hanover & Princess Court Residents' Association
Bateman Street & Bateman Mews Residents Association
Bishops Court Residents' Company Ltd
Trumpington Residents Association
Norwich Street Residents' Association
Norwich Street Residents' Association

Southacre Latham Road and Chaucer Road RA (SOLACHRA)
Southacre Latham Road and Chaucer Road RA (SOLACHRA)
Southacre Latham Road and Chaucer Road RA (SOLACHRA)
Accordia Community and Resident's Association (ACRA)
Accordia Community and Resident's Association (ACRA)
Brooklands Avenue Area Residents' Association
North Newtown Residents' Association
North Newtown Residents' Association
Newtown Residents' Association
Applecourt Residents' Association
Fenners Lawn Residents' Association
Fenners Lawn Residents' Association
BENERA (Bentley and Newton Road Residents' Association)
Victoria Park Residents Working Group
Mitchams Corner Residents' & Traders' Association (MCRTA)
Mulberry Close Residents Society
Sandy Lane Residents' Association
De Freville Avenue RA
Federation of Cambridge Residents' Associations (Secretary)
Federation of Cambridge Residents' Associations (Chair)

APPENDIX C – Responsible Authorities

The Licensing Authority

The Gambling Commission

The Chief Officer of Police

The Fire and Rescue Authority

Planning Authority

Environmental Health

Local Safeguarding Children Board

HM Revenues and Customs In

addition, for vessels:

Environment Agency

Conservators of the River Cam

APPENDIX D List of Authorisation

MATTER TO BE DEALT WITH	FULL COUNCIL	LICENSING COMMITTEE/SUB COMMITTEE	OFFICERS	COUNCIL SOLICITOR
Three year licensing policy	✓			
Policy not to permit casinos	✓			
Fee setting-when appropriate		✓		
Application for premises licences		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Application for a variation to a licence		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Application for a transfer of a licence		Where representations received from the Gambling Commission	Where no representations received from the Gambling Commission	
Application for provisional statement		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Review of premises licence		✓		
Application for club gaming/club machine permits		Where representations received and not withdrawn	Where no representations received/representations have been withdrawn	
Cancellation of club gaming/club machine permits		✓		
Application for other permits			✓	
Cancellation of licensed premises gaming machine permits			✓	
Consideration of Temporary Use Notices			✓	
Decision to give a counter Notice to a Temporary Use Notice		✓		
Determination as to whether a person is an interested party				✓
Determination as to whether				✓

representations are relevant				
Determination as whether a representation is frivolous, vexatious or repetitive				✓
Representative of Licensing Authority who will be responsible for making representations as the Responsible Authority on licence applications				✓
Responsibility for attaching to premises licences Mandatory, Default and Specific Conditions			✓	
Representative of Licensing Authority who can initiate a Licence review				✓
Representative of Licensing Authority who can reject an application for a Licence review				✓

APPENDIX E – GLOSSARY OF TERMS

Admissible Representations: - representations submitted by a Responsible Authority or Interested Party.

Authorised Local Authority Officer: - a Licensing Authority Officer who is an authorised person for a purpose relating to premises in that authority's area.

Authorised Person: - a licensing officer and an officer of an authority other than a Licensing Authority, both of whom have been authorised for a purpose relating to premises in that authority's area. The following are considered authorised persons:

- Inspectors appointed under the Fire Precautions Act 1971;
- Inspectors appointed under the Health and Safety at work, etc. Act 1974;
- Inspectors or Surveyors of ships appointed under the Merchant Shipping Act 1995; &
- A person in a class prescribed in regulations by the Secretary of State.

Automated Roulette Equipment: - equipment that is either linked to a live game of chance, e.g. roulette, or plays live automated games, i.e. operates without human intervention.

Automatic Conditions: - conditions attached automatically to premises licences or authorisations. The Licensing Authority has no discretion not to include or modify them.

AWP machines: - Amusement with Prize Machines

BACTA: - the British Amusement Catering Trade Association

Betting Intermediary: - someone who offers services via remote communication, such as the internet.

Betting Ring: - an area that is used for temporary 'on course' betting facilities.

Bingo: - a game of equal chance.

Casino: - an arrangement whereby people are given an opportunity to participate in one or more casino games.

Casino Games: - games of chance that are not equal chance gaming.

Casino Premises Licence Categories: - regional, large, small, casinos permitted under transitional arrangements.

Casino Resolution: - resolution concerning whether or not to issue Casino Premises Licences.

Child: - an individual who is less than 16 years old.

Christmas Day Period: - the period of 24 hours from midnight on 24 December.

Club Gaming Machine Permit: - a permit to enable the premises to provide gaming machines (three machines of Categories B, C or D)

Club Gaming Permit: - a permit to enable the premises to provide gaming machines (three machines of Categories B C or D), equal chance gaming and games of chance.

Complex Lottery: - an arrangement where:

- Persons are required to pay to participate in the arrangement;
- In the course of the arrangement, one or more prizes are allocated to one or more members of a class;
- The prizes are allocated by a series of processes; and
- The first of those processes relies wholly on chance.

Conditions: - conditions to be attached to licences by way of:

- Automatic provision
- Regulations provided by Sec. Of State
- Conditions provided by Gambling Commission
- Conditions provided by Licensing Authority
- Conditions may be general in nature (either attached to all licences or all licences of a particular nature) or may be specific to a particular licence.

Customer Lotteries: - lotteries run by the occupiers of business premises who sell tickets only to customers present on their premises. These lotteries may not be conducted on vessels.

Default Conditions: - conditions that will apply unless the Licensing Authority decide to exclude them. This may apply to all Premises Licences, to a class of Premises Licence or Licences for specified circumstances.

Delegated Powers: - decisions delegated by the Licensing Authority either to a Licensing Committee, Sub-Committee or Licensing Officers.

Disorders: - in the case of gambling premises licences, disorder is intended to mean activity that is more serious and disruptive than mere nuisance.

Domestic Computer: - one used for in a residential property for private, non-commercial purposes and is exempt from a Gaming Machine Permit.

Dual Use Computer: - definition in forthcoming Regulations. Exempt from a Gaming Machine Permit.

Equal Chance Gaming: - games that do not involve playing or staking against a bank and where the chances are equally favourable to all participants.

EBT: - Electronic Bingo Ticket Minders consisting of electronic equipment operated by a Bingo Operators Licence for the purposes of playing bingo.

Exempt Lotteries: - lotteries specified in the Gambling Act as permitted to be run without a licence from the Gambling Commission. There are four types:

- Small Society Lottery (required to register with Licensing Authorities)
- Incidental Non Commercial Lotteries

- Private Lotteries
- Customer Lotteries

External Lottery Manager: - an individual, firm or company appointed by the Small Lottery Society to manage a lottery on their behalf. They are consultants who generally take their fees from the expenses of the lottery.

Fixed Odds Betting: - general betting on tracks.

Gaming: - prize gaming where the nature and size of the prize is not determined by the number of people playing or the amount paid for or raised by the gaming and where the prizes are determined by the operator before the play commences.

Gaming Machine: - a machine used for gambling under all types of gambling activity, including betting on virtual events.

Guidance to Licensing Authorities: - guidance issued by the Gambling Commission dated September 2015 (updated September 2016).

Inadmissible Representation: - a representation not made by a Responsible Authority or Interested Party.

Incidental non-commercial lottery: - a lottery that is run as an additional amusement at non-commercial events with tickets only sold and drawn during the event, such as a raffle at a dance, bazaar etc.

Information Exchange: - exchanging of information with other regulatory bodies under the Gambling Act.

Interested Party: - a person who in the opinion of the Licensing Authority

- Lives sufficiently close to the premises to be likely to be affected by the authorised activities,
 - Has business interests that might be affected by the authorised activities, or
 - Represents persons above, including Trade Associations, Trade Unions, Residents and Tenants Associations where they can demonstrate that they represent such persons.
- In determining if a person lives or has business interests sufficiently close to the premises, the following factors will be considered: -
- The size and nature of the premises to be licensed.
 - The distance of the premises from the location of the person making the representation.
 - The potential impact of the premises (e.g. number of customers, routes likely to be taken by those visiting the establishment).
 - The nature of the complaint, i.e. not the personal characteristics of the complainant but the interest of the complainant, which may be relevant to the distance from the premises.
 - The catchment area of the premises (i.e. how far people travel to visit).
 - Whether the person making the representation has business interests that might be affected in that catchment area.

Irrelevant Representations: - representations that are vexatious, frivolous or will certainly not influence the authority's determination of the application.

Large Lottery: - where the total value of tickets in any one lottery exceeds £20,000 or tickets in separate lotteries in one calendar year exceeds £250,000. This type of lottery requires an operating Licence from the Gambling Commission.

Licensed Lottery: - large society lotteries and lotteries run for the benefit of local authorities will require operating licences to be issued by the Gambling Commission.

Licensing Objectives: - there are three objectives

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime;
- Ensuring that gambling is conducted in a fair and open way; and
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

Live Gambling: - gambling on a live game as it happens.

Lottery: - an arrangement which satisfies the statutory description of either a simple lottery or a complex lottery in Section 14 of the Act.

Lottery Tickets: - every lottery must have tickets for each chance

- Identifying the promoting society
- Stating the price of the ticket, which must be the same for all tickets
- Stating the name and address of the member of the society who is designated as having responsibility at the Society for the promotion of the lottery, or, if there is one, the external lottery manager; and
- Stating the date of the draw, or sufficient information to enable the date of the draw to be determined.

Mandatory Conditions: - conditions that must be attached to a Premises Licence, to a class of Premises Licence or licences for specified circumstances.

Members Club: - a club must have at least 25 members, be established and conducted 'wholly or mainly' for purposes other than gaming, be permanent in nature, not established to make commercial profit and controlled by its members equally.

Non-commercial event: - an event where all the money raised at the event, including entrance fees, goes entirely to purposes that are not for private gain.

Non-commercial society: - a society established and conducted for charitable purposes; for the purpose of enabling participation in, or of supporting, sport athletics or a cultural activity; or for any other non-commercial purpose other than that of private gain.

Occasional Use Notice: - a notice that may only be issued in respect of a track, that permits betting on a track without the need for a Premises Licence and which only the person responsible for administration of events on the track or the occupier of the track may issue.

Off Course Betting: - betting that takes place other than at a track, i.e. at a licensed betting shop.

Off Course Betting: - betting that takes place in self contained betting premises within the track premises providing facilities for off course betting, i.e. on other events, not just those taking place on the track. Normally operate only on race days.

On Course Betting: - betting that takes place on a track while races are taking place.

Operating Licence: - a licence issued by the Gambling Commission to permit individuals and companies to provide facilities for certain types of gambling, including remote or non remote gambling.

Permit: - an authorisation issued by the Licensing Authority to provide gambling facilities where the stakes and prizes are low or gambling is not the main function of the premises.

Personal Licence: - a licence issued by the Gambling Commission to individuals who control facilities for gambling or are able to influence the outcome of gambling.

Pool Betting (Tracks): - pool betting may only be offered at a horse racecourse by the Tote and at a dog track by the holder of the premises licence for the track.

Premises: - 'any place' including anything (other than a seaplane or amphibious vehicle) designed or adapted for use on water, a hovercraft or anything or any place situated on or in water. It is for the Licensing Authority to decide whether different parts of a building can be properly regarded as being separate premises.

Premises Licence: - a licence issued by the Licensing Authority to authorise the provision of gaming facilities on casino premises, bingo premises, betting premises, including tracks, adult gaming centres and family entertainment centres where an operator's licence and personal licence have been issued by the Gambling Commission. A licence is restricted to one premises only but one set of premises may have separate licences issued in respect of different parts of the building.

Private lottery: - there are three types of private lottery

- Private Society Lotteries – tickets may only be sold to members of the Society or persons who are on the premises of the Society
- Work Lotteries – the promoters and purchasers of tickets must all work on a single set of work premises
- Residents' Lotteries – promoted by, and tickets may only be sold to, people who live at the same set of premises

Prize Gaming: - gaming in which the nature and size of the prize is not determined by the number of players or the amount paid for or raised by the gaming, the prizes having been determined before play commences, e.g. bingo with non-cash prizes. (NB: bingo with cash prizes and that carried on in commercial bingo halls will need to be licensed by the Gambling Commission; prize gaming does not include gaming by use of gaming machines.)

Prize Gaming Permit: - a permit issued by the Licensing Authority to authorise the provision of facilities for gaming with prizes on specific premises.

Provisional Statement: - an application to the Licensing Authority in respect of premises that are

- Expected to be constructed
- Expected to be altered
- Expected to acquire a right to occupy

Relevant Representations: - representations that relate to the Gambling Licensing Objectives, the Gambling Commission's Guidance, the Codes of Practice.

Responsible Authorities: - public bodies for the area in which the premises are mainly or wholly situated

- Licensing Authority in whose area the premise is partly or wholly situated
- Chief Officer of Police
- Fire & Rescue Service
- Planning Authority
- Environmental Health (related to pollution and harm to human health)
- Body competent to advise on protection of children from harm, i.e. Children & Young Peoples' Service
- Authority in relation to vulnerable adults
- Navigation Authority whose statutory functions are in relation to waters where a vessel is usually moored or berthed
- Environment Agency
- British Waterways Board
- Maritime & Coastguard Agency
- HM Revenue & Customs
- Gambling Commission

Simple Lottery: - an arrangement where

- Persons are required to pay to participate in the arrangement
- In the course of the arrangement, one or more prizes are allocated to one or more members of a class and
- The prizes are allocated by a process which relies wholly on chance.

SWP: - a Skills-with-Prizes machine

Skills with Prizes machine: - a machine on which the winning of a prize is determined only by the player's skill and there is no element of chance. SWPs are unregulated.

Small Lottery: - where the total value of tickets in a single lottery is £20,000 or less and the aggregate value of the tickets in a calendar year is £250,000 or less.

Small Society Lottery: - a lottery promoted on behalf of a non-commercial society, i.e. lotteries intended to raise funds for good causes.

Small Operations: - independent on course betting operators with only one or two employees or a bookmaker running just one shop.

Statement of Principles: - matters the Licensing Authority may publish in the Statement of Licensing Principles that they intend to apply when considering an applicant's suitability in applications for permits for unlicensed family entertainment centres and prize gaming.

Temporary Use Notice: - a notice that may be issued in respect of a set of premises where there is no premises licence, but where a person or company holding an operating licence relevant to the proposed temporary use of premises wishes to use the premises temporarily for providing facilities for gambling.

Travelling Fair: - a fair that 'wholly or principally' provides amusements and must be on a site used for fairs for no more than 27 days per calendar year.

Vehicles: - includes trains, aircraft, sea planes and amphibious vehicles other than hovercraft.

Vessel: - anything (other than a seaplane or amphibious vehicle) designed or adapted for use on water; a hovercraft; or anything or part of any place situated on or in water.

Virtual Betting: - gambling by machine that takes bets on virtual races, i.e. images generated by computer to resemble races or other events.

Vulnerable Persons: - no set definition but likely to mean group to include people who gamble more than they want to, people who gamble beyond their means; people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs.

Young Person: - an individual who is over 16 years of age but who is under 18 years of age.

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GOSSCHALKS
SOLICITORS

Cambridge City Council
Licensing
Environmental Services
Cambridge City Council
PO Box 700
CAMBRIDGE, CB1 0JH

Please ask for
Direct
Email
Our ref: RJI7LAF7077GOS00005
#GS1770714
Your ref:
Date: 15 August 2018

Dear Sir/Madam,

Re: Gambling Act 2005 Policy Statement Consultation

We act for the Association of British Bookmakers (ABB) and have received instructions to respond on behalf of our client to the current consultation on the Council's review of its gambling policy statement.

The Association of British Bookmakers (ABB) represents over 80% of the high street betting market. Its members include large national operators such as William Hill, Ladbrokes Coral and Paddy Power, as well as almost 100 smaller independent bookmakers.

Please see below for the ABB's response to the Council's current consultation on the draft gambling policy statement.

This response starts by setting out the ABB's approach in areas relevant to the local authority's regulation of betting shop premises, and its commitment to working with local authorities in partnership. The response finishes by highlighting matters within the policy statement which the ABB feels may need to be addressed.

Betting shops have been part of the British high street for over 50 years and ensuring a dialogue with the communities they serve is vital.

The ABB recognises the importance of the gambling policy statement in focusing on the local environment and welcomes the informed approach this will enable operators to take for example, with regard, to the new requirements for local area risk assessments and ensuring the right structures are in place in shops that are appropriate for that area.

Whilst it is important that the gambling policy statement fully reflects the local area, the ABB is also keen to ensure that the statutory requirements placed on operators and local authorities under the Gambling Act 2005 remain clear; this includes mandatory conditions (for instance, relating to Think 21 policies) and the aim to permit structure. Any duplication or obscuring of these within new processes would be detrimental to the gambling licensing regime. The ABB also



believes it is important that the key protections already offered for communities, and clear process (including putting the public on notice) for objections to premises licence applications, continue to be recognised under the new regime.

Any consideration of gambling licensing at the local level should also be considered within the wider context.

- the overall number of betting shops is in decline. The latest Gambling Commission industry statistics show that numbers as of March 2017 were 8,788 - a decline of 349 since March 2014, when there were 9,137 recorded.
- planning law changes introduced in April 2015 have increased the ability of licensing authorities to review applications for new premises, as all new betting shops must now apply for planning permission.
- successive prevalence surveys and health surveys tell us that problem gambling rates in the UK are stable (0.6%) and possibly falling.

Working in partnership with local authorities

The ABB is fully committed to ensuring constructive working relationships exist between betting operators and licensing authorities, and that where problems may arise that they can be dealt with in partnership. The exchange of clear information between councils and betting operators is a key part of this and the opportunity to respond to this consultation is welcomed.

LGA – ABB Betting Partnership Framework

In January 2015 the ABB signed a partnership agreement with the Local Government Association (LGA), developed over a period of months by a specially formed Betting Commission consisting of councillors and betting shop firms, which established a framework designed to encourage more joint working between councils and the industry.

Launching the document Cllr Tony Page, LGA Licensing spokesman, said it demonstrated the *"desire on both sides to increase joint-working in order to try and use existing powers to tackle local concerns, whatever they might be."*

The framework builds on earlier examples of joint working between councils and the industry, for example the Medway Responsible Gambling Partnership which was launched by Medway Council and the ABB in December 2014. The first of its kind in Britain, the voluntary agreement led the way in trialling multi-operator self-exclusion. Lessons learned from this trial paved the way for the national multi-operator self-exclusion scheme now in place across the country. By phoning a free phone number (0800 294 2060) a customer who is concerned they are developing a problem with their gambling can exclude themselves from betting shops close to where they live, work and

socialise. The ABB is working with local authorities to help raise awareness of the scheme, which is widely promoted within betting shops.

The national scheme was first trialed in Glasgow in partnership with Glasgow City Council. Cllr Paul Rooney, Glasgow's City Treasurer and Chairman of a cross-party Sounding Board on gambling, described the project as *"breaking new ground in terms of the industry sharing information, both between operators and, crucially, with their regulator."*

Primary Authority Partnerships in place between the ABB and local authorities

All major operators, and the ABB on behalf of independent members, have also established Primary Authority Partnerships with local authorities. These partnerships help provide a consistent approach to regulation by local authorities, within the areas covered by the partnership; such as age-verification or health and safety. We believe this level of consistency is beneficial both for local authorities and for operators.

For instance, Primary Authority Partnerships between Milton Keynes Council and Reading Council and their respective partners, Ladbrokes and Paddy Power, led to the first Primary Authority inspection plans for gambling coming into effect in January 2015. By creating largely uniform plans, and requiring enforcing officers to inform the relevant Primary Authority before conducting a proactive test-purchase, and provide feedback afterwards, the plans have been able to bring consistency to proactive test-purchasing whilst allowing the Primary Authorities to help the businesses prevent underage gambling on their premises.

Local area risk assessments

Since April 2016, under new Gambling Commission LCCP provisions, operators have been required to complete local area risk assessments identifying any risks posed to the licensing objectives and how these would be mitigated. Licensees must take into account relevant matters identified in the licensing authority's statement of licensing policy, and any local area profile, in their risk assessment. These must be reviewed where there are significant local changes or changes to the premises, or when applying for a variation to or for a new premises licence.

The ABB fully supports the implementation of risk assessments which will take into account risks presented in the local area, such as exposure to vulnerable groups and crime. The new requirements build on measures the industry has already introduced through the ABB Responsible Gambling Code to better identify problem gamblers and to encourage all customers to gamble responsibly.

This includes training for shop staff on how to intervene and direct problem gamblers to support services, as well as new rules on advertising including banning gaming machine advertising in shop windows, and the introduction of Player Awareness Systems which use technology to track account

based gaming machine customers' player history data to allow earlier intervention with any customers whose data displays known 'markers of harm'.

Best practice

The ABB is committed to working pro-actively with local authorities to help drive the development of best practice with regard to local area risk assessments, both through responses to consultations such as this and directly with local authorities. Both the ABB and its members are open and willing to engage with any local authority with questions or concerns relating to the risk assessment process, and would encourage them to make contact.

Westminster Council is one local authority which entered into early dialogue with the industry, leading to the development of and consultation on draft guidance on the risk assessment process, which the ABB and our members contributed to. Most recently one operator, Coral, has been working closely with the Council ahead of it issuing its final version of the guidance, which we welcome.

The final guidance includes a recommended template for the local area risk assessment which we would point to as a good example of what should be expected to be covered in an operator's risk assessment. It is not feasible for national operators to submit bespoke risk assessments to each of the c.350 local authorities they each deal with, and all operators have been working to ensure that their templates can meet the requirements set out by all individual local authorities.

The ABB would be concerned should any local authority seek to prescribe the form of an operator's risk assessment. This would not be in line with better regulation principles. Operators must remain free to shape their risk assessment in whichever way best meets their operational processes.

The ABB has also shared recommendations of best practice with its smaller independent members, who although they deal with fewer different local authorities, have less resource to devote to developing their approach to the new assessments. In this way we hope to encourage a consistent application of the new rules by operators which will benefit both them and local authorities.

Concerns around increases in the regulatory burden on operators

The ABB is concerned to ensure that any changes in the licensing regime at a local level are implemented in a proportionate manner. This would include if any local authority were to set out overly onerous requirements on operators to review their local risk assessments with unnecessary frequency, as this could be damaging. As set out in the LCCP a review should only be required in response to significant local or premises change. In the ABB's view this should be where evidence can be provided to demonstrate that the change could impact the premises' ability to operate consistently with the three licensing objectives.

Any increase in the regulatory burden would severely impact ABB members at a time when overall shop numbers are in decline, and operators are continuing to absorb the impacts of significant

Part B – 4. Planning

The paragraph beneath this heading outlines the Gambling Commission's Guidance to the Licensing Authorities with regard to planning. The paragraph would be assisted by reference to S210 Gambling Act 2005 which is clear, *"the licensing authority shall not have regard to whether or not a proposal by the applicant is likely to be permitted in accordance with the Law relating to planning or building"*.

Part B – 7. Licensing Conditions

This section explains the licensing authority's approach to the imposition of conditions on premises licences. This section would be assisted by a clear explanation that all Gambling Act 2005 premises licences are subject to mandatory and default conditions which are usually sufficient to ensure operation that is reasonably consistent with the licensing objectives.

The section would also be assisted if it was clear that additional conditions will only be considered where there is clear evidence of a risk to the licensing objectives in the circumstances of a particular case. The section should then state that it is only where there is this clear evidence that additional conditions to supplement the mandatory and default conditions would be considered.

It is important that this evidential basis for additional conditions is made clear and that conditions are not imposed simply where there is a "perceived need" (Part B – 7. Licensing Conditions) or "where it is believed to be necessary" (Part B – 1. General Principles).

Conclusion

The ABB and its members are committed to working closely with both the Gambling Commission and local authorities to continually drive up standards in regulatory compliance in support of the three licensing objectives: to keep crime out of gambling, ensure that gambling is conducted in a fair and open way, and to protect the vulnerable.

Indeed, as set out, the ABB and its members already do this successfully in partnership with local authorities now. This includes through the ABB Responsible Gambling Code, which is mandatory for all members, and the Safe Bet Alliance (SBA), which sets voluntary standards across the industry to make shops safer for customers and staff.

We would encourage local authorities to engage with us as we continue to develop both these codes of practice, which are in direct support of the licensing objectives, as well as our processes around local area risk assessments.

Yours faithfully,



Luke Catchpole

From:
Sent: 25 May 2018 12:22
To: Luke Catchpole
Subject: RE: Review of Gambling Statement of Principles

Dear Mr Catchpole
Thank you for sending this attachment.
My comment is that I am totally opposed to gambling in any form.
Regards



From: Luke Catchpole [\[mailto:Luke.Catchpole@cambridge.gov.uk\]](mailto:Luke.Catchpole@cambridge.gov.uk)
Sent: 23 May 2018 15:41
To: licensing <licensing@cambridge.gov.uk>
Subject: Review of Gambling Statement of Principles

Dear Sir/Madam,

Please see the attached letter in regards to the Review of Gambling Statement of Principles.

The public consultation runs from 25th May 2018 to 17th August 2018.

Kind Regards

Luke Catchpole
Senior Technical Officer
Commercial & Licensing
Cambridge City Council
(01223) 457818
Email: luke.catchpole@cambridge.gov.uk
Facebook: <https://www.facebook.com/taxilicensingccc01>

*****EH Training Solutions provides high-quality and affordable training courses in the areas of: alcohol licensing, food hygiene, health and safety as well as landlord and letting agent training. Please visit our Training page at: <http://www.cambridge.gov.uk/training> for further details on the courses we offer, or how we can meet your specific training needs*****

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APPENDIX D – Summary of Responses to Statement of Principles

Area of Policy	Ref	Respondent	Summary of Comments	Consideration/appraisal	Response
Part B, Section 3 - Location	Part B, S3	Gosschalks on behalf of Association of British Bookmakers	2 nd paragraph in this section should be amended as any such policy is likely to be unlawful and is certainly contrary to the overriding principal contained within S153 of Gambling Act 2005 that the licensing authority will aim to permit the use of premises for gambling.	Comment considered and agreed that paragraph should be removed.	We do not have a specific policy that determines areas that gambling premises should not be located and therefore it is unnecessary to refer to not having one. If we wished to introduce one, we would look at the lawfulness of such a policy and as such a major change it would need to go out to consultation. By removing the paragraph it does not prevent such a policy being discussed or implemented.
Part B, Section 4 – Planning	Part B, S4	Gosschalks on behalf of Association of British Bookmakers	Paragraph would be assisted by reference to S210 Gambling Act 2005 which states, “the licensing authority shall not have regard to whether or not a proposal by the applicant is likely to be permitted in accordance with the Law relating to planning or building”.	Comment considered and paragraph amended.	Policy is already clear about what we should and should not have regard to but can add at end of paragraph that “the local authority is aware of S210 of the Gambling Act 2005 and will have regard to this in any decisions made”.
Part B, Section 7 – Licensing Conditions	Part B, S7	Gosschalks on behalf of Association of British Bookmakers	This section would be assisted by a clear explanation that all Gambling Act 2005 premises licences are subject to mandatory and default conditions which are usually sufficient to ensure operation that is reasonably consistent with the licensing objectives. The section would also be assisted if it was clear that additional conditions will only be considered where there is clear	Comment considered and agreed to add a sentence regarding mandatory and default conditions. No other changes deemed necessary.	Mandatory and Default Conditions are referred to earlier in the Statement of Principles (Part B, Section 1 – General Principles) but it makes sense to refer to them again in this section. In regards to making it clear that additional

APPENDIX D – Summary of Responses to Statement of Principles

			<p>evidence of a risk to the licensing objectives in the circumstances of a particular case. The section should then state that it is only where there is this clear evidence that additional conditions to supplement the mandatory and default conditions would be considered.</p> <p>It is important that this evidential basis for additional conditions is made clear and that conditions are not imposed simply where there is a “perceived need” (Part B – 7. Licensing Conditions) or “where it is believed to be necessary” (Part B – 1. General Principles).</p>		<p>conditions will only be considered when there is clear evidence of a risk to the licensing objectives, the policy already states that any conditions will proportionate, reasonable and made on a case by case basis. It is therefore unnecessary to add anything further. In regards to making it clear that there needs to be evidential basis for additional conditions, the policy refers to treating each application on its individual merit and would only add conditions if evidence was presented that made the local authority feel that they would be in keeping with the promotion of the licensing objectives.</p>
General Comment	General comment	Individual respondent	Respondent does not agree with gambling in any form	Comment considered.	The local authority is aware that moral objections are not a valid reason to reject applications or should be taken into account when producing the statement of principles.

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 the Cambridge City Council intranet. 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, (graham.saint@cambridge.gov.uk or 01223 457044).

1. Title of strategy, policy, plan, project, contract or major change to your service:
Review of Statement of Gambling Principles
2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)
https://www.cambridge.gov.uk/consultation-on-the-statement-of-gambling-principles-under-the-gambling-act-2005
3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?
The statement must be reviewed and published every three years. The review has been to update the statement to make sure it is current and follows any new guidance issued since 2016. Only minimal changes have been made to the statement to reflect the updated guidance.
4. Responsible Service
Environmental Services

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

- Residents of Cambridge City
- Visitors to Cambridge City
- Staff

Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here):

Children

Vulnerable Adults

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):

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

Going to Licensing Committee on 1st October 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?

The policy has been subject to a 12 week public consultation. The consultation was advertised on the Cambridge City Council website, an advert appeared in Cambridge News and responsible authorities directly contacted (including the police and the local child safeguarding board). People could respond via email or in writing. A total of 2 responses were received, none of the responses commented on equality matters.

The Licensing Authority will continue to work in partnership with its neighbouring authorities, the police, other agencies, local liaison groups, businesses and individuals towards the achievement of the licensing objectives through good practice.

The policy recognises the Equality Act 2010, including s149 of the Act which is the Public Sector Equality Duty. The Equality Act 2010 places a legal obligation on public authorities to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations, between persons with different protected characteristics.

10. Potential impacts

For each category below, please explain if the strategy, policy, plan, project, contract or major change to your service could have a positive/ negative impact or no impact. Where an impact has been identified, please explain what it is. Consider impacts on service users, visitors and staff members separately.

(a) Age

Note that this refers to any group of people of a particular age (e.g. 32 year-olds) , or within a particular age range (e.g. 16-24 year-olds) – in particular, please consider any safeguarding issues for children and vulnerable adults

One of the licensing objectives is protecting children and other vulnerable persons from being harmed or exploited by gambling (see pages 7 to 8 of the Statement of Principles for more information). The policy helps support this objective. The Local Safeguarding Children Board is a responsible authority and is recognised as being competent to advise on matters relating to the protection of children from harm.

During the review of the policy, they were consulted as a responsible authority and no response was received.

The safeguarding for children and vulnerable adults policy of Cambridge City Council will also be considered when determining licensing applications.

(b) Disability

Note that a person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on those with a disability.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of disability.

(c) Gender reassignment

We do not believe that the policy will have an impact on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on gender reassignment.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of gender.

(d) Marriage and civil partnership

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on marriage or civil partnership.

(e) Pregnancy and maternity

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on pregnancy or maternity.

(f) Race

Note that the protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on race.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of race

(g) Religion or belief

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on religion.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of religion.

(h) Sex

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on sex.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of sex.

(i) Sexual orientation

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on sexual orientation.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of sexual orientation.

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

The policy will have no impact on any other factors that may lead to inequality. One of the licensing objectives in regards to gambling is protecting children and other vulnerable persons from being harmed or exploited by gambling.

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.)

The policy statement will be kept under review and will remain in existence for a period of up to 3 years. It will be subject to review and further consultation before January 2022 or as required by changes in law or other policies.

12. Do you have any additional comments?

The licensing objectives also include preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime and ensuring that gambling is conducted in a fair and open way.

As a means of assisting Licensing Authorities in determining whether the provision of gambling facilities at premises will be, and will remain, consistent with the licensing objectives, the Gambling Commission request that premises licence holders should have policies and procedures in place to mitigate the local risks to the licensing objectives arising from the provision of gambling at their premises.

Following the Gambling Commission's review of the social responsibility elements of the Licence Conditions and Codes of Practice (LCCP), the Commission have introduced a social responsibility code (SR code 10.1.1) which requires all premises licensees to assess the local risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and have policies, procedures and control measures to mitigate these risks. In undertaking their risk assessments, they must take into account relevant matters identified in the licensing authority's statement of policy.

The new SR provision is supplemented by an ordinary code provision that requires licensees to share their risk assessment with licensing authorities when applying for a premises licence or applying for a variation to existing licensed premises, or otherwise at the request of the licensing authority, such as when they are inspecting a premises.

Cambridge City Council has a Local Area Profile that licensees should consider when undertaking their local area risk assessments. The Local Area Profile can be found at the following link:

<https://www.cambridge.gov.uk/gambling-licensing-overview>

13. Sign off

Name and job title of lead officer for this equality impact assessment: Luke Catchpole, Senior Technical Officer

Names and job titles of other assessment team members and people consulted: Karen O'Connor, Team Manager (Commercial & Licensing)

Date of EqlA sign off: 22 September 2018

Date of next review of the equalities impact assessment: January 2022

All EqlAs need to be sent to Helen Crowther, Equality and Anti-Poverty Officer. Has this been sent to Helen Crowther?

Yes

No

Date to be published on Cambridge City Council website: October 2018



Item

SPECIAL RESPONSIBILITY ALLOWANCES UPDATE

2018/19

To:

Civic Affairs Committee 10/10/18

Report by:

Democratic Services Manager, Gary Clift

Tel: 01223 - 457011 Email: gary.clift@cambridge.gov.uk

Wards affected:

None directly affected

1. Introduction

- 1.1 The Council (at its meeting on 22 February 2018) agreed a new Special Responsibility Allowance (SRA) be paid to the Cabinet Member on the Cambridgeshire and Peterborough Combined Authority for municipal year 2017/18 . It also approved further evidence gathering on the work of city councillor responsibilities on the Combined Authority, Greater Cambridge Partnership (GCP) and Police and Crime Panel, reporting back to the Civic Affairs Committee in the new municipal year.

2. Recommendations

- 2.1 To determine whether to agree with the IRPs recommendations, or to amend them, for Council decision.

3. Background

Special Responsibility Allowances

3.1 Officers circulated a questionnaire to councillors to seek comments from councillors who held these roles in 2017/18 and 2018/19 to help inform the IRP whether these roles had significant additional responsibilities in relation to the discharge of the authority's functions and warranted an SRA:

- Combined Authority Overview and Scrutiny Committee (2 Cllrs)
- Combined Authority Audit and Governance Committee (1 Cllr)
- Greater Cambridge Partnership Assembly (3 Cllrs)
- Cambs and Peterborough Police and Crime Panel (1 Cllr)
- GCP Board Member (1 Cllr)
- Cabinet Member of the Combined Authority (1 Cllr)

3.1. The IRP met on 14 August 2018 with Councillors Bick, Sargeant, Herbert and Baigent to consider the Council resolution of 22 February 2018 detailed below:

- i. Approve further evidence gathering on the work of city councillor responsibilities on the Combined Authority, Greater Cambridge Partnership and Police and Crime Panel, reporting back to the Civic Affairs Committee in the new municipal year.

3.3 The IRP were also asked to consider travel allowances paid under the Council's members allowances scheme and whether it could be made clearer when a member could claim travel allowances.

3.3 The IRP's report is attached. The Panel has made three recommendations. Any decision on amending the Allowances Scheme is for the Full Council. The Committee can recommend, amend, or reject the Panel's proposals. The Panel has been invited to attend the Committee.

Travel claims

3.4 The Panel have provided clarification on travel claims for Cambridge City Council meetings (ie. within the city) and that officers can consult the three group leaders in cases of doubt.

4. Implications

(a) Financial Implications

Page:

The IRP recommendation would mean an additional £6,775 which for *3*

2018/19 can be funded from forecast underspends in Corporate Strategy budgets.

(b) Staffing Implications - none

(c) Equality and Poverty Implications

The IRP have equality considerations within its terms of reference and informed its work on the special responsibility allowances for city councillor's who hold positions on the Combined Authority, Greater Cambridge Partnership (GCP) and Police and Crime Panel.

(d) Environmental Implications

(e) Procurement Implications

(f) Community Safety Implications

None of the above.

5. Consultation and communication considerations

Not applicable.

6. Background papers

Members allowances schemes for Councils who are a member of the Cambridgeshire and Peterborough Combined Authority

Members allowances schemes for the Greater Manchester Combined Authority

Members allowances schemes for the West of England Combined Authority

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Report of Independent Remuneration Panel – August 2018

A) Special Responsibility Allowances

Background

With the increase in joint working with other authorities, most notably the Combined Authority and the Greater Cambridge Partnership, we were asked to consider an increase in the number of Special Responsibility Allowances to include six additional responsibility posts. (Ref. Minutes of Council meeting Thursday 22 February 2018 on the recommendation of the Civic Affairs Committee held on 14 February 2018).

These positions are:

Combined Authority:

Cabinet Member (1)

Members on the Overview and Scrutiny Committee (2)

Member on the Audit and Governance Committee (1)

Greater Cambridge Partnership:

Board Member (1)

Assembly Members (3)

Police and Crime Panel Member (1)

Principles

The principles that guided our initial report on SRAs in 2016/7 still apply, ie that SRAs should:

- be perceived by everyone to be fair,
- be evidence based, logical and coherent
- be transparent, efficient and easy to administer,
- encourage councillors to fill the most arduous roles,
- encourage scrutiny in order to augment the effectiveness of the democratic process,
- be adaptable to future changes.

We also note the Statutory Guidance – in particular that SRAs should go to those who have 'significant additional responsibilities in relation to the discharge of the authority's functions'.

Method

A questionnaire was sent to each of the current incumbents and those who had held the posts in the previous year. All were invited to meet the panel in person and were offered an opportunity after these meetings to give further written evidence. Of the nine Councillors approached, five sent written responses and four, including the leaders of the ruling and opposition parties, gave oral evidence. Two members did both. The Leader gave follow-up evidence.

We also researched the SRAs awarded in other Combined Authorities but could not find an appropriate comparator.

Findings

From the oral and written evidence we have received, we conclude that each of these roles carries significant responsibilities in addition to those expected of a City Councillor. These roles take City Councillors into areas not traditionally part of the City Council role, most notably transport, and they bring a level of complexity greater than that present within a single Council.

Our reasoning revolves around several factors:

- additional areas of responsibility and greater complexity
- the amount of time needed to attend daytime meetings at various locations within Cambridgeshire and Peterborough,
- the weight of decision-making,
- the necessity of proper scrutiny within both the CA and GCP,
- the increasing importance of each of these roles to City Council residents and/or businesses.

Recommendations

1. That each of the roles should receive an SRA in the following percentages of Basic Allowance and that these allowances be back-dated to the start of the Municipal Year.

Role Title	Percentage of Basic Allowance	Cost in this Municipal Year
Combined Authority: Cabinet Member (1)	50%	1169 (25% increase on what is already in the scheme)
Combined Authority: Members on the Overview and Scrutiny Committee (2)	25%	2338
Combined Authority: Member on the Audit and Governance Committee (1)	10%	467
Greater Cambridge Partnership: Assembly Members (3)	15%	2100
Police and Crime Panel Member (1)	15%	701

2. Given the evolving nature of the partnership bodies and of the roles undertaken by Councillor members, we recommend that these allowances should be reviewed in 2020 to take account of any further changes in roles and responsibilities. At that time there should

be more evidence about the approaches being taken to SRAs in the other constituent councils of the Combined Authority and Greater Cambridge Partnership.

In addition

At present there does not seem to be a significant problem with recruitment and retention for these roles. Succession planning is difficult in elected bodies but, if the Council is to continue to ensure that appropriate councillors are available to fill the most arduous roles, planning for succession will become increasingly important.

B) Travel Expenses

We were asked to provide further clarification with regard to travel costs to City Council meetings and suggest the following addition:

For Cambridge City Council meetings only, you can only claim travel costs **from outside** Cambridge if your absence from Cambridge was unavoidable or if a meeting is called at short notice, and you have to make a journey which you would not otherwise have made. The exception to this rule is attending Planning or Licensing Committee meetings, as these take place more frequently than other meetings.

If a claim is made and an officer is unclear whether or not the travel expense should be reimbursed, the officer shall consult the political group leaders prior to approving payment. If any claim remains unresolved, it is the responsibility of the Chief Executive to determine.

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Item

PROCESS FOR SCRUTINY OF THE COUNCIL'S BUDGET

To:

Civic Affairs Committee 10/10/2018

Report by:

Andrew Limb, Head of Corporate Strategy

Tel: 01223 - 457004 Email: Andrew.Limb@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 Scrutiny of the Council's budget is an essential part of the governance of the Council, and contributes to sound financial management. However, the current process for pre-scrutiny of the Budget Setting Report each year has evolved to an extent that reports have in recent years gone to six separate meetings. This involves the production of separate reports for each of these meetings, and officer attendance and briefing and committee meetings on each occasion, which has been felt to put additional burdens on both officers and members.
- 1.2 In a context where officer capacity is coming under increasing pressure, and in the light of the review of scrutiny committee arrangements that took place in 2017/18, officers were asked to review the current process for scrutinising the BSR to propose ways of streamlining the total effort consumed by the scrutiny process whilst retaining sufficient opportunities for Budget pre-scrutiny. This report sets out the officer recommendation.

2. Recommendations

- 2.1 That Civic Affairs Committee recommends to Council the changes to the Council's budget and policy framework procedure (part 4c) and Council Procedure Rules appendix 2 budget recommendations and amendments (part 4a) as set out in Appendix A.

(These changes reflect Option A described in the report below and in Appendices B and C).

3. Background

- 3.1. The scrutiny of BSR proposals currently happens across a number of committees, and extends over a period of a month. Producing papers for all these meetings, and attending briefings and meetings consumes a significant amount of officer and member time.

- 3.2 The member working group that reviewed scrutiny committee arrangements in 2017/18 agreed that officers should report back on improvements to the current arrangements.

- 3.3 Officers have reviewed the arrangements with the two objectives in mind:

(a) ensuring that there is sufficient opportunity for member scrutiny of the Budget Setting Report and any amendments ahead of the budget-setting council meeting in February.

(b) streamlining the process to focus member and officer effort where it will add most value.

3.4 Proposed Revised Process – Option A

- Option A in the attached Appendix B would see a move from two Strategy & Resources scrutiny committee meetings to a single meeting. This would happen later than the traditional "S&R1" meeting, but slightly earlier than the traditional "S&R2" meeting.
- Sub-sets of the BSR relating to specific portfolios would not be taken to individual thematic scrutiny committees (other than housing – scrutiny of the HRA BSR remains unchanged by these proposals).
- A briefing to which all members will be invited on the ruling group's BSR would be held shortly after it is published in early January. This would allow the Head of Finance to fully brief all councillors on the technical and structural aspects of how the budget is put together and how the

various elements inter-relate. The Executive Councillor for Finance and Resources would provide a strategic overview of the budget strategy, and also be available for questions and discussions to clarify the purpose of various items.

- The single S&R meeting would consider both BSR and amendments plus any Executive amendments. The Executive would meet formally immediately after the S&R meeting to formally recommend the BSR (as amended, if necessary) to Council.
- Amendments that had been submitted to the S&R meeting would also be submitted for consideration at Council, as at present.
- If the final BSR differed from the version published in January, any member would have an opportunity to further amend their amendment for final submission to the Council meeting after the Executive had recommended the final BSR to Council.

3.5 Proposed Revised Process - Option B

- Option B retains all of the elements of the current “as is” process, but brings the meeting of the Executive forward to the same night as the S&R1 committee meeting. There would not need to be any amendment to the constitution procedure rules to effect this change.

3.6 Benefits of the Change – Option A

3.6.1 The benefits of these proposals are that they bring scrutiny of the whole BSR together in one place. All Executive Councilors and spokes would be invited to attend the S&R meeting. This would allow full scrutiny of all the proposals (both ruling group and opposition), from all aspects, rather than fragmenting the discussion into portfolio-related items.

Some members have expressed the view that these portfolio-specific BSR items rarely see detailed scrutiny, as questions and debate can tend to be reserved for later meetings.

3.6.2 This would also align decision making on the BSR with other Executive decisions, i.e. the officer report and any amendments would be on the table in front of the Executive, and would have had the chance to be scrutinized by all sides, before the Executive makes its decision.

3.6.2 Furthermore, this approach would save officer time (and the financial and environmental costs of printing and distributing multiple reports), and allow officer effort to be focused on supporting members in

constructing their budget and budget amendment, and on supporting the one scrutiny meeting.

3.6.3 Having the Executive meeting on the same night as S&R would save having to arrange a separate meeting on a separate night and the disruption for councilors and officers that that entails.

3.6.4 This proposal provides for nearly three working weeks from the publication of the BSR to the submission of budget amendments. Officers would make themselves available to opposition members to ensure this was sufficient.

3.7 Benefits of the Change – Option B

3.7.1 Having the Executive meeting on the same night as S&R would save having to arrange a separate meeting on a separate night and the disruption for councilors and officers that that entails.

3.8 Comparison of the impacts of options A and B

3.8.1 The table in Appendix C provides a concise summary and comparison of the impacts of the two options, not least with regard to the objectives of the review, which are to provide opportunity for scrutiny of the BSR whilst streamlining total effort, time and resource going into the process.

3.8.2 Officers consider that Option A provides the greater degree of fit with the objectives, given the greater reduction in separate meetings and reports.

4. Implications

(a) Financial Implications

There would be a small cost saving from not printing and distributing the finance reports to so many meetings, and not holding so many meetings. This would be greater for Option A than Option B.

(b) Staffing Implications

There would be a reduction in the demands on busy Finance and Senior officers from producing fewer separate reports, and arranging and attending fewer separate briefing meetings and committee meetings. This would be greater for Option A than Option B.

(c) Equality and Poverty Implications

N/A

(d) Environmental Implications

There would be a small positive environmental impact from printing and distributing fewer separate reports and arranging fewer meetings. This would be greater for Option A than Option B.

(e) Procurement Implications

N/A

(f) Community Safety Implications

N/A

5. Consultation and communication considerations

These proposals have been developed in discussion with the Member Working Group comprising the three Group Leaders in the Council and the Chair of Civic Affairs Committee. Officers in Finance have also been consulted.

6. Background papers

No background papers were used in the preparation of this report. An Equality Impact Assessment has not been produced as officers have not identified any specific or differential impacts on people with any of the protected characteristics.

7. Appendices

- (a) Budget scrutiny and amendment procedure rules showing proposed changes
- (b) BSR scrutiny options timeline table
- (c) BSR scrutiny options analysis

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Andrew Limb, Head of Corporate Strategy, tel: 01223 - 457004, email: andrew.limb@cambridge.gov.uk .

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Appendix A2 - Council Procedure Rules – Budget Recommendations and Amendments

1. These rules supplement the Budget and Policy Framework Procedure Rules contained in Part 4C of this Constitution. They also modify the Council Procedure Rules as follows.
2. ~~Once the Executive has met in accordance with Rule 3.7 of the Budget and Policy Framework Procedure Rules, it shall publish its budget recommendations to the Council.~~
3. ~~Following publication of budget recommendations under Paragraph 2, there will be a period of five full working days during which amendments or alternatives (referred to here collectively as “amendments”) to the budget recommendations may be proposed. Amendments shall be in writing and must be delivered to the Chief Executive within the period mentioned above. Amendments need not be seconded. Subject to the exceptions set out in this Appendix, amendments received outside this period will be invalid.~~
4. ~~Valid amendments submitted under Paragraph 2 shall be considered at a special meeting of the Strategy & Resources Scrutiny Committee. The Strategy & Resources Scrutiny Committee may comment on these amendments and the comments of the Committee will be submitted to the Budget Council Meeting for consideration.~~
5. ~~The Executive may amend its budget recommendations in the light of the Strategy & Resources Scrutiny Committee’s consideration of amendments.~~
6. Subject to the provisions contained in this paragraph, only amendments submitted in accordance with the Budget and Policy Framework Procedure Rules Paragraph 3 shall be considered at the Budget Council Meeting. ~~The exceptions to this rule are as follows:~~
 - 6.1 The Executive may introduce amendments at the Council meeting or give advance notice of revised recommendations. This might be necessary, for instance, in response to changed circumstances, or in the light of scrutiny of amendments or to correct technical errors. The Leader must explain why it has proved necessary to introduce any amendment. This is to be done at the beginning of the budget item.
 - 6.2 The Executive may make changes to the budget recommendations to give effect to decisions by precepting authorities.
 - 6.3 Further amendments may be moved by any member in direct response to amendments made by the Executive at the meeting.

- 6.4 Technical amendments may be made by leaders of minority groups or proposers of amendments to correct arithmetical or factual errors.
 - 6.5 The Mayor shall have discretion to permit amendments from members when satisfied that the need for the amendment could not have been anticipated before the deadline. The Mayor should also be satisfied that advance notice of such amendments was given as soon as reasonably practical, and not left to the day of the meeting unless this was unavoidable.
 - 6.6 Members may submit revised amendments where the Mayor is satisfied that the substantive issues have been considered at the ~~special~~ Scrutiny Committee meeting.
 - 6.7 The Executive may amend its budget recommendations in the light of amendments moved at the Strategy & Resources Scrutiny meeting or at the Council meeting.
 - 6.8 If the Executive fails to secure Council adoption of its budget, further amendments may be moved, and these rules will not apply;
 - 6.9 The Council may, by a simple majority, suspend these rules and permit further amendments.
7. The rules of debate contained in the Council Procedure Rules shall be modified in respect of the Budget Council Meeting as follows:
 - 7.1 The Executive shall present its budget recommendations. A period of 45 minutes is allowed for this, extendable at the discretion of the Mayor. The format and mode of the presentation is for the Executive to decide.
 - 7.2 Minority groups may then present alternative budgets, subject to compliance with the provisions of this Appendix. A period of 45 minutes is allowed for each alternative budget, extendable at the discretion of the Mayor. The format and mode of the presentation is for the minority group to decide.
 - 7.3. Alternative budgets will then be moved in turn as amendments to replace the Executive recommendation. They will be debated in the usual way, although replacement budgets will be deemed to have been moved and seconded.
 - 7.4 At the conclusion of each debate, a vote will be taken for and against the alternative budget.

- 7.5 If the alternative budget is voted down, the Leader of the proposing Group may ask for separate votes to be taken on individual proposals within the alternative budget, but there shall be no further debate.
- 7.6 Where individual amendments have been submitted by councillors, these will then be debated in the usual way. However, where they are to the same effect as something in an alternative budget, they shall be considered at the same time as the alternative budget, with the proposer being able to ask for a separate vote in accordance with paragraph 7.5.
- 7.7 After consideration of amendments the Executive's budget proposals will be debated in the usual way but, subject to paragraph 7.8 below, no amendments may be moved.
- 7.8. If the Executive's budget is rejected, amendments and alternative proposals may be made as under the present rules, subject to the dispute resolution provisions set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of this Constitution.

Part 4C-Budget and Policy Framework Procedure Rules

Budget Setting – Scrutiny of Budget Proposals, amendments and Executive Recommendation

- 3.3 ~~During the Committee cycle leading up to budget setting, each Scrutiny Committee will receive a short report focused on the revenue and capital budget proposals (bids and savings) relating to relevant Portfolios with Strategy & Resources Scrutiny Committee meeting to take an overview, as well as considering budget proposals within its remit. The Executive will publish the Budget Setting Report, which will be followed as soon as practicable by a Member Briefing to which all members of the Council will be invited to attend. Amendments from Opposition Groups or any Member, to the Budget Setting Report will be published no later than three working days prior to the Strategy and Resources Scrutiny Committee. The Scrutiny Committee may comment on these amendments (but may not amend them) and the comments from the Scrutiny Committee will be submitted to Council for its consideration.~~
- 3.4 The Executive shall meet collectively to recommend budget proposals for submission to the Council. The Executive may amend its budget recommendations in the light of the Strategy & Resources Scrutiny Committee's consideration of amendments.
- 3.5 Once the Executive has met in accordance with Paragraph 3.4, it shall publish its budget recommendations to the Council.

Amendments following the Executive's recommendation to Council

- 3.6 ~~Following publication of the Executive's recommendation to Council, further amendments may be submitted by Opposition Groups or any Member. These must be amendments which satisfy the following:~~
- ~~(i) amendment(s) could not have been presented to the Strategy and Resources Scrutiny because information was not available at the time~~
 - ~~(ii) amendment(s) are received by the Council's s151 Officer within 4 working days of the Executive's meeting.~~
 - ~~(iii) amendments, including the s151 Officer opinion, are published with the agenda for the Council budget meeting.~~

Submission of Budget Amendments

- 3.6 ~~Following publication of budget recommendations under Paragraph 3.5, there will be a period of five full working days during which amendments or alternatives (referred to here collectively as "amendments") to the budget recommendations may be proposed. Amendments shall be in writing and must be delivered to the Chief Executive within the period mentioned above. Amendments need not be seconded. Subject to the exceptions set out in this s, amendments received outside this period will be invalid.~~

- ~~3.7 Valid amendments submitted under Paragraph 3.6 shall be considered at a special meeting of the Strategy & Resources Scrutiny Committee. The Strategy & Resources Scrutiny Committee may comment on these amendments and the comments of the Committee will be submitted to the Budget Council Meeting for consideration.~~
- ~~3.8 The Executive may amend its budget recommendations in the light of the Strategy & Resources Scrutiny Committee's consideration of amendments.~~

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BSR Scrutiny options

As-is		Option A		Option B	
Process	Date 2018	Process	Date 2019	Process	Date 2019
BSR published	04/01	BSR published All-member briefing with Head of Finance & Exec Cllr Finance & Resources	07/01 09/01	BSR published All member briefing if requested by a majority of members	07/01
BSR portfolio elements scrutinised by thematic committee		[Committees other than Housing do not scrutinise portfolio budgets. Policy decisions with budgetary implications are "subject to" approval of the BSR.]		BSR portfolio elements scrutinised by thematic committee	
BSR in totality scrutinised at S&R1	22/01	[S&R1 cancelled]		BSR in totality scrutinised at S&R1	21/01
Executive recommends BSR to Council	25/01	Opposition amendments submitted	25/01	Executive recommends BSR to Council	21/01
Opposition Amendments published	05/02	Opposition Amendments published, with s.25 amendments	29/01	Opposition Amendments published	04/02
S&R2 scrutinises opposition & Exec amends	12/02	S&R2 scrutinises totality of BSR AND opposition and Executive amendments.	04/02	S&R2 scrutinises opposition & Exec amends	11/02
		Executive recommends BSR to Council	04/02		
Council papers published	14/02	Opportunity for further opposition amendments to be submitted if Executive Budget different from budget as originally scrutinised	08/02	Council papers published	13/02
Council agrees BSR & CT precept	22/02	s.151 officer signs off amendment	12/02	Council agrees BSR & CT precept	21/02
		Council papers published	13/02		
		Council agrees BSR & CT precept	21/02		

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GF BSR scrutiny options analysis

	As-is	Option A	Option B
Number of formal public meetings BSR is discussed at, in whole or in part	6	3	6
Member briefing	0	1	Only if requested by members
Number of days on which meetings take place	6	2+1 ¹	5
Pre-scrutiny of Exec BSR and amendments before Executive decision	x	✓	x
Opportunity for councillors to clarify understanding of Executive's budget before finalising amendment	✓	✓	✓
Focus on scrutiny of budget as a whole	x	✓	x
Detailed scrutiny of portfolio budget by service committee	✓	x ²	✓
Other considerations for officers	Requires Finance Officers to produce separate reports for 6 meetings, and finance officers and senior officers to attend 6 meetings + associated briefings		Requires Finance Officers to produce separate reports for 6 meetings, and finance officers and senior officers to attend 6 meetings + associated briefings
Other considerations for members	Cllrs required to attend more meetings and briefings Executive do not see oppn amendment before finalising budget	Less time between publication and oppn amendment deadline Oppn amendment submitted before Exec decision but chance to amend further before Council Cllrs (Exec & Spokes) need to be available for super-S&R	Cllrs required to attend more meetings and briefings Executive do not see oppn amendment before finalising budget

¹ +1 is the proposed member briefing

² Spokes can attend unified S&R meeting

