Cambridge City Council

Notice of Council

Date: Thursday, 21 October 2021

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, 21 October 2021 at 6.00 pm and I hereby summon you to attend.

Dated 13 October 2021

Yours faithfully

Robert Pollock

Chief Executive

Agenda

1	Minutes	(Pages 19 - 70)
2	Mayor's announcements	
3	Public questions time	
4	To consider the recommendations of the Executive for adoption	
4a	Housing Revenue Account Medium Term Financial Strategy 2021/22 (Executive Councillor for Housing)	(Pages 71 - 172)
4b	Treasury Management Half Yearly Update Report 2021/22 (Executive Councillor for Finance and	(Pages 173 - 192)

Resources)

4c	General Fund Medium Term Financial Strategy (MTFS) October 2021 (Executive Councillor for Finance and Resources)	(Pages 193 - 278)
4d	Council Appointments to the Conservators of the River Cam (Executive Councillor Open Spaces, Sustainable Food and Community Wellbeing)	(Pages 279 - 280)
5	To deal with oral questions	
6	To consider the following notices of motion, notice of which has been given by:	
6a	Councillor Porrer: Single use plastic-free events at the City Council	

Council notes:

The acceptance in May 2018 at council of a Plastics motion, which asked that caterers for City commissioned events approach these in as sustainable way as possible;

That this motion did not commit the Council to removal of single use plastics by a specific date;

The increasing urgency of the climate emergency, and the documented and evidenced detrimental effects of single use plastics on our oceans, waterways and beaches;

That the government consultation on the introduction of a ban on single use plastics is unlikely to be become law until at least 2023;

That events put on by the city council, and those on City Council land, are not yet required to be single use plastic-free, or to provide clearly marked on site recycling facilities, or to offer incentives for members of the public to bring their own cups and glasses (as is common in most cafes now).

Council requests the Executive Councillor commits to:

Introducing new standard contractual terms to ensure that organisers for any future events sponsored or supported by the City Council, or taking place on City Council land, must now:

-Cease the use of any single use plastic on site and provide evidence

of this when planning or applying for the event, as well as displaying signage at events to inform the public of this;

-Encourage the use of compostable materials and if used, ensure that separate recycling is provided for these with clear signage;

-Ensure that any events using litter pickers and collections either separate rubbish on site using clearly marked bins, or have arrangements in place that can be provided as part of the application for the event to ensure that this is done off site;

-Install appropriate signage at the event to ensure that members of the public are aware of the different bins and to assist them in putting the correct rubbish in the right bins;

-Ensure that all stalls at least encourage but preferably incentivise the use of recyclable cups for beverages and other cutlery and crockery, for example by advertising discounts for these, as is already very common in cafes across the city;

Council also requests the Executive Councillor commits to:

Promoting the urgent need to remove single use plastic from all day to day use in businesses and events around the city.

6b Councillor Dalzell: Waste Electronic & Electrical Equipment Recycling For Everyone

Cambridge City Council notes:

- Waste electrical and electronic equipment (WEEE) is the fastest growing waste stream on the planet.
- WEEE contains a high volume of critical raw materials (CRMs), which are vital components of many ‘green’ technologies.
- Research in 2019 showing that:
    - 51% of UK households had at least one unused electronic device;
    - 45% had up to 5 unused devices;
    - 82% of these households had no plans to recycle or sell their devices.
- The City Council currently operates four recycling banks for small electricals, all of which are in Trumpington ward.

Cambridge City Council believes:

- The climate crisis requires that we establish a circular economy and ensure the efficient use of CRMs.
- That all households in Cambridge should be able to easily recycle electronic devices.

Therefore, Cambridge City Council requests that the Executive Councillor:

- Establishes at least one small electrical recycling bank in every ward in the city by April 2022.
- Promotes WEEE recycling in the next appropriate Cambridge Matters and on the City Council website.
- Ensures that the emerging Household Waste and Recycling Policy includes ambitious targets to maximise recycling of CRMs.

6c Councillor Hauk: Tackling Anti-Social Driving

Council notes:

- The number of complaints made by residents about the disturbance and danger caused to neighbourhoods by loud and speeding vehicles using the roads as race tracks.
- That residential areas in Cambridge suffer heavily from the noise caused by some modified cars, motorbikes and scooters.
- That some drivers of all types of motorized vehicles frequently break the speed limit and drive unsafely through residential areas.
- That anti-social driving has a negative impact on the environment, personal safety and people's wellbeing, and discourages active travel.
- That noise detection cameras have recently been installed in central London to detect engines revving at over 80 decibels and use video footage to record the offenders.

Council calls on the Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing:

- To bring together representatives of the Highways Authority and Police to develop a joint strategy to combat anti-social driving.

- To investigate the noise detection cameras being used in London, with a view to using a similar approach in Cambridge.

6d Councillor Bennett: Carbon taxes and Joint Local and National Climate Emergency Fund

This Council declares calls upon Rishi Sunak MP to review the IFS Report "Carbon taxes and the road to net zero " and to enact legislation to ensure that all green taxes (including relevant VAT) are ringfenced and allocated to a new joint Local and National Climate Emergency Fund which would be utilised to support councils in implementing the National Retrofit Strategy

6e Councillor Bennett: Fuel Poverty and Climate Change

This council calls upon Michael Gove MP to work to end fuel poverty, create new jobs and achieve the UK's emission targets by adopting the National retrofit strategy set out in the Construction Leadership Council consultative document and in particular to fund the retrofitting of all council homes and housing association homes by 2025.

Background notes on the motions

1 Councillors will be well aware that the UK is legally committed to achieving net zero emissions by 2050 and of our own council's ambitions of achieving that goal by 2030.
2 The Institute for Fiscal Studies ("IFS") have published two reports in October 2021 that address how this plan might be funded.
3 IFS reports that most UK councils will require substantial additional funding to meet current service levels and statutory obligations. https://ifs.org.uk/publications/15673
4 This shows that councils have only the most limited scope to fund this work.
5 This is borne out by Cambridge's own forecasts and accounts.
6 Although the UK does not have a named carbon tax as such, it has had a variety of taxes that have a similar rule for 30 years. The positive impact of these taxes on business and consumer behaviour is well documented and is considered to be one of the principal drivers for the 38% reduction in UK greenhouse emissions between 1990 and 2018.
7 The Office of Budget Responsibility ("OBR") reports that the tax yield from emissions taxes exceeds new government expenditure on reducing emissions and has actually fallen as a

percentage of the total tax yield.

8 There is currently no rule of law that requires “green” taxes to be used for “green” purposes such as the establishment of a National Climate Change Fund.

9 IFS have reviewed the UK’s complex green tax system and have published an advance report timed to coincide with COP 26.

10 The report calls for review and reform as well as international co-operation on aviation and business taxes.

11 It also states that the 5% VAT rate on domestic gas is effectively a subsidy on emissions and a disincentive to energy efficiency improvements.

12 One in 7 UK households lives in acute fuel poverty (BEIS statistics 2019) and fuel bill fears affect a much broader demographic.

13 While BEIS statistics note the value of insulation incentives in reducing fuel poverty, Green Deal and Green Homes grants were withdrawn in March 2021.

14 Cold homes are responsible for 11,500 of excess deaths every year and treatment for related conditions costs the NHS c £2 billion a year (ONS, CLC).

15 The Construction Leadership Council’s report “Greening our Existing Homes” states that homes use 35% of all UK energy and account for 20% of CO2 emissions. It sets out a detailed National Retrofit Strategy without which the UK emission targets cannot be achieved.

16 Emissions taxation policy, fuel poverty and retrofitting existing homes remain inextricably linked. It is for this reason that we have chosen to put two linked motions before the council today.

Further reading https://ifs.org.uk/publications/15653, https://www.constructionleadershipcouncil.co.uk/workstream/net-zero-carbon-workstream/

6f Councillor Lee: Removal of Universal Credit boost

Council notes:

- That in March 2020, the government increased Universal Credit and Working Tax Credit by £20 a week to support families through the economic challenges presented by the Covid-19 pandemic.
- That this scheme officially ended on 6th October 2021.

- That the cut to Universal Credit is the biggest overnight cut to the basic rate of social security since the modern welfare state began.
- Analysis by the Joseph Rowntree Foundation indicates that 21% of all working-age families will experience a £1,040-a-year cut to their incomes due to the removal of the uplift.
- The increase in the number of children receiving Free School Meals nationally, the increase in families relying on help from food banks nationally, and the increase in the number of families claiming Universal Credit in Cambridgeshire following the pandemic.
- That pressures on family incomes are mounting, due to the rise in the cost of living as a direct consequence of this government's actions in leaving the European Union, and inactions in failing to implement policies that could have negated some of its impacts.

Council believes:

- It is a national disgrace that anyone should have to rely on help from food banks in one of the largest economies in the world.
- That the withdrawal of the Universal Credit boost at this time will have a significant detrimental impact on the financial security and wellbeing of those affected in Cambridge.
- That the decision to remove the uplift is deplorable, and not the actions of a responsible government.

Council resolves to:

- Write to the Chancellor of the Exchequer and the Secretary of State for Work and Pensions, to express this council's grave concern at the impact that the cut of £20 a week to Universal Credit will have on many families in Cambridge, and request that the cut to the Universal Credit uplift be reversed.
- Continue to offer support to our families who are on Universal Credit through our existing Council services.
- Ensure the council website and social media provides clear signposting to sources of financial support.

6g Councillor Moore: Great Homes Upgrade

This council believes that a socially just and carbon-neutral recovery from the pandemic is not only possible but imperative if we are to meet the vision set out in our Climate Change Strategy 2021. However, up to now much of national Government's proposed actions are little more than rhetoric. We really need to turn rhetoric into action.

Melting ice caps and forest fires can often seem like someone else's crisis when many are taking effect so far from our homes. But crises closer to home affecting thousands of local families cannot be separated from those further afield.

Across the UK there are more than 24 million homes leaking heat, not just wasting the Earth's precious resources and creating greenhouse gas emissions but also leaving many residents in cold, damp homes and in fuel poverty. There is no route to decarbonising the economy without retrofitting these homes. Doing so would not only help to protect our planet, improve housing and lead to cheaper energy bills but it would also create hundreds of thousands of good quality jobs across the whole country.

This council notes that;

- The highest temperature ever recorded in the UK was here in Cambridge, in July 2019 and we know that we are already facing a serious water shortage.
- Cambridge has approximately 51,240 homes which need to be retrofitted.
- It is estimated that the average investment needed to fully decarbonise each home in the UK is a minimum of £50k.
- Therefore, to decarbonise all homes in Cambridge would cost an estimated £2.562 billion.
- To retrofit all homes in Cambridge by this council's own Net Zero Carbon vision of 2030 would require 6,405 homes being completed each year.
- To retrofit all homes in Cambridge by the government's Net Zero Carbon target of 2050 would require 1,830 homes being completed each year.
- We have commissioned two high-level retrofit studies to identify what energy efficiency and renewable energy measures would need to be installed for different property archetypes in

Cambridge to reach net zero carbon emissions and to provide more accurate costings for retrofitting both council and private homes.

- Over the period of the Council's previous climate change strategies, we have invested £4.3 million in energy efficiency improvements to Council homes, focussing on bringing the lowest rated properties up to an EPC rating of C.
- From 2020/21 to 2022/23, we have committed to investing a further £2.5 million to improve the energy efficiency of some of the remaining Council homes with EPC ratings of D to G, with the aim of bringing these up to a C rating or above where feasible.
- In February 2021 the Council was successful in its consortium bid with other Cambridgeshire local authorities to the Government's Green Homes Grant Local Authority Delivery (LAD) scheme and was awarded just over £2m to retrofit social and private housing.
- As part of a Cambridgeshire local authority consortium, the council has recently submitted a further £5.5m bid into the Sustainable Warmth Scheme, which is scheduled to be implemented between January 2022 and March 2023 if successful.
- The latest fuel poverty data for 2019 states 14.9% of Cambridge residents are experiencing fuel poverty. Energy efficiency also helps to reduce the impact of increasing energy prices and volatile energy markets.
- Cambridge City Council is currently working with PECT with the Warm Homes scheme to provide support to those experiencing fuel poverty.
- The Minimum Energy Efficiency Standards (MEES) regulation for the private rented sector restricts poor energy performing properties being available to rent. Cambridge City Council is implementing this regulation to improve the energy efficiency of the Cambridge rental sector.
- We have established a working group to plan how we will retrofit our own council housing stock and how best we can support private homeowners and landlords to retrofit theirs.
- Our project for Building Control to give homeowners energy

saving advice using thermal imaging will launch at the end of this year.

The Great Homes Upgrade calls on the government to offer long term support to local authorities so we can help improve our residents' lives and homes, create thousands of high-quality jobs and decarbonise our housing stock in the face of climate change.

This council commits to;

- Join the “Great Homes Upgrade” campaign and for the leader to write to the Chancellor of the Exchequer and Sec of State DLUHC asking for an additional £11.7bn for retrofitting over the next three years as part of the government’s spending review in 2021.
- Widen the scope of our working group to include working with housing associations, private landlords and owner occupiers to help access investment and to build the skills and expertise necessary to reach our Climate Change Strategy aspirations.
- Work with local partners, including the Cambridgeshire & Peterborough Combined Authority (who lead on skills strategy), the Greater Cambridge Partnership, local councils, businesses and education providers to create the skilled workforce that we need.
- Share best practice and stories of retrofit success with the campaign.
- Write to neighbouring Local Authorities asking them to join the campaign.
- Sign and circulate the Great Homes Upgrade petition.

6h Councillor Copley: Fossil Fuel Non-Proliferation Treaty

This Council resolves to:

- Affirm their ongoing commitment to the goal of the Paris Climate Agreement to limit global heating to 1.5°C.
- Endorse the call for a Fossil Fuel Non-Proliferation Treaty, involving the end of new fossil fuel exploration and expansion, equitably phasing out existing production in line with the global commitment to limit warming to 1.5°C, and accelerating just energy transition plans.

- Write to Alok Sharma MP, President for COP26 and the Prime Minister, urging them to endorse the call for a Fossil Fuel Non-Proliferation Treaty.

This Council notes:

- The recent report from the United Nations Intergovernmental Panel on Climate Change (IPCC) reaffirms the vital need for rapid and significant reduction of carbon emissions, and has been described as ‘a code red for humanity’ by the Secretary General of the United Nations, and that “The report must sound a death knell to coal and fossil fuels, before they destroy our planet”.
- Global governments and the fossil fuel industry are currently planning to overshoot the remaining carbon budget (that would avert catastrophic climate disruption by limiting global heating to 1.5°C) by 120% by the year 2030.
- That a recent International Monetary Fund (IMF) report states that the fossil fuel industry is subsidised at the rate of $11 million / minute.
- That the construction of new fossil fuel infrastructure and expanded reliance on fossil fuels exposes communities to untenable risks to public health and safety at the local and global level.
- That the economic opportunities presented by a clean energy transition far outweigh the opportunities presented by an economy supported by expanding fossil fuel use and extraction, and that the UK should be committed, as part of our Climate Emergency response, to a just energy transition and to ambitious investments in green infrastructure and industries that will create jobs and rapidly decarbonize our economy.
- That the global initiative underway calling for a ‘Fossil Fuel Non-Proliferation Treaty’, is deserving of support, and that other leading cities including Barcelona, Toronto, Los Angeles and Sydney have already endorsed the call for a Fossil Fuel Non-Proliferation Treaty.

6i Councillor A.Smith: Parental Leave and Family Friendly Policies

This council notes the following.

1. The community has a right to be represented by a diversity of councillors and residents should have a diversity of councillors for whom to vote.
2. Analysis, by the Fawcett Society, of the 2019 Local Election results found that only 35% of councillors in England are women, up 1% since 2018. Of the seats up for election in 2018, 38% went to women, up just 3 percentage points on 2014 when these seats were last contested.
3. Only 15% of councillors nationally are under 45 years of age.
4. As of October 2020, 27 councils have passed the LGA Labour Group's Parental Leave policy, and an additional 9 councils have their own parental leave policy.
5. Cambridge does not have a formal parental leave policy for councillors.
6. The role of a councillor should be open to all, regardless of background, and introducing a parental leave policy and other family friendly policies is a step towards encouraging a wider range of people to become councillors, and is also a step to encourage existing councillors who may wish to start a family to remain as councillors;
7. Parental leave must apply to parents regardless of their gender, and should cover adoption leave to support those parents who choose to adopt.
8. Parental leave is only part of the picture and other family friendly policies such as support for carers, remote/hybrid meetings, and becoming a breastfeeding-friendly council would further ensure a greater diversity of councillors. And also that family friendly policies are in themselves only a small part of the wider need for policies which encourage truly diverse representation.

This Council resolves the following.

1. To adapt to suit a Cambridge context the parental leave policy drafted by the LGA Labour Group's Women's Task Force and to bring the recommendations to Civic Affairs as part of the next round of discussions on councillor remuneration. Parental Leave Policy for Councils | Local Government Association
2. To ensure that councillors with children and other caring commitments are supported as appropriate.

3. To acknowledge this is only one part of the picture, and to commit to investigating other inclusive policies and bringing those recommendations forward in the future.
4. To write to the Secretary of State for Levelling Up, Housing and Communities to urge him to introduce legislation to allow councils to adopt remote and hybrid meetings where they deem it appropriate to do so.

Local Government Association

Parental Leave Policy for Councils

This Policy sets out Members' entitlement to maternity, paternity, shared parental and adoption leave and relevant allowances.

Introduction

The objective of the policy is to ensure that insofar as possible Members are able to take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.

Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority councillors. It will also assist with retaining experienced councillors – particularly women – and making public office more accessible to individuals who might otherwise feel excluded from it.

There is at present no legal right to parental leave of any kind for people in elected public office. This applies to MPs as well as councillors, and has been the subject of lengthy debate. These policies can therefore only currently be implemented on a voluntary basis, although Labour Councils are encouraged to implement them as per the Labour Party Democracy Review which has called for Labour-controlled councils and Labour Groups to adopt a parental leave policy. Discussions are ongoing about changing the law to enable compulsory provision, but until then these policies constitute best practice which Labour Groups (and the councils they control) are strongly advised to adopt.

Legal advice has been taken on these policies, and they conform with

current requirements.

1. Leave Periods

1.1 Members giving birth are entitled to up to 6 months maternity leave from the due date, with the option to extend up to 52 weeks by agreement if required.

1.2 In addition, where the birth is premature, the Member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months' period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.

1.3 In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 52 week entitlement.

1.4 Members shall be entitled to take a minimum of 2 weeks paternity leave if they are the biological father or nominated carer of their partner/spouse following the birth of their child(ren).

1.5 A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from Council.

1.6 Where both parents are Members leave may be shared up to a maximum of 24 weeks for the first six months and 26 weeks for any leave agreed thereafter, up to a maximum of 50 weeks. Special and exceptional arrangements may be made in cases of prematurity.

1.7 A Member who adopts a child through an approved adoption agency shall be entitled to take up to six months adoption leave from the date of placement, with the option to extend up to 52 weeks by agreement if required.

1.8 Any Member who takes maternity, shared parental or adoption leave retains their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six month period unless the Council Meeting agrees to an extended leave of absence prior to the expiration of that six month period.

1.9 Any Member intending to take maternity, paternity, shared parental or adoption leave will be responsible for ensuring that they comply with

the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.

1.10 Any member taking leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

2. Basic Allowance

2.1 All Members shall continue to receive their Basic Allowance in full whilst on maternity, paternity or adoption leave.

3. Special Responsibility Allowances

3.1 Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in full in the case of maternity, paternity, shared parental or adoption leave.

3.2 Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment.

3.3 The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of maternity, paternity, shared parental or adoption leave shall continue for a period of six months, or until the date of the next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six month period.

3.4 Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.

3.5 Unless the Member taking leave is removed from their post at an Annual General Meeting of the Council whilst on leave, or unless the Party to which they belong loses control of the Council during their leave period, they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began.

4. Resigning from Office and Elections

4.1 If a Member decides not to return at the end of their maternity, paternity, shared parental or adoption leave they must notify the Council

at the earliest possible opportunity. All allowances will cease from the effective resignation date.

4.2 If an election is held during the Member's maternity, paternity, shared parental or adoption leave and they are not re-elected, or decide not to stand for re-election, their basic allowance and SRA if appropriate will cease from the Monday after the election date when they would technically leave office.

7 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 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

Public health and well-being for meeting arrangements

Whilst the situation with COVID-19 is on-going, the Council will be following the latest Government guidance in organising and holding its meetings.

We ask you to maintain social distancing at all times and maintain your face covering unless you are exempt or when speaking at the meeting. Hand sanitiser will be available on entry to the meeting.

If members of the public wish to address the committee please contact Democratic Services democratic.services@cambridge.gov.uk by 12 noon two working days before the meeting.

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COUNCIL 22 July 2021
6.00 - 9.22 pm

Present: Councillors Ashton, D. Baigent, S. Baigent, Bennett, Bick, Bond, Bird, Collis, Copley, Cox, Dalzell, Davey, H. Davies, S. Davies, Dryden, Flaubert, Gawthrope Wood, Hauk, Healy, Herbert, Lee, McPherson, Moore, O'Reilly, Payne, Porrer, Pounds, Robertson, Scutt, Sheil, Smart, S. Smith, Sweeney and Thornburrow

FOR THE INFORMATION OF THE COUNCIL

21/27/CNL Minutes

The minutes of the 27 May 2021 were confirmed as a correct record and signed by the Mayor.

21/28/CNL Mayor's announcements

Name	Item	Interest
Councillor Moore	21/32/cncld	Personal: Children worked at Jesus Green lido.
Councillor Sheil	21/32/cncld	Personal: Used Jesus Green lido.

Apologies were received from Councillors Gehring, Nethsingha, Page-Croft, Sargeant, A. Smith, Todd-Jones and McQueen

Mayors Volunteer for Cambridge Awards
The awards scheme had been a huge success, acknowledging fantastic voluntary work primarily directed to the Covid crisis carried out by so many in the city. Individuals, voluntary groups and companies have all been awarded.

Upcoming events

- Stourbridge Fair, was taking place on 4 September.
- The Harvest Festival and the Chevin service were due to take place in October.

21/29/CNL Public questions time

1.

Active travel and the deteriorating state and misuse of pavements in the city

Living Streets Cambridge recently published its report, from Risky Streets to Living Streets, detailing the results of a survey of over 300
residents about their experience of using their local pavements for active travel. The report clearly emphasised the deteriorating state of footways in the city and the barriers this presents to active travel, especially for the disabled, the elderly and for parents with young children. At the same time it revealed the importance of safe walking to economic activity in the city. Will the Council take the lead in organising a joint action task force charged with making our pavements safe for walking, by escalating repair and maintenance and enforcing regulations about cycling, the use of eScooters, and pavement parking in conjunction with the County Council and the relevant agencies?

Executive Councillor response:
Thanked the member of the public for raising the issue, had read through the findings of the report, particularly the concerns relating to pavement quality. Councillor Bird had raised this issue as Lead Councillor for Disability. The City Council was not the Highways Authority. Felt the County Council and Greater Cambridge Partnership (GCP) should lead any proposed Task Force. This had already been raised with the relevant members and officers.

The City Council was soon to recruit an Active Travel Officer and this new role would be responsible for developing and undertaking a programme of activities in Cambridge City to promote walking, cycling and the use of public transport across a range of settings including schools, colleges, workplaces, and communities.

It was anticipated that through delivery of projects, activities, events and other initiatives, the post holder would raise the profile of active and sustainable travel to support modal shift to walking, cycling and public transport and thereby help reduce the level of congestion within the Cambridge City area.

Supplementary question:
Felt some urgency with the issue and asked when work might start.

Supplementary Executive Councillor response:

Conversations had started with GCP and the County Council. They were aware of the issues that Councillor Bird had been raising and also the issue

which had been raised in the public question. Confirmed she would let them know when the Active Travel Officer was appointed.

2.

I would like to refer councillors and officers to the following documents:

"Major Facilities Sub Regional Facilities in the Cambridge Area - Review of Evidence and Site Options" published Jan 2013 (https://files.cambridge.gov.uk/public/ldf/coredocs/RD-CSF/RD-CSF-020.pdf)

and

Indoor Sports Facilities Strategy published and approved on 02 June 2016 (https://democracy.cambridge.gov.uk/ieIssueDetails.aspx?IId=16302&PlanId=0&Opt=3#AI15718)

Please can Cambridge City Council, alongside South Cambridgeshire District Council commit to undertaking a review and a progress update of both of these documents, and reporting back to the relevant committees, with specific reference to:

1) A new large concert hall - mindful of Cambridge University's recent announcement on a centre of excellence for music performance (https://cambridgetownowl.com/2021/03/25/the-time-for-cambridges-new-large-concert-hall-has-arrived/)
2) A new large swimming pool - mindful that this was proposed by the University of Cambridge for their NW Cambridge site but which is yet to be delivered - despite significant actual and planned population growth.

I'm not looking for a comprehensive and detailed answer, just a commitment that such a review will take place and report back in the autumn. Otherwise, what's the point on spending a significant amount of money on the strategies in the first place if there is no intention to deliver what the strategies identify as the needs of our city.

Executive Councillor response:

Could not promise a formal review but would read the reports in full so they could inform her future discussions. Noted that there was now an ice rink. A lot had happened since these reports were written. There were on-going discussions between the Councils and the Shared Planning Service about the

commissioning of a Culture Infrastructure Strategy for Greater Cambridge. This would review the case for a new large concert hall taking into consideration the University of Cambridge's recent announcement. The Councils would be updating their Sports Strategies to support the Greater Cambridge Local Plan although timings could be delayed due to the impact of Covid. A Swimming Pool Delivery Strategy to 2041 was scheduled to start early 2022 (Duration to completion approx. 6-months). This would take into consideration a new swimming pool proposed by the University of Cambridge. It is the Councils' understanding that the University of Cambridge remains committed to providing a new swimming pool.

3.

Question submitted on behalf of Friends of the Cam. Two years ago noticed trees started to brown off and did not have enough water. This was the first sign that the springs had dried up, rivers were being maintained by pumps. Had been interested in water supply ever since.

On the 1st of July the Secretary of State for the Environment declared Cambridge Water an area of serious water stress. The Stantec Report, commissioned by Cambridge City Council and published last November, found that 'there is no environmental capacity for additional development to be supplied with water by increased abstraction from the Chalk aquifer. As things stand there was no other water in Cambridge. Even the current level of abstraction is widely believed to be unsustainable'. In view of this, should the council support a freeze on all further development?

A separate member of the public wished to register their support for this public question.

<u>Executive Councillor response:</u>
For sites to have been included in the local plan, the water companies must have committed to be able to provide enough water to service these sites. They have not indicated that this is no longer the case. There was no basis under planning law to withdraw planning consent. This was not an area where the precautionary principle could be applied. The responsible bodies needed to make clear statements of their inability to do what they had previously agreed they could do.

Stantec on behalf of the councils had produced a forecasting model that indicated the likely growth in consumption of existing local plan commitments over time. This recognised that not all of the growth within the adopted local

plans would happen in the plan period (or even the new plan period to 2041). The conclusions suggested that growth in demand can be accommodated within the abstraction permits provided to Cambridge Water by the Environment Agency (EA).

Chalk streams were not adequately protected; potential damage to them were not planning grounds to alter planning decisions. The council was limited in what it could do. The designation as a water stressed area did not in itself change anything. It may mean Cambridge Waters' permitted extraction levels could be reduced when the licenses are renewed but we do not know that. That was a matter in the hands of the EA not the Local Planning Authority (LPA) and to date, the EA has not objected to, or advised the LPA that the planned growth in the adopted Local Plan should not be allowed to proceed.

Supplementary Question:
It was stated that the Cambridge Water Companies were consulted and that they could supply these developments. They can, but at what cost. Data from the Environmental Agency this year stated that Cambridge Water were over abstracting local rivers by 22 mega litres of water per day and Anglian Water were over abstracting chalk streams by 189 mega litres per day. Anglian Water spent 170,537 hours dumping sewage into the rivers in its area. There were unanswered questions from the Director of Planning. How could further development be supplied with water when water bodies are according to the Environment Agency already unable to support the ecology. Trees were drying up, ponds had been lost.

Executive Councillor response:
This was a very important issue. Was aware the speaker had collected information for the planning authority to include for the next local plan. There was more information coming out about research including water. Would try and keep the speaker up to date.

4.

The proposed goal of building good relations seems at odds with punitive actions toward and eviction of Travellers last year. I have seen and heard city councillors speak of a 'process' when they are made aware of Travellers arriving in their wards, but it is very unclear what this process entails. I am concerned, given what we know about police racism locally and nationally, that this process involves the police in a way that causes harm to our GRT neighbours. This is particularly worrying in the context of the new Police, Crime, Sentencing and Courts bill, which strengthens police powers. What

exactly is the process for making contact with and supporting Gypsies and Travellers when they arrive in the city, who is involved in the process, and in the last two years to date how many contacts between council officials and Traveller groups who have stopped on Council land have ended in an eviction or Police action?

Executive Councillor response:
The City Council has/will consider a Motion on the Police, Crime, Sentencing and Courts bill this evening, and similar concerns have been/will be aired and debated.
Process with regards to unauthorised encampments including the impacts on the surrounding community.

The Council operates a protocol which has been developed to help manage the impact of unauthorised encampments. The protocol considers rights of Gypsies and Travellers, our Public Sector Equalities Duties and how to make an assessment of the potential level of impact on nearby and local residents.
The protocol aims are to:

- To establish effective communication between partners, and Gypsies and Travellers;
- To help strike an appropriate balance between the needs and legitimate expectations of members, residents, local businesses and other landowners, and Gypsies and Travellers;
- To set out recommended courses of action which local authorities, the police and other partner agencies should follow to provide an effective response to unauthorised encampments in the city;
- To develop a more consistent approach to unauthorised encampments across the city; and.
- To improve records of unauthorised encampments.

We have an Enforcement Officer within Streets and Open Spaces and they are the key point of contact and responsible for the liaison and contacting those present in any unauthorised encampment.

Each encampment is also considered in respect of the welfare needs of those present. We assess the reason for the visit, the intended length of stay, homelessness status, medical need, and access to services such as education and social care.

Each encampment location is considered on its own merits against criteria such as health and safety, traffic hazards, public health risks, environmental damage, and genuine nuisance to neighbours.

This needs to be a balance of need.

Any complaints or enquiries will be handled by council Enforcement Officer, who will inform the relevant contacts and partners, including local councillors and the Police. Where appropriate the council will share information about the encampment, arrange a joint visit to the site and discuss how the encampment will be managed and supported. We only involve the Police where there is suspected criminal activity.

In the last two years we have dealt with 16 unauthorised encampments, involving 6 family groups. This did not include the most recent encampment at Arbury Town Park. All of these have resulted in evictions after having followed due process and after a Court decision.

We have made temporary accommodation arrangements where and when asked. The Council published information regarding unauthorised encampments on its website.

Supplementary Question:
Was involved in a number of the evictions last year which moved a family of 38 people. The immediate response of the council was a s77 order. The Enforcement Officer was responsible for giving the order to the families. The family had nowhere to go, Cambridge had no transit sites. The family were then issued with a s78 order. Was involved with a colleague in challenging this action. No elected councillors came to speak to the people. Challenged the procedure; it was a hostile procedure.

Executive Councillor response:
Immediate response is to talk to travellers about their welfare needs. The next steps are to apply for a s77 notice and if the notice is not complied with then a s78 order is sought.

Are looking at with neighbouring authorities at potential for stopping sites. This was an on-going process. During the pandemic, a site was provided by the depot on Cowley Road for anyone who needed to self-isolate, funding was also available from the County Council.

Agreed there was a lot more work to do but the start of the process was a lot more welfare focussed.

5.

Market Matters

On the 19th July a message was received from the Head of Environmental Services stating that the report on the market redevelopment to the scrutiny committee has been moved from Oct 2021 to March 2022. Also that the design of a potential demountable stall will be revisited and consideration given to the types of evening events to be held. Market traders have a list of community focussed event and social engagement activities we want to present in this extra time window.

However, the aim of this question is to point out that traders have had (1) A very poor 2020 with the majority of traders unable to trade for most of the year (2) A shut down in the start of 2021 (3) A phased reopening of the market (4) Some return to 'normality' on July 19th.

As a result of this some traders have had to use food banks in place of donating to food banks. The majority of traders have managed to survive by using their savings while retaining most of their staff. A very limited number of traders managed to operate throughout this period as they sell food and other essentials, even there the situation was abnormal and not sustainable being a 'roller-coaster' of over-demand crashing to very poor weeks and months. We are happy to have helped in this period and remain committed to selling local goods, supporting the local community and welcoming residents and visitors alike.

However, Market rents will return to 'normal' (currently they are ~20% lower than normal) in the near future based on foot-fall being 'only' 18% lower than a normal year.

Both market traders and many shop owners are aware that much of the footfall are local people unable to travel far and that we are still missing the large numbers of international tourists, students, conference attendees and other visitors. Records of takings have been supplied by some shops to Market Traders and these show that there is an income gap of 50% or so compared with a normal year (based on the last 5 years), the market overall sees this kind of income gap.
Similarly any redevelopment will inevitably produce disruption and/or displacement of market traders.

Timing of the redevelopment is key to ensuring continuity for small local businesses and the incomes of many local families.

SO - can the council confirm that such factors will be considered in timing of any redevelopment, met people do not want this year to be immediately followed by another period of disruption AND can they revisit plans to return the rents to normal as will happen in the next 2 months.

Executive Councillor response:
Was aware of the impact of the pandemic on businesses in the city, including market traders. As you have referred to in your question the Council has provided a programme of specific support to Traders over the last year, both through grant funding and other measures such as rent holidays (*or rent free periods)* as well as pitch discounts. Council officers have
organised a number of meetings with traders and will continue to do so to discuss future rent arrangements and consideration of timing of any future development or community use of the square which fit around the market.

The timing of any future market square development will obviously need to consider a broad number of factors including its place within the wider City recovery plans. Were still in the early stages of the project and were currently consulting on the concept design. The results of this would come back to Committee in March 2022. Depending on the outcome of the consultation may then move to the detailed and technical design stage. This would need to be consulted on again before any works start. Added to this still need to find the funding and a temporary location for the market. Was still a long way off the practical side of the work. Hoped life would have returned back to the new normal by then.

6.

I have a statement and question about **Skaters' Meadow Footpath**, which County Council Highways propose to close to motor vehicles to ensure the safety of walkers and cyclists.

Do you personally know the footpath, and have you used it at different times of year? I sent photos and a short summary to councillors by email yesterday and have received responses from some.

The footpath has been used for over 200 years, and the County Council Legal Department has established that it is legally a footpath, so motor vehicles have no legal right to drive and park on it. Historically, the Footpath has been a green welcoming entrance to Cambridge's iconic Grantchester Meadows, but in recent years, commuters, builders, campervans and local residents all

seeking to avoid parking charges elsewhere have parked here, as well as visitors to the Meadows. Volunteers have formed a Friends Group that is recognised by the Council. They have watered saplings planted by the Council, and looked after the verges, sowing wildflowers to rewild the area and enhance biodiversity. Drivers have pulled up saplings to make space to park, destroyed signs about the rewilding project, driven over and pulled up protective fencing, and trashed rewilded verges.

Installing bollards as proposed by Highways upholds the law and prevents vehicles from driving and parking there, thus protecting footpath users and enabling the verges to recover. With the surface of the footpath no longer rutted by vehicles, it will be safer for all users, especially those with impaired mobility. Visitors to the Meadows by car can park for free on nearby streets (less than a 5-minute walk), ensuring access for all. Blue badge holders can park at any time without permits, and we suggest that 2-3 Blue Badge bays be placed at the end of Grantchester Meadows Road adjacent to the footpath.

The Highways initiative aligns with the City Council's policies designed to enhance biodiversity and support active travel over car transport, and would help address the Climate and Biodiversity Emergencies that the Council declared in 2019. The proposals from Anthony Browne, the MP for South Cambridgeshire, to convert Skaters Meadow Footpath into a Pay and Display car park to fund management of the Meadows as a county park, are in direct conflict with these City Council policies.

Our Newnham Councillors have backed the Highways proposal. Can we depend on the City Council to support them and make clear to the County Council that no legal footpath in the city should be turned into a car park?

<u>Supplementary question:</u>

When casting their votes, many Cambridge residents really want to know where the Council are on the Climate and Biodiversity Emergency. So, my follow up question is whether the Council is serious about the Climate and Biodiversity Emergency, if our Council Executive leaders are going to show decisive leadership or pay lip service to the emergency, and if our leaders support the rights of the pedestrian and sustainable travel on historic footpaths in line with Council policy vs the desire of motor vehicles drivers to park anywhere, regardless of the impact on the environment?

Response to follow.

7.

Will the City Council commit to ringfence funding to build Traveller sites within the boundaries of the Greater Cambridge Shared Planning Team? Will you also commit to working with neighbouring authorities to safeguard against the displacement of Cambridgeshire's permanent Traveller communities due to gentrification and detrimental consequences of local development projects?

Response to follow.

8.

Paid promotion of activities or products that are potentially harmful to mental or physical health or the environment, such as junk food, gambling, alcohol or the most polluting forms of transport, are very common on our television screens, radios, social media feeds and across a variety of out of home advertising media. Here in Cambridge, I have noticed in particular that there are many, many adverts for junk food on billboards and at bus stops.

There is a strong precedent for precluding such forms of advertising. Most forms of tobacco advertising and sponsorship were banned from 2003.

I learnt recently that several other councils have developed more ethical advertising policies, recognising both the public health benefits and potential savings to the public purse through restricting advertising of harmful products. Liverpool passed a "Low Carbon Advertising Policy" motion in January of this year. Bristol **Bristol City Council** became the first local authority outside of London to ban advertising for junk food, gambling and payday loans on ad sites it controls. In December last year, **Amsterdam** municipality voted to end advertising for petrol and diesel cars, airlines and fossil fuel companies. Amsterdam implemented this ban on its transport network in May 2021. And in Norwich, the Labour-run council unanimously voted in June 2021 to limit harmful categories of advertising and sponsorship such as gambling, junk food and environmentally-damaging products, through developing an ethical advertising policy/. Since 2019, Transport for London has banned junk food ads on its transport, and several London councils have followed suite since then.

As a Cambridge resident, living near Newmarket Road, I've noticed that McDonalds has placed a LOT of adverts at bus stops which are of course heavily used by school children. The UK has one of the highest rates of

childhood obesity in the UK, and it's the NHS which has to pick up the pieces when heart conditions, diabetes etc results. It's a similar story with air pollution: as many as one in five cases of asthma in children in the UK is linked to traffic fumes and other pollution*. It's great to see Cambridge council officers working hard to encourage active travel in our city, and get people cycling and walking - but the council's messaging and investment in this is undermined by car ads.

Will the city council develop an ethical advertising policy which avoids products that are potentially harmful to our communities advertising junk food, alcohol, gambling and damaging products etc. , building on the motion drafted by Norwich
Council? https://cmis.norwich.gov.uk/Live/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=PPSsWDyo%2Btas7fUMyYUyk/bX9bOHQumaxIRT75xpZhKfGsYCpPWUFA%3D%3D&rUzwRPf%2BZ3zd4E7Ikn8Lyw%3D%3D=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ/LUQzgA2uL5jNRG4jdQ%3D%3D&mCTIbCubSFfXsDGW9IXnlg%3D%3D=hFflUdN3100%3D&kCx1AnS9/pWZQ40DXFvdEw%3D%3D=hFflUdN3100%3D&uJovDxwdjMPoYv%2BAJvYtyA%3D%3D=ctNJFf55vVA%3D&FgPlIEJYlotS%2BYGoBi5olA%3D%3D=NHdURQburHA%3D&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3D&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3D&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3D

*https://www.independent.co.uk/news/health/child-asthma-air-pollution-uk-nitrogen-dioxide-children-lancet-a8865016.html

Response to follow.

9.

We know that there are serious material issues affecting Gypsy and Traveller life expectancies and opportunities. For example, recent research showed that 74% of GP surgeries refused registration to nomadic patients during the COVID-19 pandemic. Good relations depend on the provision of adequate support for Gypsies and Travellers, including for example site provision, access to schools and medicine where needed. What concrete actions will you take to build good relations with the Gypsy and Traveller communities in Cambridge and South Cambridgeshire?"

Response to follow.

10.

I raise concerns about the way in which this very important public project has been managed and presented to you, and at the Council's failure to involve the public properly in the Market Square project, which is a matter of concern for all Cambridge people and their councillors.

I welcome 2 things:

1) The improving dialogue between the Council and the market traders, notably that the officers are at last talking to each trader individually; and
2) The postponement of the Market Square report until March 2022, after the trials of the market stalls.

BUT

3) Can the officers please confirm by when they will have completed their current 1:1 meetings with all 150 Market Traders?
4) These meetings, which are essential to understand the traders' needs) should have been part of the RIBA Stage 1 briefing process.
5) The draft Concept Design on which the Council has been consulting is premature in the absence of this vital evidence of the traders' needs.
6) Both the draft Vision and the draft Concept Design are also premature in the absence of feasibility assessments, to establish which of the range of potential alternative activities set out in the Council's "wish-list" (and in question 17 of the public consultation) have realistic potential for the draft Concept Design.
7) All the above information is required as part of RIBA Stage 1 "Agree the brief and establish that the proposals can be accommodated on the site" – but has not been done. Instead, this project, which I can only describe as half-baked, is being presented as a Stage 2 Concept Design.
8) What's also missing from all of the above is the PUBLIC, as key users and ultimate clients for the Market Square project.

Turning to the extended Public consultation:

9) The questionnaire is very partial (for example there is nowhere in it for residents in or near the Market Square to register their particular interest);
10) The trial stalls which Councillors promised would be on site during the consultation only arrived on 14 July, a week after the scheduled end of the consultation;
11) Responses received before 14 July will not have had the chance to consider the potential stalls;

12) Both the main consultation and the extended consultation and stalls have been very badly publicised to users of the Square. Try walking around the Square and looking for a poster!
13) The Market Square Consultation page doesn't link the demountable stalls survey https://www.surveymonkey.co.uk/r/Demountable-stall-trial
14) For all these reasons, the consultation responses will need to be treated with a very large pinch of salt.

What is missing from all of this is any real public engagement in the Vision for the Square, and its surroundings. I hope the Council will use the time until March 2022 not only to pursue the vital practical feasibility issues, but also to involve its public actively in visioning exercises for their Market Square and its surroundings.

Executive Councillor Response:
We welcome your comments about improved communications. We believe that the current consultation has been widely promoted through media and other routes as outlined in my response to your question at Environment and Communities committee, and that there are plenty of opportunities to feedback, including an initial view of the demountable stalls trial, by the extended deadline of 31st July. There will also be further opportunities for stakeholder feedback as more detailed work on the wider city centre recovery is developed, and the project itself progresses.

The proposal to postpone the next report is to help ensure that we have fully considered the points you and others have raised at Council and Committee meetings. Senior Council Officers have met with you and I know there are further meetings being planned and I would like to suggest that they pick up more detailed consideration of your points at those meetings. The Chief Executive also met with you on 2nd July for a tour of the market and to have an initial discussion of the issues raised in your questions. CEO and other senior officers have offered a subsequent meeting to you and other key market stakeholders to discuss the issues raised in more detail.

Some of the points you have asked here, have been superseded or are out of date following officer engagement with market traders and recent council announcements.

11.

While welcoming Cllr Healy's Motion on the Policing Bill to be put to the full Council meeting on Thursday, 22 July 2021, it comes at a time of grave concern for the Gypsy, Roma and Traveller Communities living within Cambridge and travelling through it. **This Bill will pass**. Its second reading on the 5 July passed in the House by 359 to 263 and will eradicate nomadic life in Britain – this despite the fact it is opposed by the majority of police forces in the country. What is of critical importance, therefore, is what the Council resolves to do in Cambridge. The precedents are not encouraging. To have a Labour Council chasing and evicting an extended family group of Travellers composed of 18 adults and 20 children around Cambridge last summer, is not a good look.

You do not have to wait for the results of a Gypsy & Traveller Accommodation Needs Assessment (GTANA) to recognise need, which only seeks to identify need for permanent sites. Yet the lack of permanent and transit sites is a continual source of flash points between the GRT community and the settled population of Cambridge. Travellers have a close relationship with Cambridge due to the importance of the 800 year-old Royal Chartered Midsummer Fair within their culture – it is not an 'event' but a gathering of the tribes. Until the Council challenges the systemic racism towards this community and within itself, there will be no improvement in this relationship.

Question: With the imminent threat of the criminalisation of trespass, will the Council now prioritise, with immediate effect, the provision of transit sites in and around Cambridge through the Greater Cambridge Shared Planning Team?

Response to follow.

12.

I'm very glad to see that Cllr Healy has put forward a motion to this meeting with the goal of putting pressure on the national government to fulfil their human rights obligations with regards to Travellers. However, the council also has human rights obligations to GRT communities at a local level, and they have repeatedly broken these with Traveller evictions during a pandemic that has disproportionately affected GRT people both directly and indirectly. Speaking as an infectious disease epidemiologist, evictions and a lack of access to safe, adequate, and legal sites are dangerous to public health. Will Council commit not to evict any more Travellers who stop on public land until adequate sites have been provided and access to health services ensured for GRT communities?

Response to follow.

21/30/CNL To consider the recommendations of the Executive for adoption

4a 2020/21 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account (Executive Councillor for Strategy and External Partnerships)

Resolved (by 25 votes to 0) to:

Approve carry forward requests of £18,610,000 in HRA and General Fund capital budgets and associated resources from 2020/21 into 2021/22 and beyond to fund re-phased net capital spending, as detailed in appendix D of the report and the associated notes to the appendix.

4b Annual Treasury Management (Outturn) Report 2020/21 (Executive Councillor for Finance & Resources)

Resolved (by 32 votes to 0) to:

Approve the report with the Council's actual Prudential and Treasury Indicators for 2020/21.

4c 2020/21 General Fund Revenue and Capital Outturn, Carry Forwards and Significant Variances (Executive Councillor for Finance and Resources)

Resolved (by 26 votes to 0) to:

i) Approve carry forward requests totalling £658,670 of revenue funding from 2020/21 to 2021/22, as detailed in Appendix C of the officer's report.

ii) Approve carry forward requests of £49,211,000 of capital resources from 2020/21 to 2021/22 to fund rephased net capital spending, as detailed in Appendix D of the officer's report.

iii) Approve the addition of £85,000 capital funding in 2021/22 to undertaken works to the Council Chamber/Committee Rooms to stream meetings/enable hybrid meetings.

21/31/CNL To deal with oral questions

Question number 1
From Councillor K Porrer
To Executive Councillor for Climate Change, Environment & City Centre

Question
Given the current heavy use of our open spaces throughout the day and into the evening, and in particular those around the city centre, would the Executive Councillor agree to the later opening of the public toilets on Jesus Green to 10 pm during the summer period, and to at least 8 pm in the winter period.

Executive Councillor response:
The Council had already responded to recent public demand to make a variation to the opening time at Jesus Green public toilets from 6pm to 8pm during the summer months.
This new arrangement became operational from Monday 19th July and brought this facility in line with other city centre toilet closing times. Summer opening is from the 1 April to the 31 October. Would continue to monitor usage of all public toilets and extend or reduce opening hours as appropriate. Monitoring would also be done during winter usage but the operational closing time of 6.00pm in the winter based on historic usage is deemed sufficient given local availability of Quayside and Victoria Avenue facilities until 8.00pm.

Question number 2
From Councillor R Robertson
To Leader of the Council and Executive Councillor for Strategy and External Partnerships

Question
What is the Council's response to Government claims that last Monday was "Freedom Day"?

Executive Councillor response:
Unclear advice was provided to the public. The review of the pandemic situation on a 5 weekly basis was good provided that the current sitation was taken into consideration. Ahead of 19 July the current situation was not taken into consideration. Naming the 19 July as 'freedom day' was irresponsible and failed to recognise that there was still a severe risk with covid cases still rising. The Council's position was that face masks should still be worn and people should be advised to wear them. Cases were still rising, there were 15 cases

of people with Covid at Addenbrooks. Self-isolation, vaccination and testing were all still vital.

Question number 3
From Councillor J Dalzell
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing

Question
Important trees on Alexandra Gardens are currently under threat of significant and irreversible damage in proposals that seek to protect the Council against potential legal claims from an insurance company. This claim primarily arises from an extension that was approved and built long after the trees had been established, with similar issues arising in wards across the city. What steps will the Council take to try to limit such issues arising in the future?

Executive Councillor response:
Clarified some of the detail in the question. While building extensions and conservatories are more at risk of tree related subsidence, the situation at Alexandra Gardens did not involve damage to an extension but to the main body of the building
In response to the question:
Policies were published in relation to subsidence in the City Council's Tree Strategy and safeguarding urban forest sustainability.
The Council would not normally remove or hard prune a healthy tree. A commitment had been given to increasing the city's tree canopy cover, the default position was to protect trees wherever possible. However, occasionally healthy trees did need to need to be managed for example in the case of Alexandra Gardens and circumstances where the tree has caused damage to property.
Policy GM9 set out the key principles that the Council would manage all claims directed at Council owned trees, and that we would challenge unwarranted claims based on poorly investigated or inaccurate evidence.
In this case Officers have followed Policy GM10 which set out a range of information the claimant/property owner or their building insurers must provide the Council.
Insurance claims were dealt with on a case by case basis, each case dealt with on its own merits and a tree would not necessarily be felled because of a claim.

Question number 4
From Councillor D Baigent

To Executive Councillor for Planning Policy and Transport

Question
Does the Council support the report by Professor Jo Ulanowski on the impact of traffic restrictions on pollution?

Executive Councillor response:
The data was generated by a Cambridge City trial of low cost sensors which was intended to evaluate both the effectiveness of the sensors and the impact on air quality of traffic changes including the bridge closure and elsewhere in the city. The results had been used in that paper. The report stated that PM10 and 2.5 are more local pollutants and that there is no air quality data available for Mill Road outside the 2019 study. This was not born out by other studies and information they had. An overall drop in vehicle pollution in the lockdown was also shown in a report from the GCP dated January 2021, which used data from the City Council's continuous sensors. These provided the most accurate measurements for nitrogen dioxide. Overall supported the report as adding valuable analysis pollution data but it was not in itself conclusive and must be considered with the many other reports some of which were based on far more sensitive recording equipment.

Question number 5
From Councillor C Payne
To Executive Councillor for Climate Change, Environment & City Centre:

Question
Can the Executive Councillor please give us her reaction to the trial demountable stall currently on the market square?

Executive Councillor response:
Were in the very early stages of one type of demountable stall trial, which they were able to hire 'off the peg' at short notice. As they were still only in the concept design stage of the project they did not plan to trial the stall designs at this stage as they expected to do that at the detailed design stage if there was support from the current public consultation. Due to concerns of the traders on the design of the stalls, they had brought forward possible designs of demountable stalls. The stalls on display in the market square were a sample product and smaller than the proposed design of 3m x 3m. No decisions had been made regarding the colour of the awning.

Were in talks with a council who had had their own demountable stalls made. Were still open to having own prototypes made if none of the readily available ones were found to be suitable. In the coming months would trial one or a number of styles of stall in use on the market including over the winter months.

Question number 6
From Councillor H Davies
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing

Question
Can the Executive Councillor give an update on the click and collect trial for verge management?

Executive Councillor response:
The Operations Team had been trialling an Iseki Cut and Collect machine, on a 6 month hire contract. The trial began in May 2021 and will run through to November. The machine was similar in scale and operation to the existing gang mowers that cut our smaller parks, play areas and road verges, however it could collect the arising to be disposed of, either in a designated area on a space or off site for green waste collection. The advantage of this approach is that over time the removal of cuttings depletes the nutrients in the soil, resulting in reduced grass vigour and less cuts in future years. In addition to financial savings, less cuts of lower nutrient verges favours native wildflower species so should lead to increased biodiversity. This had been successfully demonstrated by Dorset County Council who now had a fleet of similar machines.
Early results identified some issues with this machine, primarily with length of grass that could be cut without risk of blocking the chute that fed the hopper. Initial frequency of cuts would need to be reviewed to address this. Also planned to trial the cut and collect machine in the management of the pictorial meadows and Local Natures Reserves this autumn.

Question number 7
From Councillor M Healy
To Executive Councillor for Housing

Question
Can the Executive Councillor update us on the progress that is being made towards meeting our commitment to house more Syrian refugees.

Executive Councillor response:

At a previous Council meetings the Council had unanimously agreed to support Syrian Refugees with South Cambridgeshire District Council. The Home Office Syrian Vulnerable Peoples Relocation Programme and Vulnerable Children Relocation Programme had pledged to support 200 further syrian people to relocate to Cambridge and South Cambridgeshire over the next 5 years. Eight houses needed to be provided per year and one house had been provided since the pledge was made. The City Council and South Cambridgehsire District Council provided the housing and other agencies provided further support services for example education, health care etc.

Question number 8
From Councillor R Dryden
To Executive Councillor for Communities and Statutory Deputy Leader

Question
What are the current plans for reopening sport and leisure facilities?

Executive Councillor response:
Many of the council's facilities were open in some capacity and many outdoor facilities had been open since late March. This included outdoor gyms, courts and the lido. Abbey and Parkside Pools had been open at reduced capacity and exercise classes had been running at reduced capacity since 17 May. The lifting of restrictions was often about increasing capacity or improving ease of access. For example Abbey and Parkside Pools would now be able to be open at 80% capacity as well as the lido. The flumes at the pools were opening for the first time at the weekend and paddling pools had been opened that week. Were also planning to open the Kings Hedges and Sheeps Green learning pool. There were exceptions, the Cherry Hinton Village Hall remained a vital part of the vaccination programme, which meant re-opening was more limited. Thanked the residents of Cherry Hinton for their pateince during this time. They were doing all that they could to ensure that venues opened in a safe way. Leisure Centres were recommending masks, sanitiser stations and cleaning regimes and are maintaining increased ventilation. A cautious approach was being taken to opening the Corn Exchange bearing in mind the vaccination programme. They were working towards this being opened on 31 August, based on public health advice and risk assessments.

Question number 9
From Councillor N Bennett
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing

Question
I think all councillors will be well aware that drug dealing and linked antisocial behaviour have increased under lock down and also spread to different streets . This means that many residents are having to report drug related anti-social behaviour for the first time . Unfortunately, many residents are struggling with the reporting process and this means that problems are not being reported fully -if at all. Lack of information means that the limited police resources are not allocated efficiently and the opportunity to catch these problems early is lost. Some wards have high levels of digital exclusion and cannot access the internet based information on how to report incidents.
Residents are also not well informed as to what information is shared between council and police. This makes it more likely that incidents won't be reported comprehensively. Residents then don't see an adequate police response and lose faith in the reporting process leading to even more under-reporting, fewer resources being allocated and further loss of confidence.Will the council (in conjunction with the police) undertake the following steps to make the reporting process easier and more effective ?
1 Put a simple one page guide in Cambridge Matters and Open Door to reporting used needles, anti social behaviour and related criminal behaviour together with up to date information on local needle exchange services ,preferably on a separate sheet that can be used as a poster.
2 Change the web based reporting so that there are Question prompts and click button links between council needle reporting, council antisocial behaviour reporting and council crime information.
3 Resolve the GDPR issues that inhibit sharing information between council and police by giving users a clear choice via suitably annotated tick boxes on the web pages as to whether information goes to council, police or both.
4 Ensure that there is a clear anonymous reporting option on all web forms

Executive Councillor response:
Acknowledged levels of digital exclusion. Would take all 4 issues back to the Anti-Social Behaviour Team and would keep Cllr Bennett informed.

Question number 10
From Councillor O Hauk
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing

Question
Several residents have raised repeated concerns to me about failing trees in the new developments of Trumpington (Abode specifically). This is a very

understandable and urgent concern in the light of our climate and biodiversity crises. Some of these trees are still owned by the developers (e.g. Countryside), while some have been or will be adopted by the County or City Council. Can the Executive Councillor explain how the council plans to work with developers to ensure that any replacement trees that the developers are still responsible for will be replaced and appropriately cared for?"

Executive Councillor response:
The trees on new developments are secured through the planning process and the provision often relates to conditions in the planning approval notice. Where trees are of concern on sites, that we will not adopt the Planning Enforcement team can and do discuss planning breaches with Developers.
Where sites are to be adopted by the City Council, for example on parks and open spaces, Officers within Streets and Open Spaces follow a land transfer process which signs off key stages of the design, build, maintenance and transfer of new sites. These stages afford us opportunity to pick up defects and seek corrective actions, such as dead, diseased, or poor health trees.
Officers within Streets and Open Space and the Shared Planning Service monitor defects in the land to be transferred and these are raised directly with the Developers as part of the ongoing dialogue and working relationships where sites have been adopted they will be managed under City wide Tree Strategy and added to 3 year cycle of inspection, maintenance and replacement planting to ensure continuity and development of tree cover.

Question number 11
From Councillor I Flaubert
To Executive Councillor for Climate Change, Environment & City Centre

Question
Would the Exececutive Councillor agree to continue the reduced rent for our valued market traders past the recently announced cut-off date of 31st July 2021

Executive Councillor response:
Acknowledged it had been a difficult year for many traders as it had been for other businesses. Apprecaited that trade would not be back up to speed yet. Would not be able to commit to a blanket rent holiday in the council meeting. Negotiations took place individually with commercial tenants based on their accounts, income and grant funding. It was important for the Council to understand the ongoing financial impact before making any decision and would like to take the opprtunity to do that through separate meetings. The

traders had been treated as a specific group during the last year, needed to be fair to all businesses in applying any further discounts.

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. Answers received have been included in the minutes.

Question number 12
From Councillor A Gilderdale
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing

Question
Can the Executive Councillor please advise members on measures taken in anticipation of the expected Midsummer weekend gathering on our city centre open spaces?

Executive Councillor response provided following the meeting:

As part of the planning for the weekend we established the following objectives: -

- Ensure the City Centre including its parks and open spaces are a safe and well-managed environment.
- Ensure Midsummer Common/ Jesus Green and their immediate neighbourhoods are safe and managed.
- To support and encourage business as usual over the weekend.
- Ensure members of the staff, public, councillors, and associated businesses are kept appropriately informed.
- Help ensure that disruption to the City Centre and key areas is minimised.
- Ensure that the City Council are prepared and can support the Police where it is requested.
- Ensure that we are prepared and able to clean up a potential range of scenarios post the anticipated activities and return the city to business as usual as swiftly as possible.

Our focus over the weekend was: -

To work collaboratively with Cambridgeshire Police and in conjunction with advice from Cambridgeshire County Council Highways team.

- To provide a planned response and contingency approach across Council service areas that maybe required to achieve the objectives.
- To communicate factual messages across the Council in response to the anticipated activities/ pressures and their impacts.
- To communicate clear messages to the local community in response to the anticipated activities/ pressures and their impacts

The City Council participated in the advance planning for this weekend along with Cambridgeshire Police, the Highways and Parking Enforcement teams from the County Council.

The Eastern Region Section of the Showmen's Guild of Great Britain also assisted with communications to the Gypsies and Roma Traveller Community that the Midsummer Fair for 2021 had been cancelled, and therefore permission to use the land was not granted.

As part of the advanced planning all partners consider the local resident requests following the 2019 unauthorised event. This included

- Closure the Ft. St. George bridge (as we do during the Midsummer Fair).
- Limit road traffic into the neighbourhood and professionally signpost and control access at Ferry Path by the Light Blue Bike shop & De Freville Ave.
- Provide Car parking.
- Provide a visible security presence.
- Provide toilets and rubbish containers.

As part of the planned response to the anticipated activities of the weekend we wrote and advised the local residents the following.

The Police, County and City Council have resourced our responses to support business as usual in the city as follows: -

- *A community hub based at Wesley Church from 8am until 8pm or later if required and a contact point was made available.*
- *Additional toilets and litter bins on Midsummer Common, with additional cleaning programmed for Sunday morning. Additional cleaning of both Jesus Green and Midsummer Common permanent toilet blocks*

- *Police support will be given to the traffic enforcement team to allow them to carry out their duties.*
- *There is support from County Council Officers to update traffic information signs.*
- *A licensing officer on duty to deal with the supply and sale of alcohol in and around the area.*
- *A rapid response team to deal with wash down and areas that need deep cleaning.*
- *A joint letter from the Universities and Public Health encouraging students to maintain COVID safety measures.*
- *A range of social media assets to be used by partners to remind users of parks and open spaces and city visitors about COVID safety measures.*

All these activities took place over the weekend.

- The hub received 10 contacts from members of the public, and we respond to these matters on the same day.
- The additional toilets where used after being reset after vandalism and significantly reduced the numbers or urination incidents.
- The traffic enforcement team issued 287 parking tickets on Saturday and 144 on Sunday.
- The highways team did not need to deploy.
- The licensing officer attended all the licensed premises around the immediate area.
- We used the rapid response team five times to deal with broken glass reports.
- The University letter was successful in discouraging large gatherings of students on the Sunday
- The Partners repeated social messaging over the weekend.

We had previously explained to residents as to why the bridge could not be closed[1] and it is accepted that this did contribute to being able to effectively remove anti-social behaviour in a residential environment, however the Police where present and did respond to any Hub, 101 and 999 enquiries.

It is our intention to debrief with all Partners and review the planned response effectiveness in relation to this weekend. We will use the log we took of all complaints and requests. We will also discuss with the Showmen's Guild how we can support the return of Midsummer Fair and the levels of resource they require in respect of their management of the event.

Ward Councillors have been updated and they too have raised issues with us that will part of the debrief but also the planning for 2022.

Question number 13
From Councillor J Gawthrope Wood
To Leader of the Council and Executive Councillor for Strategy and External Partnerships
Question
What does he anticipate will be the Government's proposals for devolution?

Question number 14
From Councillor P Sheil
To Executive Councillor for Planning Policy and Transport
Question
What are your transport priorities for Cambridge and for the GCP over the next three years?

Question number 15
From Councillor N Sweeney
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing
Question
Can the Executive Councillor let members know what progress there has been in discussions of continued public access to Grantchester Meadows, and what the City Council's involvement has been?

Question number 16
From Councillor D Lee
To Executive Councillor for Planning Policy and Transport
Question
With the pandemic leading a revolution in how and where people work, with a notable increase in hybrid and home working, could the Executive Councillor confirm whether the council will be reviewing the need for so many office blocks around the city that at the moment lie vacant and when occupied tend to generate congestion?

Question number 17
From Councillor C McQueen
To Executive Councillor for Housing
Question
What support can the council provide for private renters?

Question number 18
From Councillor T Bick
To Executive Councillor for Finance and Resources
Question
In the interests of clarity for the public and all the many stakeholders, could the executive councillor clarify whether the council is now undertaking an exercise to re-imagine the city centre to take account of the long term changes in the retail sector accelerated by Covid, as proposed in my proposal to council on 1st March and to Strategy & Resources Scrutiny Committee on 12th July, despite rejecting the suggestion on both occasions?

Question number 19
From Councillor A Cox
To Executive Councillor for Climate Change, Environment & City Centre
Question
Given the recent interest in the Cows About Cambridge art trail, could the Exec Councillor for the Climate Change, Environment and the City Centre confirm whether there are any plans to extend these locations outside the central areas of Cambridge and into many of our other wards across the city?

Executive Councillor response provided following the meeting:
The Cows and about Cambridge is a partnership predominately funded and led by Cambridge Bid as principal partner and its sponsors. The Cows are a temporary installation and will leave on the 4th September.

There are 44 large cows each one individually designed by an artist and sponsored by a business, and a further 46 mini moos created by schools and community groups around Cambridgeshire.

You can visit the cows using a trail app and the intention is to encourage visitors to the City Centre.

Their website says Trail explorers young and old will have fun rediscovering their city, learning about the artwork, and spending time together. They will get outdoors, walk more, and share their stories.

There is no further intention to move the Cows to Ward however the mini moos are visiting a range of schools and across the County.

Background

The mini moos are visiting these locations
Cambridge Academy for Science and Technology | Arbury Primary School | Cromwell Community College | North Cambridge Academy | St Faith's School | Great Abington Primary School | Melbourn Primary School | Stapleford Community Primary School | Girlguiding Cambridgeshire East | Gretton School | Marshland High School | St Peter's Junior School | The Bellbird Primary School | Bottisham Community Primary School | Barrington C of E Primary School | Thorndown Primary School | St Mary's Cambridge | St Matthew's Primary School | The Grove Primary School | Great Wilbraham Primary School | Break Charity – Burrowmoor Road | On Track Education | Little Paxton Primary School | Studio Cambridge | Mind | The Meadow Primary School | Downham Feoffees Primary Academy | The Museum of Cambridge | Coates Primary School | Swavesey Primary School | Cambridge Junction: Total Arts | Bottisham Village College | Hauxton Primary School | Histon Early Years Centre | The Spinney School | Trumpington Park Primary School | Break Charity – Staying Connected Team | Swavesey Village College | Hills Road Sixth Form College | Pendragon Community Primary School | St Laurence Catholic Primary School | Colville Primary School | Trumpington Community College | The Netherhall School and St Alban's Catholic Primary.

Question number 20

From Councillor G Bird

To Executive Councillor for Communities and Statutory Deputy Leader

Question

Where can people who are self-isolating or who still need to shield go for support?

Executive Councillor response provided following the meeting:
Cambridge City Council continue to provide financial support to those who are required to isolate following a positive test, contacted through track/trace or via the NHS App.

Eligibility criteria and guidance on how to apply can be found on our website Test and Trace Support Payment - Cambridge City Council

Due to increasing case rates locally, we're experiencing a high volume of applications at present. Assessments are completed as soon as we can, but may take up to 7 days.

We continue to work with partners in the voluntary sector to provide funding and staff resource to enable support for those who are isolating, including to those who require food parcels.

Cambridge Sustainable Food continue to support emergency food parcels delivered direct to those in need. Self-referrals can be made online, or through the food hub phoneline.

Support is also available via our customer services team and via the county council hub. Each individual case is assessed and appropriate support arranged. This might be an emergency payment, an emergency food delivery or a referral for more specialised support.

Whilst the national directive on shielding for Clinically Extremely Vulnerable (CEV) is no longer in place, there will be some vulnerable members in the community who continue to need to take extra precautions and shield themselves at home.
Community groups, the local voluntary sector and council services continue to work together to provide support and guidance for those who require assistance.

Question number 21
From Councillor J Scutt
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing
Question
Can the Executive Councillor update members on progress towards making Cambridge a herbicide free city?

Question number 22
From Councillor Hannah Copley
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing
Question
Abandoned needles and drug-related litter are frequently reported by residents and represent a real health hazard until both reported and safely collected. The Council has clear reporting mechanisms available for residents to report such items, but not a mechanism for residents to monitor and learn of hotspots

where these items are found, which may be close to their houses or near to where their children play. Would the City Council create an online map updated in real time for residents to see where reported needles are/were located, in order to inform themselves about the safety of locations in which they want to spend time, and to be extra-vigilant in areas which are emerging hotspots?

Question number 23
From Councillor S Davies
To Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing
Question
Of 100 trees planted on the Ninewells development in the last five years, 11 are dead and several others have already had to be replaced for the third time, having been killed off by strimming damage or lack of watering. What further action does the Executive Councillor believe can be taken by the City Council to ensure that developers are obliged to not only plant, but also nurture to maturity, trees on new build estates in the city?"

Executive Councillor responses provided following the meeting:
British Standard 8545 (2014) **Trees: from nursery to independence in the landscape – Recommendations** states the following:

“It has been a widely recognized fact that a significant proportion of newly planted trees fail to survive to maturity. The Trees in towns II report [1] commissioned by the Department of Communities and Local Government highlighted that as much as 25% of all planting undertaken in the public sector actually fails. Although there has not been any comparable survey undertaken in
the private sector, anecdotal evidence indicates that the failure rates are similar.”

It indicates the vulnerability of transplanting young trees and difficulty in ensuring high rates of survival beyond the establishment period.

Best practice, such as that set out in this document can reduce tree failure rates but their vulnerability to both biotic and abiotic pressures suggest 100% success would be difficult or costly to achieve except in all but the most benign circumstances. Products such as strimmer guards can increase protection from damage, and irrigations bags increase the cost effectiveness of watering.

Consents for development require landscaping details to be submitted as part of the validation process. Species selection, location and planting techniques will generally be submitted up front prior to consent, with details of how successful establishment will be ensured delivered as part of a management plan under condition. Submissions will be required to conform or exceed current best practice to ensure high standards of care are delivered.

Question number 24

From Councillor S Baigent
To Executive Councillor for Communities and Statutory Deputy Leader
Question
Can the Executive Councillor update us on developments in the period poverty initiative?

Question number 25

From Councillor S Smith
To Executive Councillor for Planning Policy and Transport
Question
How do you expect the Council will respond to Government planning reform legislation?

Question number 26
From Councillor D Pounds
To Executive Councillor for Planning Policy and Transport
Question
What are the opportunities and challenges for Cambridge from the Government's Arc strategic planning framework, and future consultations?

Second questions

From Cllr Copley
To Executive Councillor for Strategy and External Partnerships

1. Some local residents who would like to take part in public meetings that are currently in person have asked if a hybrid meeting would be possible for them, so that they can have a right of reply during the Public Questions section of full council meetings. Will the council explore a hybrid meeting format for the "Public questions time" section of full council meetings, such that residents

who are shielding or self-isolating, or carers for the vulnerable, can both read out their own question, and give a follow up question after hearing the response?

21/32/CNL To consider the following notices of motion, notice of which has been given by:

6a Councillor Collis: The Glasgow Food and Climate Declaration
Councillor Collis proposed and Councillor H.Davies seconded the following motion:

The UN Environment Programme Food Waste Index Report (2021) highlighted the extent and environmental impacts of food waste, noting that if food waste were a country it would be the third biggest source of greenhouse gas emissions. This makes it a major factor in 'the three planetary crises of climate change, nature and biodiversity loss, and pollution and waste' (p.4). It is also behind UN Sustainable Development Goal 12.3, which aims to halve food waste and reduce food loss by 2030.

With the next major climate negotiations, COP26, due to begin in Glasgow later this year and with food waste still nowhere on the agenda, we have – collectively – a unique opportunity to put pressure on governments to address this issue. Without tackling food waste at international, national, regional and local levels, we won't be able to meet key climate goals.

In the UK, initiatives such as WRAP's Courtauld Commitment 2025, which is a voluntary commitment between participating retailers, farmers and growers, food manufacturers and hospitality businesses, across ten years to meet three targets;

- a 20% per person reduction in food and drink waste associated with production and consumption of food and drink in the UK, post farm gate
- a reduction in impact associated with water use and water stress in the supply chain
- a 20% per person reduction in the greenhouse gas (GHG) emissions associated with production and consumption of food and drink in the UK

While initiatives such as the Courtauld Commitment aim to make positive changes, we also urgently need coordinated action at national government level.

Launched in December 2020, the Glasgow Food and Climate Declaration brings together *'all types and sizes of local authorities – from small and medium sized towns to mega-cities, districts and regions, territories, federal*

states and provinces – to speak with a unified voice in renewing their commitments to develop sustainable food policies, promote mechanisms for joined-up action and call on national governments to put food and farming at the heart of the global response to the climate emergency.'. It is only by speaking with this 'unified voice' that we can put pressure on global decision makers to act now, before it is too late.

Council therefore recognises;

- the connection between environmental and social justice
- the environmental devastation caused by the current food system, that results in one-third of all food that is produced globally being wasted before it even reaches the table.
- that we have already taken a number of measures locally to address the issue of food waste including the adoption of a sustainable food policy (2018), our ongoing work with Cambridge Sustainable Food including the city's recent award of Silver Sustainable Food Place status, including a specific objective on sustainable food in our new climate change strategy and trialling food waste collections in parts of the city.
- that, as a district council, our capacity to 'to assess GHG emissions reduction targets from food systems' and directly achieve those reductions (Glasgow Declaration points 14 and 15) is inevitably limited.
- the importance and potential of a working with other authorities, including the Combined Authority and County Council, to address food waste and sustainability at a local level.

Council resolves to;

- reaffirm our commitment to developing and implementing our own sustainable food policy, and to explore potential ways in which we can work with neighbouring authorities
- add the voices of the people of Cambridge to these calls for action by writing to Alok Sharma MP, president of the COP26 summit, calling for food waste and food systems to be put on the agenda.
- make Cambridge the first district council in the UK to sign up to the principles in the Glasgow Food and Climate Declaration and put pressure on national government to
    - address the environmental impact of food waste
    - recognise the fragility of our food systems, that has been highlighted under COVID-19 and shown, for example, by the demand on the city's food hubs.
    - implement a food systems approach to accelerate climate action (and also to promote biodiversity and access to healthy and sustainable diets for all, among other co-benefits).

Resolved (unanimously) to support the motion.

6b Councillor Healy: Motion on Policing Bill
Councillor Healy proposed and Councillor Herbert seconded the following motion:

This council notes:

- The right to peaceful assembly and protest is a fundamental human right and a crucial part of our democratic society. The Police, Crime, Sentencing and Courts Bill (hereinafter "PCSC bill") undermines that right and represents a significant impingement on civil liberties. Additionally, the PCSC bill specifically targets Gypsy and Traveller communities, effectively criminalising their way of life.
- The provisions in part 3, concerning the right to protest and assemble, represent an unprecedented extension of policing powers which would effectively give both police and Government ministers the powers to ban or impose undue restrictions on peaceful protests, which interferes with the right to peaceful assembly, enshrined in international law. Many measures are neither proportionate nor necessary. The Bill also sets out to crackdown on explicitly nonviolent dissent - a form of protest which is clearly protected by the rights to freedom of expression and peaceful assembly. There is a huge risk of abuse of powers under the bill as it gives the Home Secretary unfettered power, to define "serious disruption" without parliamentary approval.
- The current version of the bill would also allow police to restrict static assemblies and vigils, rather than just moving demonstrations. A picket line outside a workplace, a sit-down protest or a solidarity vigil (like so many peaceful vigils held in Parker's Piece) could all be limited or banned if they are deemed to have an undue "impact" upon people. The whole point of demonstrations is to have an impact. If we think of some of the key moments in civil rights history, where change happened, it was through protests such as the civil rights movement in the US, the suffragette's movement in the UK or the women's strike in Dagenham factories which led to the equal pay act for women in the UK.
- The change in criminal threshold significantly lowers the standard to find someone guilty of a serious offence and the provisions are open to such wide-ranging and discretionary interpretation that they would almost certainly give rise to even more arbitrary and discriminatory approaches to how protests are managed. This may disproportionately impact on ethnic minority groups, who already experience disproportionality in the criminal justice system. The PCSC Bill also includes greater police powers to enhance stop and search– a tactic already used disproportionately against people of colour. The structural

inequalities in the criminal justice system need to be addressed first, not exacerbated.

- It is a really serious criminal offence which includes fine up to £10,000 and 10 years in prison for causing “serious annoyance” for taking part in a noisy protest. There will be a huge deterrent effect in terms of participating in protests or vigils as a result of the potential to be imprisoned for lengthy periods of time. Amnesty International has warned about the possibility of this leading to prisoners of conscience in this country, as a result of the bill, with people locked up for years for engaging in peaceful protests. The sort of thing we see in dictator regimes in other parts of the world.
- Part 4 of the Bill contains measures specifically targeting Gypsy and Traveller communities, who are some of the most discriminated against and marginalised minority ethnic communities in UK society. Yet the new PCSCB Bill further targets them by criminalising trespass to land. These measures will further exacerbate inequalities and discrimination, pushing these groups into the criminal justice system as Gypsies and Travellers unable to pay a fine (£2500) could be imprisoned (three months).
- No family willingly stops somewhere they are not welcome, with no running water, waste disposal or electricity, and the way to resolve this is not by criminalising GRT families or by introducing anti-encampment landscaping in open spaces.,. The existence of encampments needs to be understood not only in terms of the age-old cultural traditions of Gypsies and Travellers, but in terms of the historic failure of government to properly meet their accommodation needs. The proposals are being put forward despite the existence of a range of other eviction powers for encampments, and despite alternative solutions such as negotiated stopping agreements.
- The new provisions also allow authorities to seize property and caravans, which effectively amounts to seizing their homes and all their worldly possessions. The measure is clearly discriminatory and disproportionate. The consequences of these measures will be devastating for Gypsy and Traveller families – suddenly without a home or possessions and with the lead family member thrown into the criminal justice system. This will also have implications for Gypsy and Traveller families with children in Cambridgeshire, who may be at risk of entering the care system.

This Council resolves to:

- Express strong concerns about the provisions in Part 3 and Part 4 of the PCSCB Bill, which will have a significant impact on the UK Government’s adherence to its international and domestic human rights obligations and which will also affect relations and trust in Cambridge with Gypsy and Traveller communities.

- Stand in solidarity with Traveller and Gypsy communities in Cambridge and continue to build trust and good relations with them.
- Write to the Home Secretary to express strong concerns about the provisions in the PCSCB bill which impact on civil liberties including the right to protest and peaceful assembly and in relation to the provisions targeting Gypsy and Traveller communities.
- Continue to work with neighbouring local authorities in Cambridgeshire to find solutions where it is found that there is a lack of legal sites and stopping places for GRT communities.
- Identify opportunities to work with the police to find best practice solutions to supporting Gypsy and Traveller communities when no legal site places are available and to enable them to move to safe stopping places.

Councillor Copley proposed and Councillor Bennett seconded the following amendment to motion (deleted text ~~struck through~~ and additional text <u>underlined</u>):

This council notes:

- The right to peaceful assembly and protest is a fundamental human right and a crucial part of our democratic society. The Police, Crime, Sentencing and Courts Bill (hereinafter “PCSC bill”) undermines that right and represents a significant impingement on civil liberties. Additionally, the PCSC bill specifically targets Gypsy and Traveller communities, effectively criminalising their way of life.
- The provisions in part 3, concerning the right to protest and assemble, represent an unprecedented extension of policing powers which would effectively give both police and Government ministers the powers to ban or impose undue restrictions on peaceful protests, which interferes with the right to peaceful assembly, enshrined in international law. Many measures are neither proportionate nor necessary. The Bill also sets out to crackdown on explicitly nonviolent dissent - a form of protest which is clearly protected by the rights to freedom of expression and peaceful assembly. There is a huge risk of abuse of powers under the bill as it gives the Home Secretary unfettered power, to define “serious disruption” without parliamentary approval.
- The current version of the bill would also allow police to restrict static assemblies and vigils, rather than just moving demonstrations. A picket line outside a workplace, a sit-down protest or a solidarity vigil (like so

many peaceful vigils held in Parker's Piece) could all be limited or banned if they are deemed to have an undue "impact" upon people. The whole point of demonstrations is to have an impact. If we think of some of the key moments in civil rights history, where change happened, it was through protests such as the civil rights movement in the US, the suffragette's movement in the UK or the women's strike in Dagenham factories which led to the equal pay act for women in the UK.

- The change in criminal threshold significantly lowers the standard to find someone guilty of a serious offence and the provisions are open to such wide-ranging and discretionary interpretation that they would almost certainly give rise to even more arbitrary and discriminatory approaches to how protests are managed. This may disproportionately impact on ethnic minority groups, who already experience disproportionality in the criminal justice system. The PCSC Bill also includes greater police powers to enhance stop and search– a tactic already used disproportionately against people of colour. The structural inequalities in the criminal justice system need to be addressed first, not exacerbated.
- It is a really serious criminal offence which includes fine up to £10,000 and 10 years in prison for causing "serious annoyance" for taking part in a noisy protest. There will be a huge deterrent effect in terms of participating in protests or vigils as a result of the potential to be imprisoned for lengthy periods of time. Amnesty International has warned about the possibility of this leading to prisoners of conscience in this country, as a result of the bill, with people locked up for years for engaging in peaceful protests. The sort of thing we see in dictator regimes in other parts of the world.
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- No family willingly stops somewhere they are not welcome, with no running water, waste disposal or electricity, and the way to resolve this is not by criminalising GRT families or by introducing anti-encampment landscaping in open spaces.,. The existence of encampments needs to

be understood not only in terms of the age-old cultural traditions of Gypsies and Travellers, but in terms of the historic failure of government to properly meet their accommodation needs. The proposals are being put forward despite the existence of a range of other eviction powers for encampments, and despite alternative solutions such as negotiated stopping agreements.

- The new provisions also allow authorities to seize property and caravans, which effectively amounts to seizing their homes and all their worldly possessions. The measure is clearly discriminatory and disproportionate. The consequences of these measures will be devastating for Gypsy and Traveller families – suddenly without a home or possessions and with the lead family member thrown into the criminal justice system. This will also have implications for Gypsy and Traveller families with children in Cambridgeshire, who may be at risk of entering the care system.

This Council resolves to:

- Express strong concerns about the provisions in Part 3 and Part 4 of the PCSCB Bill, which will have a significant impact on the UK Government's adherence to its international and domestic human rights obligations and which will also affect relations and trust in Cambridge with Gypsy and Traveller communities.
- Stand in solidarity with Traveller and Gypsy communities in Cambridge and continue to build trust and good relations with them.
- Write to the Home Secretary to express strong concerns about the provisions in the PCSCB bill which impact on civil liberties including the right to protest and peaceful assembly and in relation to the provisions targeting Gypsy and Traveller communities.
- <u>Change the approach to unauthorised encampments, from enforcement, to an approach which prioritises provision of sites and negotiated stopping arrangements.</u>
- <u>Seek to identify suitable transit sites within the City of Cambridge for Travellers to legally stop at, recognising the immense cultural importance of the City to the Traveller community.</u>
- <u>Explore with the Cambridge Biomedical Campus (CBC) team potential locations for a transit site to enable the close relatives of Travellers</u>

requiring medical care to have access to a legal transit site, as part of their conversation with local communities about the future of the CBC.

- Continue to work with neighbouring local authorities in Cambridgeshire to find solutions where it is found that there is a lack of legal sites and stopping places for GRT communities.
- Identify opportunities to work with the police to find best practice solutions to supporting Gypsy and Traveller communities when no legal site places are available and to enable them to move to safe stopping places.

On a show of hands the amendment was lost by 12 votes to 20.

Resolved (unanimously):

This council notes:

- The right to peaceful assembly and protest is a fundamental human right and a crucial part of our democratic society. The Police, Crime, Sentencing and Courts Bill (hereinafter "PCSC bill") undermines that right and represents a significant impingement on civil liberties. Additionally, the PCSC bill specifically targets Gypsy and Traveller communities, effectively criminalising their way of life.
- The provisions in part 3, concerning the right to protest and assemble, represent an unprecedented extension of policing powers which would effectively give both police and Government ministers the powers to ban or impose undue restrictions on peaceful protests, which interferes with the right to peaceful assembly, enshrined in international law. Many measures are neither proportionate nor necessary. The Bill also sets out to crackdown on explicitly nonviolent dissent - a form of protest which is clearly protected by the rights to freedom of expression and peaceful assembly. There is a huge risk of abuse of powers under the bill as it gives the Home Secretary unfettered power, to define "serious disruption" without parliamentary approval.
- The current version of the bill would also allow police to restrict static assemblies and vigils, rather than just moving demonstrations. A picket line outside a workplace, a sit-down protest or a solidarity vigil (like so many peaceful vigils held in Parker's Piece) could all be limited or banned if they are deemed to have an undue "impact" upon people. The whole point of demonstrations is to have an impact. If we think of some of the key moments in civil rights history, where change happened, it was through protests such as the civil rights movement in the US, the suffragette's movement in the UK or the women's strike in Dagenham factories which led to the equal pay act for women in the UK.

- The change in criminal threshold significantly lowers the standard to find someone guilty of a serious offence and the provisions are open to such wide-ranging and discretionary interpretation that they would almost certainly give rise to even more arbitrary and discriminatory approaches to how protests are managed. This may disproportionately impact on ethnic minority groups, who already experience disproportionality in the criminal justice system. The PCSC Bill also includes greater police powers to enhance stop and search– a tactic already used disproportionately against people of colour. The structural inequalities in the criminal justice system need to be addressed first, not exacerbated.
- It is a really serious criminal offence which includes fine up to £10,000 and 10 years in prison for causing “serious annoyance” for taking part in a noisy protest. There will be a huge deterrent effect in terms of participating in protests or vigils as a result of the potential to be imprisoned for lengthy periods of time. Amnesty International has warned about the possibility of this leading to prisoners of conscience in this country, as a result of the bill, with people locked up for years for engaging in peaceful protests. The sort of thing we see in dictator regimes in other parts of the world.
- Part 4 of the Bill contains measures specifically targeting Gypsy and Traveller communities, who are some of the most discriminated against and marginalised minority ethnic communities in UK society. Yet the new PCSCB Bill further targets them by criminalising trespass to land. These measures will further exacerbate inequalities and discrimination, pushing these groups into the criminal justice system as Gypsies and Travellers unable to pay a fine (£2500) could be imprisoned (three months).
- No family willingly stops somewhere they are not welcome, with no running water, waste disposal or electricity, and the way to resolve this is not by criminalising GRT families or by introducing anti-encampment landscaping in open spaces.,. The existence of encampments needs to be understood not only in terms of the age-old cultural traditions of Gypsies and Travellers, but in terms of the historic failure of government to properly meet their accommodation needs. The proposals are being put forward despite the existence of a range of other eviction powers for encampments, and despite alternative solutions such as negotiated stopping agreements.
- The new provisions also allow authorities to seize property and caravans, which effectively amounts to seizing their homes and all their worldly possessions. The measure is clearly discriminatory and disproportionate. The consequences of these measures will be devastating for Gypsy and Traveller families – suddenly without a home or possessions and with the lead family member thrown into the criminal justice system. This will also have implications for Gypsy and Traveller families with children in Cambridgeshire, who may be at risk of entering the care system.

This Council resolves to:

- Express strong concerns about the provisions in Part 3 and Part 4 of the PCSCB Bill, which will have a significant impact on the UK Government's adherence to its international and domestic human rights obligations and which will also affect relations and trust in Cambridge with Gypsy and Traveller communities.
- Stand in solidarity with Traveller and Gypsy communities in Cambridge and continue to build trust and good relations with them.
- Write to the Home Secretary to express strong concerns about the provisions in the PCSCB bill which impact on civil liberties including the right to protest and peaceful assembly and in relation to the provisions targeting Gypsy and Traveller communities.
- Continue to work with neighbouring local authorities in Cambridgeshire to find solutions where it is found that there is a lack of legal sites and stopping places for GRT communities.
- Identify opportunities to work with the police to find best practice solutions to supporting Gypsy and Traveller communities when no legal site places are available and to enable them to move to safe stopping places.

6c Councillor Porrer: Pesticide-free Motion
Councillor Porrer proposed and Councillor Payne seconded the following motion:

Council notes:

That it unanimously voted in favour of declaring a Biodiversity Emergency on 18th July 2019;

That this included reducing and removing the need to use pesticides on highway footpaths and verges, and to find viable and effective alternatives;

That the recent Biodiversity strategy focusses on open spaces but excludes roads, pavements and infrastructure which are still being treated with pesticides by council staff;

That with the changed control of the County Council, there is real opportunity to stop day to day pesticide use for weed management across our city within the next year.

Council resolves:

To commit to making two wards completely pesticide-free from now on as a trial, and making the relevant ward residents aware of this trial;

In order to do this, to commit to purchasing or hiring brush cleaning equipment to use in the pesticide free wards (and others where possible) with active involvement of Pesticide Free Cambridge representatives and frontline council staff to select the product, prior to the next planned round of treatments in 2021;

To report back to the Environment and Community Scrutiny Committee on the differences between the pesticide-free wards and those wards that are not pesticide-free, and on the use of the brush equipment before the start of the 2022 cycle of treatments. This would include information about operative time and savings or costs made, feedback from residents and operatives, and the level of any complaints or compliments;

To commit to publishing the planned dates of pesticide treatments by road/ward for the remainder of 2021 and thereafter on the council's website, allowing residents to find out when a treatment is planned. This is because it can take several days before it is clear that a pesticide treatment has been applied and residents need to be informed so that they can choose to avoid the area and to keep children and animals in particular away from the treatment sites;

To commit, in addition to the online listings, to displaying signage in situ on the relevant roads and pavements with dates of any herbicide treatments from 2022 onwards.

To commit to publishing the amount of pesticide used each month and the cost to the council;

To commit officer time to working with community groups who may wish to volunteer to clear their street spaces to avoid pesticide use;

To commit to making Cambridge City Council pesticide free by the end of 2022.

To publish a regular six monthly update to the Environment and Community Scrutiny Committee on any exceptional usage of pesticide (for example for Japanese Knotweed) and to establish a clear protocol for any such usage,

ensuring that the least harmful options are selected, including sign off by a senior manager before any use is permitted.

To commit to sharing the data on our trials with other councils considering similar trials and allowing an exchange of information (and visits if possible) for council staff to showcase and share Cambridge City Council's learning.

Councillor Collis proposed and Councillor Scutt seconded the following amendments to motion (additional text underlined, deleted text ~~struck through~~).

Council notes:

That it unanimously voted in favour of declaring a Biodiversity Emergency on 18th July 2019;

That this included reducing and removing the need to use ~~pesticides~~ herbicides on highway footpaths and verges, and to find viable and effective alternatives;

That the recent Biodiversity strategy focusses on city council owned open spaces but excludes county council assets including roads, pavements and infrastructure which are still being treated with ~~pesticides~~ herbicides by council staff;

The importance of working collaboratively and in partnership with the joint administration at the County Council to address herbicide use and ~~T~~that with, the changed control of the County Council, there is real opportunity to stop day to day ~~pesticide~~ herbicide use for weed management across our city within the next year.

Council resolves:

To explore the potential for making two wards completely herbicide-free at the earliest available opportunity on a trial basis, including;

- Carrying out a full assessment of the resources needed for any trial (which *may* include additional signage)
- Working with local communities in the wards identified to raise awareness of the trial and encourage participation / feedback, which *may* include the need for additional signage alongside other digital methods such as social media/ council website

~~To commit to making two wards completely pesticide-free from now on as a trial, and making the relevant ward residents aware of this trial;~~

In order to do this, to continue our assessment of the full range of alternative weed control options available (including but not limited to brush cleaning equipment) ~~commit to purchasing or hiring brush cleaning equipment~~ to use in the ~~pesticide~~ herbicide free wards (and others where possible).

To assess alternative options with active involvement of Pesticide Free Cambridge representatives and frontline council staff to select the product, prior to the next planned round of treatments in 2021;

To report back to the Environment and Community Scrutiny Committee on the differences between the ~~pesticide~~ herbicide-free wards and those wards that are not pesticide-free in any identified trial, and on the use of identified alternatives ~~the brush equipment~~ before the start of the 2022 cycle of treatments. This would include information about operative time and savings or costs made, feedback from residents and operatives, and the level of any complaints or compliments;
To explore the most effective methods of communicating with residents (and any additional resource implications) about any necessary herbicide applications, which *may* include the following commitments (both existing and additional);

- ~~To commit to~~ publishing the planned dates of ~~pesticide~~ herbicide treatments by road/ward for the remainder of 2021 and thereafter on the council's website, allowing residents to find out when a treatment is planned. This is because it can take several days before it is clear that a pesticide treatment has been applied and residents need to be informed so that they can choose to avoid the area and to keep children and animals in particular away from the treatment sites;
- ~~To commit, in addition to the online listings, to~~ displaying signage in situ on the relevant roads and pavements with dates of any herbicide treatments from 2022 onwards.
- ~~To commit to~~ publishing the amount of ~~pesticide~~ herbicide used each month and the cost to the council;

To commit officer time to working with community groups who may wish to volunteer to clear their street spaces to avoid ~~pesticide~~ herbicide use;

To complete a comprehensive assessment of the resources needed to ensure we can make ~~To commit to making~~ Cambridge City Council ~~pesticide~~ herbicide free by the end of 2022.

To publish a regular six monthly update to ~~the Environment and Community Scrutiny Committee~~ be included in the environmental reports already made to Area Committees on any exceptional usage of ~~pesticide~~ herbicide (for example for Japanese Knotweed) and to establish a clear protocol for any such usage, ensuring that the least harmful options are selected, including sign off by a senior manager before any use is permitted.

To commit to sharing the data on our trials with other councils considering similar trials and allowing an exchange of information (and visits if possible) for council staff to showcase and share Cambridge City Council's learning.

On a show of hands the amendment 19 votes to 12.

Resolved (unanimously) that:

Council notes:

That it unanimously voted in favour of declaring a Biodiversity Emergency on 18th July 2019;

That this included reducing and removing the need to use herbicides on highway footpaths and verges, and to find viable and effective alternatives;

That the recent Biodiversity strategy focusses on city council owned open spaces but excludes county council assets including roads, pavements and infrastructure which are still being treated with herbicides by council staff;

The importance of working collaboratively and in partnership with the joint administration at the County Council to address herbicide use and ~~T~~that with, the changed control of the County Council, there is real opportunity to stop day to day herbicide use for weed management across our city within the next year.

Council resolves:

To explore the potential for making two wards completely herbicide-free at the earliest available opportunity on a trial basis, including;

- Carrying out a full assessment of the resources needed for any trial (which *may* include additional signage)
- Working with local communities in the wards identified to raise awareness of the trial and encourage participation / feedback, which *may* include the need for additional signage alongside other digital methods such as social media/ council website

In order to do this, to continue our assessment of the full range of alternative weed control options available (including but not limited to brush cleaning equipment) to use in the herbicide free wards (and others where possible).

To assess alternative options with active involvement of Pesticide Free Cambridge representatives and frontline council staff to select the product, prior to the next planned round of treatments in 2021;

To report back to the Environment and Community Scrutiny Committee on the differences between the herbicide-free wards and those wards that are not pesticide-free in any identified trial, and on the use of identified alternatives before the start of the 2022 cycle of treatments. This would include information about operative time and savings or costs made, feedback from residents and operatives, and the level of any complaints or compliments;
To explore the most effective methods of communicating with residents (and any additional resource implications) about any necessary herbicide applications, which *may* include the following commitments (both existing and additional);

- publishing the planned dates of herbicide treatments by road/ward for the remainder of 2021 and thereafter on the council's website, allowing residents to find out when a treatment is planned. This is because it can take several days before it is clear that a pesticide treatment has been applied and residents need to be informed so that they can choose to avoid the area and to keep children and animals in particular away from the treatment sites;
- displaying signage in situ on the relevant roads and pavements with dates of any herbicide treatments from 2022 onwards.
- publishing the amount of herbicide used each month and the cost to the council;

To commit officer time to working with community groups who may wish to volunteer to clear their street spaces to avoid herbicide use;

To complete a comprehensive assessment of the resources needed to ensure we can make Cambridge City Council herbicide free by the end of 2022.

To publish a regular six monthly update to be included in the environmental reports already made to Area Committees on any exceptional usage of herbicide (for example for Japanese Knotweed) and to establish a clear protocol for any such usage, ensuring that the least harmful options are selected, including sign off by a senior manager before any use is permitted.

To commit to sharing the data on our trials with other councils considering similar trials and allowing an exchange of information (and visits if possible) for council staff to showcase and share Cambridge City Council's learning.

6d Councillor Bick: Winter Opening of Jesus Green Lido
Councillor Bick proposed and Councillor Dalzell seconded the following motion:

Noting the increased participation in outdoor swimming which has accelerated during the pandemic, and its recognised beneficial impact on wellbeing and mental health, council calls on the Executive Councillor for Communities to bring forward options for winter opening of Jesus Green Lido in consultation with GLL and the Friends of the Lido.

Councillor Sheil proposed and Councillor Scutt seconded the following amendment to motion (deleted text ~~struck through~~ and additional text underlined).
~~Noting the~~ This council notes that:

- There is increased participation in outdoor swimming, which has accelerated during the pandemic, and ~~its~~ which has a recognised beneficial impact on wellbeing and mental health.
- In April 2021, GLL expressed a wish to explore with the Council an extension of the season of the outdoor Lido beyond the traditional closing date in mid-September, and to keep the Lido open to run a reduced swimming programme over the winter months.
- Initial discussions were held between officers and GLL in May, and after being given the go-ahead by the Executive Councillor to further these discussions, officers have continued to work with GLL to explore both the feasibility of swimming in the Lido over the winter, and what an extended offer may look like.
- A general consultation questionnaire for swimmers at the Lido, The Friends of Jesus Green Lido, and other open water swimming groups,

has been designed, in order to gain feedback and assess levels of support.

- All feedback received will help further shape a final offer from GLL for continued outdoor swimming at the Lido.
- Details of a final programme will be announced by the end of the summer.
- Opening the Lido in the winter represents a significant undertaking and necessitates a great deal of work. It is therefore particularly praiseworthy that GLL and officers have put (and will put) so much time into this during such a difficult year.

~~council calls on the Executive Councillor for Communities to bring forward options for winter opening of Jesus Green Lido in consultation with GLL and the Friends of the Lido.~~

This council therefore resolves to:

- Thank GLL for bringing forward this proposal and GLL team and officers both for the feasibility work done so far and for the further consultation and feasibility work planned.
- Ask that the Executive Councillor and officers ensure that proposals made are compatible with the current contractual arrangements with GLL.
- Ask that a review of the trial is brought to a future Environment and Communities Scrutiny Committee.

On a show of hands the amendment was carried by 20 votes to 2.

Resolved (unanimously):

This council notes that:

- There is increased participation in outdoor swimming, which has accelerated during the pandemic, and which has a recognised beneficial impact on wellbeing and mental health.
- In April 2021, GLL expressed a wish to explore with the Council an extension of the season of the outdoor Lido beyond the traditional closing date in mid-September, and to keep the Lido open to run a reduced swimming programme over the winter months.
- Initial discussions were held between officers and GLL in May, and after being given the go-ahead by the Executive Councillor to further these discussions, officers have continued to work with GLL to explore both the feasibility of swimming in the Lido over the winter, and what an extended offer may look like.

- A general consultation questionnaire for swimmers at the Lido, The Friends of Jesus Green Lido, and other open water swimming groups, has been designed, in order to gain feedback and assess levels of support.
- All feedback received will help further shape a final offer from GLL for continued outdoor swimming at the Lido.
- Details of a final programme will be announced by the end of the summer.
- Opening the Lido in the winter represents a significant undertaking and necessitates a great deal of work. It is therefore particularly praiseworthy that GLL and officers have put (and will put) so much time into this during such a difficult year.

This council therefore resolves to:

- Thank GLL for bringing forward this proposal and GLL team and officers both for the feasibility work done so far and for the further consultation and feasibility work planned.
- Ask that the Executive Councillor and officers ensure that proposals made are compatible with the current contractual arrangements with GLL.
- Ask that a review of the trial is brought to a future Environment and Communities Scrutiny Committee.

6e Councillor Copley: Climate Change Task Force
Councillor Copley proposed and Councillor Bennett seconded the following motion:

This Council resolves to:

- Add our voice to calls for a joint local & national government Task Force to plan action to reach ‘net zero’ emissions.
- Write to Alok Sharma MP, President for COP26, the Prime Minister and the Leadership Board of the LGA informing them of our support for a joint Local/National Government Climate Change Partnership Taskforce and asking for one to be established as soon as possible.

Notes on the motion

1 Cambridge City Council’s Climate Change Strategy has an ambitious vision for Cambridge to achieve net zero carbon status by 2030.

2 This requires the co-operation of our national government, industry and regulators.

3 In 2018, at COP24, our national government made a commitment to having ‘domestic institutional arrangements, public participation and engagement with local communities’ so localities can play their part in delivering the UKs ‘Nationally Determined Contributions’ in the Paris Climate Agreement.

4 In May 2021 Alok Sharma MP, President of COP26 re-iterated this commitment;

> *"Governments, business and civil society (sometimes called ‘non-state actors’ and including local government) need to work together to transform the ways we power our homes and businesses, grow our food, develop infrastructure and move ourselves and goods around"*

5 The Local Government Association, the Association of Directors of Environment, Economy, Planning and Transport and other organisations have called for a joint local & national government Task Force to plan action to reach net zero emissions

6 Despite these agreements and statements, no action has been taken to set up any formal structure for such a partnership between local and national government.

7 Such a partnership can set appropriate regulations, benchmarks and targets and create robust long-term funding mechanisms. This is essential if local communities and economies are to decarbonise whilst remaining resilient and sustainable.

8 The Covid-19 pandemic has showed how important local action is and how rapidly local authorities can respond to major challenges, provided that they are fully supported by our national government.

9 Without such support, this council’s vision to achieve net zero carbon by 2030 is unlikely to be achieved.

Resolved (unanimously) to support the motion.

6f Councillor Flaubert: A 'Developers' Charter'
Councillor Flaubert proposed and Councillor Thornburrow seconded the following motion:

Council awaits the government’s response to the recent consultation on its white paper “Planning for the Future” and notes the widespread objections amongst communities locally and nationally about the direction of the proposals, including through our own detailed Greater Cambridge representation.

We share concerns about the pace of national delivery of new homes, but we do not believe the solution lies in robbing local government of its role in shaping development in its area with input from local residents, both through local plan-making and the ongoing management of planning applications. In this Cambridge has demonstrated considerable success over many years.

We see the proposed removal of the democratically accountable and transparent process for approving planning applications, in favour of new zoning plans granting automatic permission, as a 'developer's charter'. We regard this as seriously harming the chances of achieving local support for development and of integrating new homes and communities successfully. In particular we call for the protection of residents' rights to have their objections to individual planning applications properly considered before decisions are made.

The potential changes come on top of the government's recent expansion of 'permitted development' which this council has separately opposed, which enables significant changes of use of existing buildings without planning approval, irrespective of plans and prevailing standards for their wider areas.

Council calls on the government to pull back from its White Paper proposals and focus instead on refreshing powers of responsible local democratic decision-making and exploring ways of encouraging timely completion of projects for which developers have already gained consent. We request the Chief Executive to communicate this motion to the Ministry of Housing, Communities and Local Government and to the MPs who represent the Greater Cambridge area, calling on them for their support.

Resolved (unanimously) to support the motion.

21/33/CNL Written questions

Members were asked to note the written questions and answers contained in the information pack.

The meeting ended at 9.22 pm

CHAIR

HOUSING SCRUTINY COMMITTEE
23 SEPTEMBER 2021
5.30 – 8.24pm

Present: Councillors Bird (Chair), Sheil, Dalzell, S.Davies, Gawthrope Wood, Gilderdale, Lee, Pounds, Robertson

Tenant/Leaseholder Representatives: Diane Best, Diana Minns (Vice Chair), Mandy Powell-Hardy and Colin Stevens

Also present: Executive Councillor for Housing: Councillor Todd-Jones

RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR HOUSING COUNCILLOR TODD-JONES)

HOUSING REVENUE ACCOUNT (HRA)

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

The Housing Scrutiny Committee considered and approved by 6 votes to 0 the recommendations.

Accordingly, Council is recommended to:

i. Approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the officer's report, with the resulting position summarised in Appendix H, for decision at Council on 21 October 2021.
ii. Approve proposals for new 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, for decision at Council on 21 October 2021.
iii. Approve the revised funding mix for the delivery of the Housing Capital Programme, recognising the latest assumptions for the use of Grant, Right to Buy Receipts, HRA Resources, Major Repairs Allowance and HRA borrowing.

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Item

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2021/22

To:
Councillor Mike Todd-Jones, Executive Councillor for Housing

Report by:
Julia Hovells, Assistant Head of Finance and Business Manager
Tel: 01223 457248

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 (HRA) Medium Term Financial Strategy, considered and approved in September / October of each year is one of two long-term strategic financial planning documents produced each year for housing landlord services provided by Cambridge City Council.

1.2 The 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 national and local 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.

- 2021/22 and future year revenue budgets, resulting from changes in financial assumptions and the financial consequences of changes in these and the need to respond to unavoidable pressures and meet new service demands, as introduced in Section 5, detailed in Appendix D and summarised in Appendices G (1) and G (2) of the document.

2.2 Approve that delegated authority be given to the Strategic Director to be in a position to confirm that the authority can 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 21 October 2021.

2.4 To approve proposals for new 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 21 October 2021.

2.5 To approve the revised funding mix for the delivery of the Housing Capital Programme, recognising the latest assumptions for the use of Grant, Right to Buy Receipts, HRA Resources, Major Repairs Allowance and HRA borrowing.

3. Background

3.1. The Housing Revenue Account budget was set for 2021/22 as part of 2021/22 HRA Budget Setting Report, approving a net use of reserves in the year of £6,397,400.

3.2 This figure was amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2020/21 into 2021/22 as part of the closedown process for 2020/21. Following these changes, the increased sum of £13,995,700 was anticipated to be taken from reserves for the year.

3.3 The HRA Medium Term Financial Strategy revisits the assumptions made as part of the HRA Budget Setting Report and recommends both changes in these and in some areas of budgeted expenditure and income for 2021/22 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 As part of the HRA Medium Term Financial Strategy, the assumptions in respect of the delivery of a net 1,000 new homes over the 10 years following on from the 500 programme, have been updated. These now reflect the assumptions made as part of a bid to Homes England to secure strategic partnership status, which included delivering a net 1,000 council rented homes over this period alongside an element of re-provision of existing homes in the HRA and the development of shared ownership, rent to buy and market rented homes, to ensure financial viability. Although the grant bid was unsuccessful in strategic programme terms, the authority will instead bid under the Continuous Market Engagement process on a scheme basis.

3.7 Separate reports are presented as part of this committee cycle, seeking scheme specific approval for new build schemes at Aylesborough Close, St Thomas's Road and Paget Road. The HRA Medium-Term Financial Strategy has been constructed assuming that these schemes are given approval.

3.8 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.

3.9 As part of this covering report for the HRA Medium Term Financial Strategy, this is confirmed, and delegated authority is requested to allow the Strategic Director to continue to make this annual confirmation.

4. Implications

(a) Financial Implications

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 HRA Medium Term Financial Strategy incorporates proposals that would result in the recruitment of additional staff. All these posts will be advertised in line with the Council's recruitment policies and will not adversely impact any existing employees.

(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 2022/23 HRA budget process and preparation of the 2022/23 HRA Budget Setting Report.

(d) Net Zero Carbon, Climate Change and Environmental Implications

There are no adverse environmental implications anticipated as a result of changes proposed in this report. The inclusion of additional resource to extend the energy efficiency and sustainability pilot to retrofit 50 homes in 2022/23 will have a positive environmental impact for these dwellings.

(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 2020)

(b) Housing Revenue Account Budget Setting Report (February 2021)

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, Assistant Head of Finance and Business Manager

Telephone: 01223 457248 or email: julia.hovells@cambridge.gov.uk.

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Council

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

October 2021

2021/22 to 2050/51

Cambridge City Council

Contents

Appendices

Section 1
Introduction and Local Context

Foreword by the Executive Councillor

The Housing Revenue Account has faced, and is facing, very significant challenges.

The coronavirus pandemic has resulted in serious social and economic costs, including multiple 'lockdowns' since March 2020, with consequences for the HRA income stream, housing management, and the business plan. And of course, the pandemic has also seen a rise in poverty in the city as residents find it harder to get work.

The climate and biodiversity emergency presents a great challenge, driving the need to build new homes, and to retrofit existing homes, to high energy efficiency standards and to aim to achieve net zero carbon wherever possible.

The government continues to pursue a path of austerity, offering totally inadequate funding and grant options to meet the scale of investment required to deliver energy efficient homes in the climate crisis context.

And it's easy to forget that Brexit is having an impact, with a shortage of labour and materials.

Cambridge City Council has met these considerable challenges head on.

The delivery of new council homes has exceeded expectations. The £70 million devolution-funded '500 homes' programme reached its target of 500 completions or start on site by March 2021 - a year early. Our housing stock is increasing, and we're creating new posts to support tenancy and building management demands.

Our '1,000 homes' programme for the next ten years has already started and, subject to securing Homes England grant funding, will be fully deliverable. Although our bid to become a Strategic Partner with Homes England was unsuccessful, we will instead apply through the Continuous Market Engagement process. Our house building programmes will significantly address the needs of those on our Housing Register, currently around 1,900 households.

We recognise the affordability crisis in Cambridge and we're determined that 'affordable' rents when applied to our new build programmes will be at no more than 60% of market rents or, if lower, the Local Housing Allowance rates, so that people who otherwise could not afford to live in our city can do so.

Our redeveloped and new-build council house programme already includes gas-free developments, Passivhaus eco-standard schemes (including Passivhaus standard flats planned for Aylesborough Close), and our first net zero carbon schemes, planned for St. Thomas's Road and Paget Road, subject to grant funding. We're also targeting a biodiversity net gain of 20% across the '1,000 homes' programme.

Retrofitting existing stock commenced in Arbury and 150 1930's houses will be fitted with external insulation and solar panels. A £5 million pilot in 2022-2023 to retrofit 50 homes across different housing types to net zero carbon will help provide an evidence base demonstrating the capacity and cost involved with which to lobby government.

Whilst rental income and RTB receipts can support the borrowing required for the new build programmes, this is not possible for the retrofit programme and government has to step up and provide a national investment strategy. Significantly more external grant and funding options are required to help meet net zero carbon goals as the council cannot invest and borrow to meet the scale of the retrofit challenge without seriously compromising the viability of the HRA Business Plan.

Nevertheless, we are committed to increasing capacity to support the energy efficiency programme and other necessary works. A permanent Energy Assessor post, three surveyor posts focussing on energy improvements, structural works and decent homes works, and a fixed term asbestos surveyor are built into the HRA MTFS.

The coronavirus pandemic has had an impact on investment in our stock, particularly internal work, with planned works and maintenance and the decent homes programme suffering from unavoidable delays and the necessary re-phasing of budgets. However, the percentage of our stock at decent homes standard has been improved (to 96%) with external structural work, based on stock condition and structural surveys, fire safety works, and estate improvements built into the investment programme. Budget requirements are met by sensible use of reserves and delivery efficiencies, and not by cutting services or programmes.

The council continues to support those affected by Universal Credit and benefit changes and tenants who have fallen into rent arrears, particularly as a result of the coronavirus pandemic. We're committed to ensuring that no tenant struggling with their rent as a result of the pandemic is evicted. We've created a dedicated Assistant Housing Officer post to provide additional support for tenants.

We are also proud of our support for people experiencing homelessness and those sleeping rough, including our development of the 'Next Steps' programme, and our plan to deliver more 'POD' modular homes.

I'd like to thank officers and our tenant and leaseholder representatives for their continued commitment and support. In particular, following structural surveys that identified the risk of disproportionate structural collapse in the extremely unlikely event of a gas explosion at Hanover and Princess Court, and Kingsway Flats, the swift action and reassurance given to residents in making the three blocks of flats safe was hugely appreciated by everyone concerned.

Councillor Mike Todd-Jones

Executive Councillor for Housing

Background and Executive Summary

The Housing Revenue Account (HRA) 30-Year Self-Financing Business Plan, originally approved in February 2012, is reviewed twice each year, with the Housing Revenue Account Medium Term Financial Strategy being the first of these biannual updates.

The report considers any required change in financial strategy, policy or direction of travel for the business, following review of key assumptions and consideration of any material internal or external changes, to ensure a long-term financially viable Housing Revenue Account. Both revenue and capital investment are reviewed, with the impact of any proposed changes clearly identified. A review of strategic risks facing the HRA is presented at **Appendix A**. The HRA Medium Term Financial Strategy reviews and re-states the budget for the current year, 2021/22, highlighting only significant or exceptional in-year changes for approval, reviews and updates financial assumptions and presents updated projections for the following 9 years from 2022/23 to 2030/31, in the context of the 30-year plan.

This report is being prepared whilst the longer-term social and financial impacts of the coronavirus pandemic are still unclear. A number of assumptions are therefore based upon less knowledge or historical evidence than would usually be the case. Where assumptions have been made in this regard, it has been made clear that this is the case.

The initial impact of the coronavirus pandemic in 2020/21 was not as significant as anticipated, with the initial steep increases in rent arrears contained from June 2020 onwards. Future financial forecasts, however, do need to take account of potential longer-term impacts in not only residents' ability to pay rent and maintain their tenancies, but also potential building material shortages and associated price rises and the new ways of delivering services that have evolved since March 2020.

To allow the continued delivery of new homes, it will be necessary for the HRA to borrow significant resource over the next few years, and it is critical though that any borrowing can be fully supported, and that it doesn't detriment the financial stability of the longer-term HRA Business Plan.

This iteration of the HRA Business Plan includes the assumption that the HRA will deliver 1,000 additional rented homes over the 10-year period after the Devolution 500+ Programme has concluded. The assumptions currently incorporated are in line with a bid that was submitted to

Homes England in May 2021 to secure Strategic Partnership status in respect of grant and the delivery of new affordable homes, Although the Strategic Partnership bid was unsuccessful, the assumptions have been broadly retained assuming the authority will apply through the Continuous Market Engagement process and bid for grant on a scheme by scheme basis, with delivery timings to be reviewed as part of the HRA Budget Setting Report in January 2022. The grant bid assumed the delivery of an element of rent to buy, shared ownership and market housing alongside the rented homes to ensure financial viability and an appropriate tenure mix on larger sites, with these alternative products assumed to be let outside of the HRA. The HRA will need to borrow significantly to make this level of investment possible. The approach to earmarking resource in the business plan is retained, based upon a number of key assumptions, but noting that the detailed programme, as it is brought forward for decision may contain a different mix of site types, scheme compositions, build standards, delivery vehicles and grant levels, all of which will necessitate ongoing review of costs and the associated borrowing. As the programme is developed, existing HRA sites, land acquisitions, off the shelf purchase opportunities and joint venture developments will be explored. This detail will allow the authority to determine the build standard which each site can be built to, taking into consideration any site constraints. The success of the authority in obtaining grant to support the delivery of these homes is still key, and failure to obtain grant would necessitate a significant reduction in build standard and / or build programme.

Timetable

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

Date	Task
2021	
23 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in any recommendations to Council
21 October	Council considers HRA Medium Term Financial Strategy
2022	
20 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
24 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	Actual Stock Numbers as at 1/4/2021	Estimated Stock Numbers as at 1/4/2022
General Housing – Social Rent	6,055	6,015
General Housing – Affordable Rent	409	512
Sheltered Housing	513	513
Supported Housing	17	17
Temporary Housing (Individual Units)	66	79
Temporary Housing (HMO's / EA)	24	24
Miscellaneous Leased Dwellings	19	19
Shared Ownership Dwellings	96	94
Total Dwellings	**7,199**	**7,273**

Property Type	Actual Stock Numbers as at 1/4/2021	Estimated Stock Numbers as at 1/4/2022
Bedsits	95	95
1 Bed	1,719	1,772
2 Bed	2,519	2,537
3 Bed	2,238	2,241
4 Bed	106	106
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	513	513
Total Dwellings	**7,199**	**7,273**

Leasehold Stock

At 1st April 2021, the Council retained the freehold and managed the leases for 1,190 leasehold flats.

Housing Stock Changes

The table below compares reductions in the general housing stock (excluding shared ownership homes) 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
2020/21	7,106	(16)	(57)	0	70	7,103
2019/20	7,084	(29)	(14)	10	55	7,106
2018/19	7,103	(27)	(2)	(1)	11	7,084
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
Total		(383)	(267)	0	463	

Section 3
The National Policy Context and External Factors

External Factors

It is critical, as part of this strategic report, that all financial assumptions are reviewed, including taking account of external factors outside of the authority's control and that the financial projections are adjusted in light of any changes or trends in these. There has been an impact on the economy as a result of the coronavirus pandemic, and this results in continued uncertainty in the forecast of external factors in this iteration of the HRA Business Plan.

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

Inflation Rates

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). The last 18 months has been particularly volatile, with rates ranging from 0.2% to 2.1% over this period. Inflation rates fell during the early stages of the coronavirus pandemic, to 0.2% by August 2020, but have fluctuated up and down since then, with a rate of 2.0% by July 2021.

The Bank of England's Monetary Policy Report of August 2021 forecasts a level of CPI in quarter 3 of each year at 2.7% for 2021, 3.3% for 2022, 2.1% for 2023 and 1.9% by 2024. The over-arching view is that inflation will return to the target of 2% and will then fluctuate around the target level in the medium term.

The Office of Budgetary Responsibility (OBR), in their Economic and Fiscal Outlook in March 2021, forecast an increase in CPI during 2021, to return to nearer the target level of 2%, again fluctuating close to this level for the medium term.

Continued economic uncertainty, as a result of a combination of factors including the impact of our exit from the European Union and the longer-term effects of the coronavirus pandemic, make it difficult to make accurate predictions, but taking account of the views of both the Bank of England and the OBR it is considered appropriate to retain the assumption that inflation will ultimately sit at the target level of 2% in the HRA business planning assumptions from 2022/23 onwards. This will be reviewed again as part of the HRA Budget Setting Report in January 2022.

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. The Fosters contract is a lump sum priced contract, which adopts CPI as the measure of inflation. The TSG contract, which is a target price contract, is due to expire in November 2022, with a procurement underway to identify a suitable contractor. Although the basis for the new contract is not yet finalised, it should be recognised that the contract prices which the authority will initially receive are likely to be driven by anticipated increases in the building cost inflation indices and the industry predictions of what might happen to these over the minimum 5-year contract term. Other specialist contractors will price work on a project basis, also taking account of industry forecasts.

The latest projections for the BCIS Index over the next 5 years currently predict a growth rate of 3.7% by 2022, with forecasts of 3.8%, 4%, 4.1% and 3.9% over the following 4 years. Taking an average of these rates of growth for the forecast three years gives rise to an annual increase of 3.9%.

On a similar average basis, the assumptions we are adopting for CPI over the same period are 2%, a difference of 1.9%.

Recognising that existing contractor's prices will be driven by CPI and any new planned maintenance contractors are likely to set prices based upon the building industry inflation projections, the assumption has been made that 50% of the work programme will be subject to the BCIS indices and 50% by the rate of CPI for the next 5 years. A blended rate of 2.95%

(CPI plus 0.95%) has therefore been incorporated into the business plan forecasts for this period, reverting to standard CPI after this,

Pay inflation has been retained at 2% per annum from April 2022 onwards, but the allowance for incremental progression has been reviewed based upon the average percentage value of an increment and the incidence of increments awarded as at 1/4/2021. This review has resulted in the budgetary allowance being reduced from 1.5% per annum to 1% per annum, recognising the latest staff retention figures and the number of staff who are paid at the top of their pay scale.

Interest Rates

The Housing Revenue Account is entitled to claim a proportion of interest earned on cash balances invested by the authority. The rate of interest assumed for 2021/22 in the HRA Budget Setting Report was 0.6%, based upon the HRA clawing back interest from the General Fund on investments with minimal risk. This recognises that the General Fund bears the risk, but also benefits from the reward, of the higher risk investments made by the Council.

The Bank of England base rate fell to 0.1% in March 2020 and has remained at that level throughout the coronavirus pandemic. The next review is due on 23 September 2021. The continued low base rate results in corresponding low rates available for the authority for its investments.

The actual average rate of interest earned on investments that benefited the HRA for 2020/21 was 0.63%, However, since then the average rate earned on investments has fallen further to around 0.2% The HRA Medium Term Financial Strategy has therefore been constructed on the basis that the HRA claws back interest at a reduced rate of 0.2% for 2021/22, returning to 0.6% from 2022/23 on an ongoing basis. The interest rate assumptions are included in **Appendix B**.

In respect of existing HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board of £213,572,000 remains, with rates of between 3.46% and 3.53%.

With no cap on HRA borrowing, subject to financial viability and the ability to support the borrowing, the authority can borrow to invest in the provision of affordable housing with no external financial constraint.

The key risk to the HRA's ability to borrow remains the latest Local Authority Investment Guidance which states that any authority making an investment that is classified as an 'investment asset primarily for yield', will not be able to access loans from the PWLB in the financial year in which it makes this investment. Local authorities need to submit a 3 year capital investment strategy / plan to be able to borrow, and the Section 151 Officer needs to certify that none of the capital projects are classified as investments primarily for yield. Investment in housing, regeneration, preventative action (ie; buying an asset of community value) and treasury management (ie; re-financing existing debt) are acceptable, but investment for yield, such as investment in land or buildings to be let at market rates is prohibited. There is therefore the potential for any investment decisions made by the General Fund to detriment the HRA's ability to borrow from the PWLB in any given year. This would not stop the HRA borrowing but would mean that an alternative lending source would need to be identified, with rates potentially not being as preferential.

Any transfer of land between the General Fund and the HRA to allow development continues to impact the HRA Capital Financing Requirement, effectively increasing borrowing. Although there is now no cap on borrowing, such decisions must still be made in the knowledge of the revenue impact of transferring the land. The outcome of a government consultation which sought to allow the transfer of land between funds at nil value has concluded not to make this change due to the potential impact on Council General Funds, and therefore general Council services nationally.

The assumption is made that additional borrowing is externalised, with updated PWLB maturity loan rates for loans of a 30-year duration used. Since the last update of the HRA Business Plan in January 2021, there has been some fluctuation in PWLB lending rates, with the rates at the time of the first draft of the report standing at 2.27%, compared with the previous 1.89%. The rates have since fallen again to some degree.

Subject to having submitted a 3-Year capital Spending and Financing Plan, which is now a pre-requisite to be able to borrow from the PWLB, the standard lending rate could be reduced by 20 basis points, with a Certainty Rate of 0.2% lower therefore available to the authority. There is no guarantee that this reduction will remain indefinitely.

To mitigate the daily rate fluctuations in PWLB rates, this iteration of the business plan adopts forecasts made by Link, the Council's treasury advisors, who project that PWLB lending rates will vary between 2.2% and 2.6% over the next 3 years.

Based upon these projections, a revised average rate of 2.4% has been incorporated into any borrowing assumptions from 2021/22 onwards, excluding any assumption that the Certainty Rate will continue in the long term, for prudency. It should be noted that the PWLB rate is reviewed and can change twice each day.

Right to Buy Sales

In 2020/21, 65 right to buy applications were received and recorded, compared with 64 in 2019/20. A total of 44 applications have been received in the first 4 months of 2021/22. This demonstrates a continued steady interest in the scheme, which seems to have accelerated slightly in 2021/22 to date, potentially as a result of the end of the lockdown period and the potential emergence from the pandemic.

In 2020/21, 16 of the applications proceeded to completion of the sale of the property, compared with 29 in 2019/20. This was deemed to be lower as a result of the coronavirus pandemic and associated periods of lockdown. In the first 4 months of 2021/22, 6 sales have completed, but delays are deemed to be due in part to the backlog of searches, surveys and legal activity caused by the stamp duty holiday, which expired at its most generous level at the end of June 2021.

It is difficult to predict future sales, particularly whilst there is still such uncertainty in the economy and any period of recovery. It is considered prudent to retain the assumption of 25 sales for 2021/22 and beyond, as although completions have been marginally lower in the

year to date, interest in the scheme does appear to have increased, which may result in more completions in the latter part of the year.

Right to Buy Receipts

At 31 March 2021, the authority held £7,333,432.89 of right to buy receipts under the retention agreement with CLG.

The reinvestment of retained right to buy receipts continues to need to be combined with the Devolution Grant, the Council's own resources, or through borrowing and not on replacement dwellings or dwellings receiving any other form of public subsidy.

The authority is currently still unable to directly use 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 units financed using retained right to buy receipts.

With the Bank of England base rate currently at 0.1%, any penalty interest payable on receipts not re-invested appropriately is currently at a rate of 4.1%.

In March 2021, the government published the long-awaited response to their consultation on the use of right to buy receipts. The outcome of the consultation has resulted in the following changes to the pooling regime:

- Extension of the spending deadline from 3 to 5 years for all currently held and future receipts, with annual reporting instead of quarterly to reduce the administrative burden.

- Increase in the level of right to buy receipts which can be used to finance a new home from the previous cap of 30%, to 40% to make it easier for local authorities to build social rented homes rather than affordable rented homes.

- Introduction of a cap on the percentage of retained right to buy receipt investment that can be used to fund acquisitions, with a cap at 50% for 2022/23, 40% for 2023/24

and 50% from 2024/25. The first 20 units of delivery in any year will be excluded from the cap.

- Extension of the use of right to buy receipts to allow funding of shared ownership homes as well as rented.

The government concluded not to allow land held by the General Fund to be transferrable to the HRA for the delivery of affordable homes at zero value, nor to allow the transfer of receipts to be used by a housing company or ALMO.

Appendix C summarises the latest position in respect of receipts held and appropriately re-invested. The authority has avoided breach of any re-investment deadlines to date, with sufficient resource invested to avoid any penalty until after June 2023 under the new regulations.

With the extended timescales for reinvesting receipts, all newly arising receipts will be automatically retained at the end of each quarter. If the authority moves into a position that receipts are being held with less than 12 months before any penalty would be incurred, decision to retain or pay over receipts will revert to the Head of Finance, in consultation with the Strategic Director, taking into consideration any need to borrow to appropriately re-invest the resource and the implications of this on the business plan. The Executive Councillor for Housing will be informed if the recommendation were to be to pay receipts directly back to Central Government.

The Strategic Director retains a delegation to draw down funds from HRA ear-marked reserves to acquire homes on the open market, if required, to ensure that investment is made well in advance of the prescribed deadlines.

National Housing Policy

National Rent Setting Policy

Local authority rents continue to be regulated by the Regulator of Social Housing, alongside housing associations and other registered providers.

The latest regulations (April 2020) include:

- Rent increases limited to an increase of up to CPI plus 1% from April 2020 for 5 years, with properties below target rent levels still waiting until they are vacated to be moved directly to target rent.
- Target rents continue to be set with reference to January 1999 property values.
- The 5% flexibility remains, but with the policy wording amended to require a clear rationale for using the flexibility which takes into account local circumstances and affordability.
- Affordable rent increases limited to a maximum increase of CPI plus 1% from April 2020, but with the ability to re-set the rent at up to 80% of market rent upon re-let.

Social Housing White Paper (Charter for Social Housing Residents)

The Social Housing White Paper 'The Charter for Social Housing Residents' published on 17 November 2020, aims to rebalance the relationship between social landlords (both local authorities and housing associations) and tenants.

The charter set out what every social housing tenant should be able to expect:

- To be safe in your home – working with industry and landlords to ensure every home is safe and secure;

- To know how your landlord is performing, including on repairs, complaints and safety, and how it spends its money, so you can hold it to account - empowering residents, ensuring voices are heard and landlords are held to account;
- To have your complaints dealt with promptly and fairly, with access to a strong Ombudsman who will give you swift and fair redress when needed;
- To be treated with respect, backed by a strong consumer regulator and improved consumer standards for tenants;
- To have your voice heard by your landlord, for example through regular meetings, scrutiny panels or being on its Board. The Government will provide help, if you want it, to give you the tools to ensure your landlord listens;
- To have a good quality home and neighbourhood to live in, with your landlord keeping your home in good repair;
- To be supported to take your first step to ownership, so it is a ladder to other opportunities, should your circumstances allow.

Although much of the responsibility for delivering against the charter sits with the landlord, the Regulator of Social Housing has been asked to lead in the provision of a strengthened consumer regulation regime, which will build upon the existing regulation that landlords are subject to and will also encompass health and safety responsibilities. There is an expectation of regular regulatory engagement with the Regulator of Social Housing to facilitate this.

The new social housing consumer regulation regime must:

1. Make a meaningful difference to tenants
2. Be deliverable by landlords, whether housing association or local authority landlords
3. Be able to be effectively regulated

To implement the changes, the Regulator of Social Housing will focus on:

- changes needed to the consumer standards that all social landlords will be required to meet
- the proactive consumer regulation activity (including, for example, a programme of inspections as outlined in the White Paper) through which the RSH will monitor and assess whether standards are being met; and

- agreeing a set of tenant satisfaction measures that will both inform regulation and help tenants hold their landlords to account.

To implement the new regime, changes to legislation will be required, and the Regulator of Social Housing expects to work with stakeholders, including local authorities and tenants, to make sure that new social housing consumer regulation is fit for purpose.

Whilst implementation of the new consumer regulation regime is expected to take time, landlords can act now to start delivering the required outcomes as set out in the Housing White Paper.

Welfare Reforms

Universal Credit

Universal Credit full service in Cambridge started 17th October 2018. New tenants, and existing tenants who have a change in circumstances, need to apply for Universal Credit. To support existing Housing Benefit claimants (unless temporary or supported accommodation) with the transition to Universal Credit, an additional payment of two weeks Housing Benefit is made.

Tenants in temporary, specified or supported accommodation continue to receive Housing Benefit for their housing costs.

Cambridge City Council are working with partners and the local Jobcentre Plus, including funding a post in the Jobcentre to provide Personal Budgeting Support (PBS). This arrangement has allowed significantly more claimants to receive support in making claims.

From April 2019, the DWP has been funding Citizens Advice through a national partnership to assist people with applying for Universal Credit. However, this does not include the PBS currently funded by Cambridge City Council. The coronavirus pandemic saw an increase in the number of tenants transitioning to Universal Credit as individual's circumstances changed, and nationally there was a steep rise in the number of claims overall.

The authority had 1,750 HRA tenants claiming Universal Credit at the end of June 2021.

Between now and December 2023, a process of managed migration will move the remaining Housing Benefit claimants to Universal Credit. Details of exactly how and when are still being considered by government.

Other Benefit Changes

The Benefit Cap continues to impact residents, with Cambridge Citizens Advice and Cambridge Housing Society, providing support to help those affected into work. Others receive short term Discretionary Housing Payments (DHPs) to support them until they are able to improve their circumstances.

A steady number of residents are still affected by the removal of the spare room subsidy, with DHPs also used to support this group.

The HRA maintains a budget, incorporated at £21,900 for 2021/22 to provide financial support and incentive to assist tenant in downsizing. In order to support more tenants to downsize using this funding, those in receipt of DHP are also eligible to have the removal costs associated with downsizing met through DHP funding, leaving the HRA funding available to support other tenants who wish to downsize.

Limiting the child element in a benefit calculation to two children continues to impact new claimants, or those making a change to their claim in this regard.

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 4 years from April 2018. The contract sum is fixed at £180,000 per annum.

Section 4

Revenue Resources – Rent and Other Income

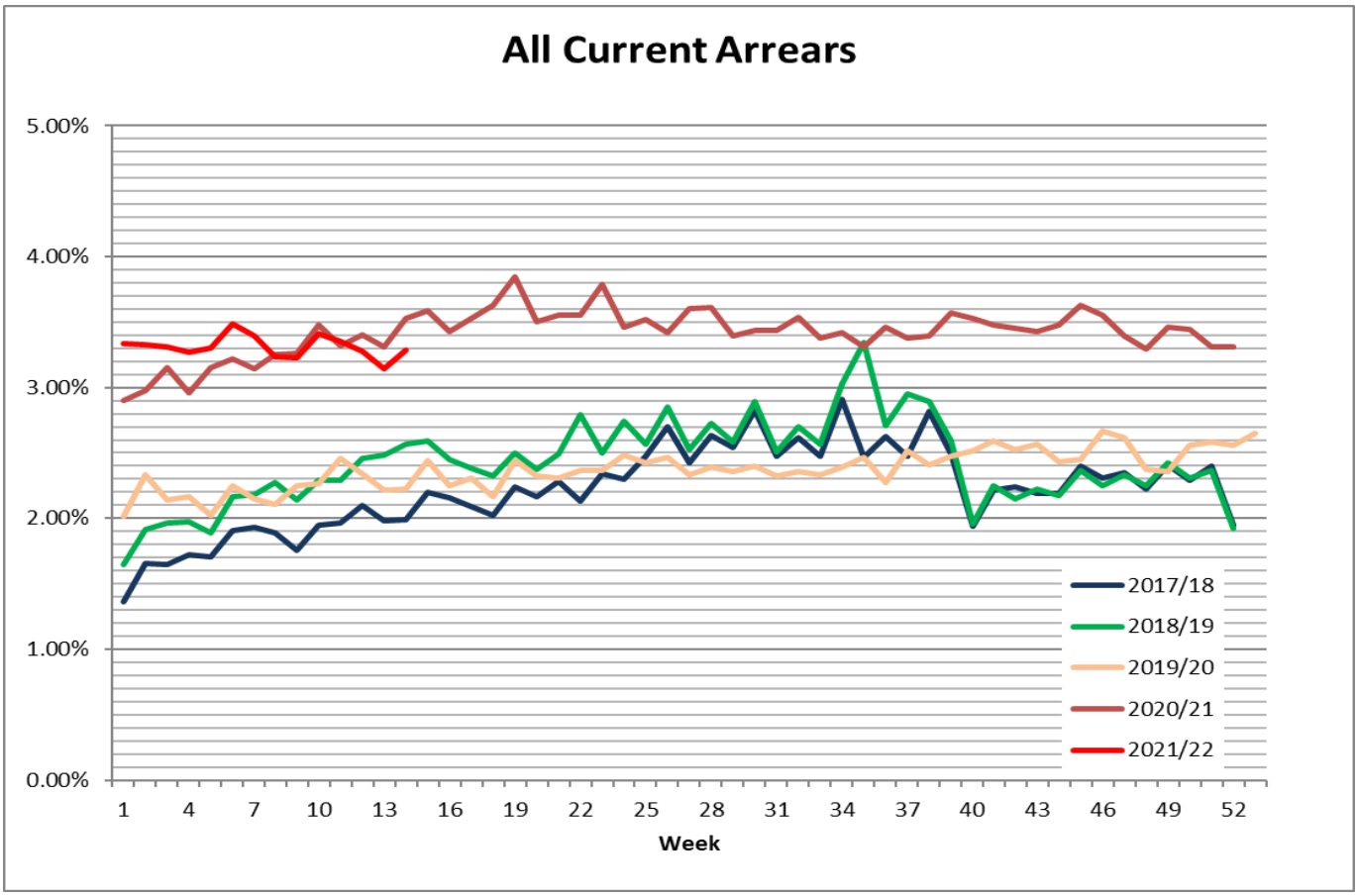
Rent Arrears and Bad Debt Provision

Rent collection performance was maintained during 2020/21 despite the difficult circumstances resulting from the coronavirus pandemic, with 98.9% of the value of rent due, collected in the year, compared with 98.8% in the previous year.

As a result of rent not collected however, arrears still increased significantly during 2020/21, with current tenant arrears of just under £1.4 million by 31 March 2021. 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)
31/3/2017	£645,398	1.63%	£728,050
31/3/2018	£779,904	1.96%	£871,620
31/3/2019	£776,961	1.93%	£932,156
31/3/2020	£1,091,161	2.7%	£915,885
31/3/2021	£1,374,167	3.3%	£925,982

Although an increase in current arrears of £283,006 was experienced during 2020/21, the level of increase was far lower than feared in the very early stages of the coronavirus pandemic, when worst case estimates of an increase of £1,140,930 in the bad debt provision for 2020/21 was predicted.



The Income Management Team have worked extensively with tenants and financial support providers to mitigate the impact of the pandemic for both the tenants themselves and the authority, ensuring that tenants seek out all financial support available to them. The team have taken advantage of the Income Analytics software, implemented in June 2020, which facilitates improved arrears management. The ongoing impact for residents of moving to direct payment is being actively managed, with an Increase in the number of claimants transitioning over the past 12 to 16 months as a result of changes in circumstances.

Using the funding already included in the budget to support the transition from housing benefit to Universal Credit, an Assistant Housing Officer dedicated to work with tenants around Universal Credit, has been appointed on a permanent basis to support not only the initial transition but also to ensure that residents are supported to claim what they are entitled to in the future.

Arrears recovery proved challenging during 2020/21, with an inability to take legal action for the majority of the year. Staff have focussed on working proactively with both current and former tenants, in an attempt to recover sums due to the authority wherever possible. A focus is needed to effectively tackle former tenant debt, recovering sums where possible, and writing off debt where recovery has been exhausted.

Resource has been incorporated, as part of this Medium-Term Financial Strategy to allow the employment of a 12 month fixed term post dedicated to recovering, or failing that, writing off, former tenant debt.

The position in respect of rent arrears has increased further in the first 4 months of 2021/22, with an increase of £86,500 in total arrears by the 4 months to the end of July 2021. If this were to continue along the same trajectory throughout the year, an increase of £260,000 could be experienced by March 2022.

The annual contribution to the bad debt provision for 2021/22, based on 1.5% of rent due, was set at £588,580 in the HRA budget approved in January 2021. The assumption has been reviewed as part of this iteration of the business plan and taking account of the current economic situation and the level of increase in arrears in the early part of 2021/22, but also recognising the proportion of rent arrears that are ultimately expected to require write off, it is proposed to retain the current assumption of 1.5% for 2021/22 and beyond. This will be reviewed again as part of the HRA Budget setting Report in January 2022.

At 31 March 2021 the total provision for bad debt stood at £1,890,056.54 representing 82% of the total debt outstanding.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2020/21 was £613,999, representing a void loss of 1.58%, compared with £635,949 in 2019/20, representing a void loss of 1.68%.

The value of rent lost through void dwellings during 2020/21 was marginally lower than in 2019/20 but was still higher than the 1% target recognised as part of the 2021/22 HRA Budget Setting Report of January 2021.

Some of the key contributors to the higher void levels in 2020/21 remained the refurbished extra care and sheltered units at Ditchburn Place, where the coronavirus pandemic halted occupation due to the vulnerable nature of the client group (£60,000) and vacant homes on redevelopment sites where full vacant possession was delayed by the coronavirus pandemic (£113,000). Homes vacated on future approved development sites (£11,000) and temporary houses in multiple occupation where full letting was not possible due to the mixing of households prohibited as a result of the coronavirus pandemic (£34,000) also contributed.

If the impact of the irregular void transactions (detailed above) are removed from the statistics, the void performance in general voids for 2020/21 would have been 1.02%.

Void performance in the first quarter of 2021/22 saw a gross void loss of 1.47%, but still includes at this stage the ongoing impact of both our redevelopment programme and the coronavirus pandemic. As a result of this, it is recommended to adjust the assumption in general voids for the current year to 1.32%, assuming some recovery during the year, whilst retaining the longer-term assumption of 1% in the business plan from 2022/23 onwards.

Rent Setting

Rent levels continue to be set in January of each year, with the Executive Councillor for Housing having authority to make the decision, following pre-scrutiny by Housing Scrutiny Committee. From April 2020, for a period of 5 years, the authority returned to a position where rents can be increased by up to a maximum of inflation plus 1%, using the Consumer Price Index (CPI) at the preceding September as the measure of inflation.

Affordable Rents

In respect of affordable rented homes, the same inflation plus 1% ruling applies for existing tenants, with the ability to re-set the rent at up 80% of market rent when a property is vacated,

should the authority so choose. Affordable rents at up to 80% of market rent must combine both the rent and service charges levied for any property.

It has been local policy to limit affordable rents to the Local Housing Allowance level, which is notified annually in January of each year. In March 2020 the Local Housing Allowance was subject to a second annual increase in response to the coronavirus pandemic, but Cambridge City Council have not adopted this rate, but have instead used an inflated version of the pre-COVID rates to maintain affordability. The higher Local Housing Allowance level announced in March 2020 was frozen from April 2021:

Property Size	2020/21 LHA Rate January 2020	2021/22 LHA Rate April 2021 (frozen)	2021/22 Local LHA Rate (inflated by 1.5%)
Shared Room	81.89	97.00	83.12
1 Bed	135.99	178.36	138.03
2 Bed	156.40	195.62	158.75
3 Bed	181.75	218.63	184.48
4 Bed	242.43	299.18	246.07

The Greater Cambridge Housing Strategy and associated Affordable Rents Policy, approved at Housing Scrutiny Committee in June 2021, sets out the objective to ensure that rents do not exceed 60% of market rent or the published Local Housing Allowance level, whichever is the lower. The Council will adhere to this policy when setting rents for new homes in the HRA, unless any exception is relevant.

All local authority rent levels are now governed by the Regulator of Social Housing instead of being controlled by DWP through the limit rent system as they were previously.

Rent Restructuring and Social Rents

Property specific target social rents under the rent restructuring regime still apply.

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 continues to do this. The average target 'rent restructured' rent at the start of 2021/22 across the general housing stock was £106.13, with the average actual rent charged being £102.57. By April 2021, 31.3% of the social rented housing stock was being charged at target rent levels, compared with 29.5 in April of the previous year, so closing the gap remains a slows process.

The gap between actual and target rent levels in the general housing stock now equates to an annual loss of income of approximately £1,260,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement of 2012, where convergence was assumed.

There were 409 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance on 1st April 2021 and 23 affordable shared ownership homes.

Reserves

Housing Revenue Account General Reserves

Reserves are held to help manage risks, including changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock, unanticipated major repairs or events such as the coronavirus pandemic. The coronavirus pandemic highlighted the importance of maintaining a prudent level of reserves, allowing the authority time to respond to a crisis, without the need to make impulsive or ill thought through decisions.

A fire at Kingsway during 2020/21 is expected to result in a call on reserves of £250,000, as the cost of remedial insurance works will ultimately exceed this sum, and the authority is required to meet the first £250,000.

Reserves are also used to fund 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 are currently held at levels above target, to allow funding of 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 2020/21, and 2021/22 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	2020/21 £'000	2021/22 £'000
Budgeted Changes in HRA Reserves		
Opening General HRA Reserves	**(15,083)**	**(18,420)**
Original Budget (Approved in February)	3,998	6,398
Carry Forwards (Approved in June)	1,431	7,598
COVID-19 Inflation Review (Approved in June)	(282)	0
MTFS Mid-Year Review (Approved in September)	836	367
MTFS Mid-Year – Review of Ear-Marked Reserves	(396)	-
Budget Setting Report Revised Budget (February)	1	-
Estimated Closing General HRA Reserves	**(9,495)**	**(4,057)**
Actual Changes in HRA Reserves		
Opening General HRA Reserves	**(15,083)**	(18,420)
Prior Year Audit Adjustment	17	-
Actual Outturn variance for the Year (Reported in June and amended during final accounts process)	(3,354)	-
Contribution from Ear-Marked Reserves	-	-
Actual Closing General HRA Reserves	**(18,420)**	**-**

The original budget for 2021/22 approved a net call on general reserves of £6,397,400, and also incorporated use of £5,858,000 previously set-aside for potential debt repayment or re-investment, to allow a total revenue contribution to fund capital expenditure of £19,133,030 for the year. After approval of carry forwards, the use of sums previously set aside for potential

debt repayment or re-investment rises to £9,763,000, with a total revenue contribution to fund capital expenditure of £29,417,230.

The financial projections incorporated into this report include the effects of changes in capital scheme approvals and resources and approved carry forwards from 2020/21.

This iteration of the business plan includes changes in estimated dwelling and garage rental income for 2021/22, changes in service charge income, in interest due for the year based upon revised cash balance and interest rate assumptions, in the level of depreciation assumed to be chargeable to the HRA and in the bad debt provision required for the year, based upon the latest estimates. Changes have also been incorporated to reflect inclusion of funding for additional project and staffing resources as detailed elsewhere in this document and to include an officer to tackle former tenant arrears for a 12-month fixed term period.

The final general HRA reserves position reported for 31 March 2021 was £18,419,724.

The revised projection of the use of general reserves in the current year (2021/22) now indicates that there is expected to be a net call on reserves of £14,362,290, which would leave a balance of £4,057,430 at 31st March 2022.

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.

Appendix I details existing balances held.

Section 5
Detailed Review of Revenue Budgets

2021/22 Mid-Year Budget Virements

As part of the HRA Budget Setting Report in January 2021, resource was incorporated to allow the authority to increase staffing resource as property numbers increase. Although new homes are taken handover of throughout each year, the increase required in staffing resource is only reviewed incrementally. As part of this Medium-Term Financial Strategy, the resource that has been incorporated into the business plan from 2021/22 onwards Is now being formally allocated to create new posts as follows:

- Assistant Housing Officer (City Homes) 37 hours per week – to support tenancy management activity for new homes.
- Lettings Officer (Estates and Facilities) 15 hours per week – to support increased turnover in homes as a result of new build schemes.
- Application Support Officer (Finance, Application Support and Business Development) 37 hours per week – to support new IT applications such as Income Analytics, Accuserv, Asset, Customer Portal.
- Administration Officer (Estates and Facilities) 37 hours per week – to support back office void and repair activity driven by increased homes and customer self-serve functionality.

The resource already incorporated into the HRA budget from 2021/22 onwards will be vired to allow the creation of, and recruitment to, these new roles.

2021/22 Mid-Year Budget Changes and Ongoing COVID-19 Impact

As part of the HRA Medium Term Financial Strategy, there is not any 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 unavoidable items, or any major in-year changes in expenditure, income or financing arrangements as a direct result of changes in the capital programme.

It is also considered prudent to review budgets for the current year in light of any ongoing impact of the coronavirus pandemic, recognising that recovery may take longer than originally anticipated in some areas.

The bids and savings approved as part of the 2021/22 budget process have been reviewed, to confirm the deliverability of these in the current climate. At this stage in the year, it is anticipated that all bids and saving approved can be delivered and therefore no changes are proposed as part of this iteration of the business plan.

There are however, challenges in other areas of the Housing Service, in terms of both delivery of services and recovery of income, and as a result changes incorporated for 2021/22 as part of the mid-year strategic review include:

- Recognition that income of £28,120 in respect of garages will not be realised from 2021/22 due to demolition of garages to allow the creation of POD Homes. The termination of high value central Cambridge garage tenancies by businesses due to changes in the way people are working as a result of the coronavirus pandemic, is still impacting the current year, but it is hoped that the difficulties in re-letting these will be overcome during 2021/22.

- Allocation (virement) of resource already incorporated into the HRA Business Plan to allow for the recruitment of staff as identified above.

- Inclusion of £35,150 of resource to allow for the recruitment of a 12-month fixed term Former Tenant Arrears Officer, with funding to be split equally between 2021/22 and 2022/23 recognising the post is likely to be filled from October 2021.

- Inclusion of resource to allow the fixed term Energy Assessor post to be made permanent and to allow recruitment of 3 additional surveyor level posts for the remainder of 2021/22 and the following 9 years, to aid delivery of structural works, energy works, the decent homes backlog and overall increased programme size. It should be noted that these posts will be capitalised.

- Inclusion of resource of £54,000, split equally between 2021/22 and 2022/23 to employ an Asbestos Surveyor for 12 months, with the costs fully capitalised and funded by reducing the capital budget for asbestos, where the cost of inspections is currently met. Bringing this function in-house is anticipated to be more cost effective, and the 12-month trial will allow this to be demonstrated.

- Inclusion of a £20,000 budget in 2022/23 to meet the revenue costs of the project to procure a new planned maintenance contractor, following approval of the procurement at Housing Scrutiny Committee in June 2021.

- An increase in depreciation of £127,650 based upon the latest stock projections and depreciable asset values and remaining useful lives.

- A reduction in anticipated rental income of £160,530, recognising the ongoing impact of the coronavirus pandemic on the authority's ability to re-let vacant multi-occupied properties and to take handover of some of the new build homes anticipated in 2021 on time because of labour and materials shortages, with the impact of Brexit exaccerabting this. A proportion of the reduced rent income is offset by separately identifying service charges in new build homes at the point of handover with increased service charge income then accounted for.

- A net increase of £76,020 in respect of service charges and commercial property income for 2021/22, with service charges increasing by £77,950 and commercial

property income reducing by £1,930. Service charge income has increased as a result of increases from April 2021 to attempt to recover full costs, coupled with accounting for the income in respect of new build homes, where income is not split between rent and service charges until handover when final costs are known. Approximately £13,500 of the increase in service charge income offsets some of the reduction in rent income above.

- A reduction of £86,900 in the anticipated interest received on cash balances for 2021/22, with balances held higher due to underspending in 2020/21 combined with early receipt of the Devolution Grant funding from MHCLG and the Combined Authority, but with the anticipated interest rate falling from 0.6% to 0.2% for 2021/22.

- An increase of £22,540 in the budget for interest payable by the HRA so that the budget reflects the full sum payable on the HRA self-financing borrowing. This budget has historically been reduced to recognise interest due from the General Fund for short-term internal lending in respect of the purchase of the land at Cromwell Road, as the HRA financed some of the initial outlay. This interest income to the HRA is now reported in interest received.

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 continually being updated. An ongoing programme of inspections is carried out to increase the breadth and quality of this data to help inform strategic decision making.

The authority seeks to achieve the Decent Homes Standard as a minimum across its housing stock. The Decent Homes Standard ensures that a dwelling meets the current statutory minimum standard for housing (the Housing Health and Safety Rating System), is in a reasonable state of repair, has reasonably modern facilities and provides a reasonable degree of thermal comfort. The standard is currently subject to a review at national level, with the outcome awaited.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2021 at 96%, compared with 93% achieving the desired standard at 31 March 2020. There were 279 properties that were considered to be non-decent, in addition to 1,376 refusals, where tenants had exercised their right to decline the work being completed,

Stock Investment

The HRA approved an updated 5-Year Asset Management Strategy in September / October 2019.

From a delivery perspective planned maintenance investment is currently broadly split between two main contractors. Foster Property Maintenance are responsible for the delivery of the majority of external planned works to the housing stock, blocks and estates, whilst TSG Building Services deliver the majority of internal planned investment. The contract with TSG has been extended to November 2022, with approval given at Housing Scrutiny Committee in June 2021 to re-tender this contract over the coming months., The contract with Fosters runs until July 2022, with the potential to extend for a further 3 years. A significant amount of work is procured via one-off contracts and this includes large structural works projects and energy efficiency works.

As part of the Asset Management Strategy, a programme of new initiatives and actions was identified, which included aspirations to (subject to funding bids when costs have been quantified in some cases):

Initiative / Action	**Current Status**
Implement a new rolling programme of stock condition surveys so properties are inspected every five years	This commenced in 2019/20 but has been on hold for much of 2020/21 due to COVID-19. Surveys have resumed in July 2021 and a new programme is under development that takes account of footpath surveys and new build properties
Continue the programme of structural surveys of flats blocks and implement survey programme for older flats and houses with structural concrete elements	In 2021/22 detailed surveys are being carried out at Hanover and Princess Court, flats / maisonettes in the South Arbury area and Fanshawe and Davy Road flats
Reduce the electrical inspection cycle to five years in line with best practice	This has been implemented from April 2021 and a transition plan is under way
Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules	Implementation project in progress with target completion by December 2021

Develop a methodology which identifies high cost investment properties across the stock and calculates net present values – using new software in Orchard Asset	This will follow the implementation of Orchard Asset and the housing stock performance module.
Implement a programme of estate investment projects	Estate Investment Programme in progress over a 5-year period from April 2020
Establish a programme of re-inspection of asbestos containing materials and implement a new asbestos register based within Orchard Asset	A new Risk and Compliance team is now in place to lead in this area, with an interim Risk and Compliance Manager and a fixed term Asbestos Officer in post. The new team are progressing this action
Implement an annual programme to inspect fire doors to flats and communal areas (including the replacement of non-compliant fire doors)	A fire door inspection programme has been procured and mobilisation is underway. There are 5,000 doors on the inspection schedule
Review maintenance requirements for flat roofs and sheds replacement and repair	A programme has been identified and implemented from April 2021
Develop a replacement programmes for lifts, door entry systems, communal entrance doors, fire systems, automatic doors, and communal lighting	Programmes of work have been implemented, and began in 2020/21
Review the cyclical decoration programme and reduce the external masonry painting programme to a 7- year cycle to tie in with the painting and repair cycle	This is complete and the new 7-year cycle has been implemented

Following on from the previous year's changes to fire risk regulations, dwellings are continuing to have heat and smoke detection upgraded and the Council are still on track to deliver these works before March 2022, however, due to the coronavirus pandemic and a level of no access into properties there may be some properties that rollover into 2022/23.

The procurement for the fire alarm at Kingsway has been undertaken; there are still some clarifications that the Council are awaiting response for, but the works are expected to be delivered by September 2021. Once the works are completed at Kingsway the Council will move forward with the delivery of works at Hanover Court and Princess Court.

As part of this iteration of the business plan, £5,000,000 has been ear-marked in 2022/23 to undertake fire compartmentalisation, and other fire safety works, in specific large flat blocks should the works be required.

There are planned works to emergency lighting being carried out at Ablemarle Way and Maitland Avenue valued at £84,000 which is slippage from the 2020/21 programme, compartmentation works in houses now converted to flats of £45,000, and additional fire safety works scheduled for 2021/22 at maisonettes above 4.5 meters high at £250,000 which will be completed by March 2022.

We are continuing the programme of structural surveys of flat blocks in order to implement a programme of work for older flats and houses with structural concrete elements. Work programmes are approved at Hanover and Princess Court, Hazelwood and Molewood Close, and a number of blocks of flats in the South Arbury Area. Structural surveys and investigations are planned at the Bermuda Terrace estate in 2022/23. As well as a programme of actual structural works, we are developing a programme of structural monitoring to check on blocks where structural works have been completed to ensure structural issues have not re-emerged.

The Council is fully committed to increasing energy efficiency, reducing the carbon footprint and improving sustainability across the asset portfolio, with the HRA stock representing a proportion of the portfolio.

Resource was identified in the budget for 2020/21, to begin a pilot programme of energy works and to collect the data required for the development of a more detailed programme of investment in improving energy efficiency and environmental sustainability across the housing stock.

Work started to identify and put in place measures to raise Council dwellings with the lowest energy efficiency ratings (EPC rating of E, F and G) to at least a C rating in 2020/21. We are also implementing projects to identify the work and associated costs to improve the energy efficiency of all our older solid wall properties (the majority of these are currently D rated.) A programme of works to 150 homes (1935 build type) to improve them to a B rating by undertaking external wall insulation and solar panels is currently underway. There are in the region of 1,000 further homes that could benefit from this investment, subject to proof of concept and approval of resource in future years. Work is underway to better understand the challenges posed by other building types in Cambridge, and what is possible in terms of improving the SAP rating (ideally to B), reducing carbon emissions and tenant bills.

Fielden and Mawson were engaged in 2020/21 to undertake a high level analysis of the options for improving energy performance in the housing stock. The housing stock at April 2020 was grouped into 7 broad archetypes, to allow investigation of the investment options and estimation of the costs of achieving each of these. Non-traditional properties and hostels were excluded from the initial exercise as the costs to achieve the desired standards in these were considered unpredictable with a need to explore these separately.

The costs to achieve 3 levels of improved energy efficiency and sustainability were explored, with Retrofit Plus assuming high levels of fabric performance, Gas fuelled heating and hot water, solar technology and continuous mechanical extraction. EnerPHit assumes ultra-high levels of fabric performance, heat pumps for heating and hot water, solar technology and mechanical ventilation and heat recovery. Net Zero carbon assumes ultra-high levels of fabric performance, heat pumps for heating and hot water, solar technology and mechanical ventilation and heat recovery, achieving a dwelling emission rate of 0kg CO2/m2.

To achieve any of these improved levels of energy efficiency, significant investment will be required, with the table below highlighting estimated costs of between £367 million and £513m depending upon the option selected. It should be noted that these costs are based upon the draft report from Fielden and Mawson.

Archetype	Description	Retrofit Plus	EnerPHit	Net Zero Carbon
1	2 Bed Maisonette	18,385,640	24,209,640	22,207,640
2	1 Bed Low rise flat	106,399,470	145,021,970	145,684,070
3	1 Bed Medium rise Flat	44,137,110	63,612,700	57,746,310
4	1 Bed Post War Bungalow	11,204,490	15,112,790	16,638,490
5	2 / 3 Bed Semi Pre 1945	103,653,020	146,610,220	151,566,820
6	2 / 3 Bed semi-detached Post 1945	74,963,050	105,329,050	105,570,050
7	2 Bed Terrace Pre 1945	9,054,440	12,039,240	13,416,840
Total		367,797,220	511,935,610	512,830,220

- Excludes 521 non-traditional properties with varying construction types and retrofit challenges that have not yet been investigated or costed.

The challenge facing the Housing Revenue Account is how to finance this required level of expenditure. The HRA does not have sufficient resource to meet this commitment and either needs to secure external financial support in the form of grants or government funding or to consider borrowing. The HRA has a significant amount of borrowing planned to facilitate the delivery of new homes, but the cost of new build borrowing is met from the rental income provided by the new homes. In respect of borrowing to finance energy works in the existing housing stock, it is foreseen the works would have no impact on the level of rent charged and therefore any additional resource to support the new borrowing. The only scope to increase social rents in recognition of this investment, would be to utilise the 5% flexibility that exists as part of the rent restructuring target rent formula, but this would only generate a fraction of the resource required to support the required borrowing, and would only be applicable at tenancy change.

Some local authorities and other housing providers are considering levying a 'comfort' charge as a service charge alongside the rent, recognising not only the investment being made by the landlord, but also the anticipated reduction in utility bills that will be realised by the tenant. However, to recover the average investment required to retrofit a property to Net Zero Carbon

over a 30-year period, the authority would need to levy a weekly service charge of approximately £50.00, which would exceed the anticipated utility saving for the tenant.

Using the analysis provided by Fielden and Mawson, officers have modelled the impact of borrowing to deliver each of the 3 options over the period to 2030 and once this proved financially unviable, another option to deliver Net Zero Carbon in only those properties in the above data set that have an assumed EPC 'D' rating. It should be noted that many of the excluded non-traditional properties will also be 'D' rated.

Energy Investment Option	Up-Front Investment	Total Increased Borrowing Required	Business Plan Impact
Retrofit Plus	367,797,220	685,481,000	Unable to set an HRA budget from Year 17, with borrowing required to pay interest on borrowing
EnerPHit	511,935,610	879,376,000	Unable to set an HRA budget from Year 9, with borrowing required to pay interest on borrowing
Net Zero Carbon	512,830,220	880,446,000	Unable to set an HRA budget from Year 9, with borrowing required to pay interest on borrowing
Net Zero Carbon – Assumed 'D' Rated Properties in above data only	145,597,290	298,206,000	Additional borrowing requirement over and above the initial investment of £150 million to allow delivery of existing commitments

Clearly the authority is not able to finance achieving Net Zero Carbon in all of its traditional build homes. It is evident, that even if the authority only tackles the 'D' rated traditional build

homes in the first instance, the HRA is not in a position to borrow to fund this level of investment without a significant negative impact on the future of the HRA.

As part of this HRA Medium Term Financial Strategy it is instead proposed to include a sum of £5,000,000 in 2022/23 to allow a pilot programme of 50 homes, both traditional and non-traditional build to be retrofit to achieve as near to Net Zero carbon as possible. This will achieve a number of objectives, it will allow the authority to prove whether the estimated costs in the Fielden and Mawson report are achievable, will allow time to lobby government and other bodies, backed by real evidence, in an attempt to secure external investment and will also allow further exploration of the potential to use the 5% flexibility in the rent restructuring formula and / or to introduce a 'comfort' charge for tenants. There is also a skills shortage in this industry currently, and the approach should also allow local providers to upskill their workforce.

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 2021.
- Re-phasing of expenditure anticipated to take place in 2020/21, into 2021/22 and beyond, as approved in June / July 2021.
- Update of the 30-year investment plan required to meet decent homes and allow other planned investment in the housing stock, based upon the current stock numbers and contract prices.
- Remove the budget of £975,000 ear-marked in 2021/22 for decent homes works to new build dwellings and adjust the sums held in future years, recognising that all properties bult up to 1/4/2021 have now been incorporated into the asset management 30-year investment plan review above.
- Adjust inflation budgets to recognise that the review of the 30-year investment plan has re-based contract prices at today's price.
- Transfer of £54,000 of resource, divided equally between 201/22 and 2022/23 from the Asbestos budget into Officer Fees to allow the recruitment of an Asbestos

Surveyor and the internalisation of some asbestos inspections to demonstrate that this will be more efficient and cost effective.

- Inclusion of £5,000,000 of resource in 2022/23 to allow a pilot programme of 50 full house retrofits to Net Zero Carbon or as near as can be achieved.
- Inclusion of £5,000,000 of resource in 2022/23 to allow fire safety works to flat blocks following fire safety reports, should the works be required.
- Increase in the capitalised officers' fees from half way through 2021/22, and for the following 9 years, to support the recruitment of 3 additional surveyor level posts to manage delivery of structural works and energy works, and the increased activity resulting from the inclusion of the decent homes backlog over this period.
- Re-allocation of £2,516,000 of decent homes backlog funding into the relevant expenditure budgets to recognise delivery in 2021/22 and re-phasing of the balance of the budget (£2,200,000) from 2021/22 into 2022/23 and beyond.
- Re-phasing of budget of £800,000 for heating works at Stanton House from 2021/22 into 2022/23, to allow these works to be considered alongside other investment needs in the scheme.

These, and other changes, are summarised in **Appendix E** and incorporated into the revised Housing Capital Investment Plan at **Appendix H**.

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, subsequent delegations and the future housing development programme.

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, to ensure prudency and to avoid reliance on a receipt that may not materialise.

During 2020/21, the HRA acquired three properties on the open market, outside of the existing HRA redevelopment programme and one which provided land for a proposed scheme. Two properties were acquired in 2020/21 to secure vacant possession of the redevelopment site at Colville Road and six at Campkin Road,

Other disposals or acquisitions in 2021/22 to date, including the acquisition of land for potential future development include:

Acquisition / Disposal	Comment	Status
Land at Queensmeadow	Purchase of a small land parcel in the south of the city	Complete
2 Bed Flat	Purchase of a 2 bed flat in Abbey Ward for rough sleepers	Complete
1 Bed Flat	Purchase of a 1 bed flat in the Trumpington Ward for rough sleepers	Complete
2 Bed Flat	Purchase of a 2 bed flat in Cherry Hinton for rough sleepers	Complete

Acquisition / Disposal	Comment	Status
2 Bed Flat	Purchase of a 2 bed flat in Abbey Ward for rough sleepers	Complete
10 further existing market dwellings *	Purchase of a further ten 1 bed homes on the open market to house rough sleepers as part of the MHCLG Next Steps Programme, which now has MHCLG Grant funding approval.	Grant bid approved and acquisitions in progress

* The authority was successful in the second round of the MHCLG Next Steps Grant Bid process, and has secured grant of £1,730,000, which requires use of £1,901,000 of HRA resource to be able to acquire 14 homes on the open market to accommodate rough sleepers. The grant conditions require that these homes are ear-marked for use to accommodate rough sleepers for 30 years, with residents expected to move on within a 2-year time frame to permanent accommodation. The HRA contribution of £1,901,000 of the up-front capital cost will be repaid over the life of the assets from the net revenue stream. Delegated authority was given to the Head of Finance in the HRA Budget Setting Report in January 2021 for the expenditure and grant income of any successful second round grant bid to be bult into the HRA Business Plan and budgets, allowing officers to accelerate acquisition of the additional homes as soon as any grant was awarded.

New Build

General Approach

The Council's approach to building new homes is continually evolving, with a commitment to deliver affordable, sustainable homes, which meet tenant expectations.

All new build housing in the HRA is managed by the Housing Development Agency (HDA), with a number of options considered for the delivery of new homes.

Following on from the Devolution 500 Programme, which is now well progressed, the authority is committed to delivering a net 1,000 new homes in the period from 2022 to 2032, subject to receiving Homes England grant funding. Although a bid having to Homes England for Strategic Partnership status and grant to deliver the programme was unsuccessful, the authority can bid

for Homes England Grant on a scheme-by-scheme basis instead, and this is being actively progressed now for the most advanced schemes.

The fees charged by the H.D.A are reviewed annually as part of the Medium-Term Financial Strategy, with a fee expectation in the H.D.A budgets of £355,260 for 2021/22. The proposed level of H.D.A fees for schemes approved from September 2021 onwards are:

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

Potential new build schemes are identified and strategically considered, with initial communication to potentially affected residents taking place. Once detailed feasibility work has been carried out, schemes are presented to Housing Scrutiny Committee for formal consideration and approval, based upon indicative costs. Schemes are 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 along with any fees and costs to secure vacant possession form the final budget for each scheme.

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.

Future New Build

Funding to deliver 1,000 new council rented homes following completions of the 500 homes Devolution Programme has previously been incorporated into the financial forecasts. This iteration of the HRA Business Plan adjusts these assumptions in line with the speculative bid that was submitted to Homes England in May 2021 to try and secure strategic partnership status.

The bid assumed the authority would be guaranteed grant to deliver a programme of 1,091 new homes (net gain of 800), 75 shared ownership homes and 625 rent to buy dwellings, with start on site required within a 5-year period. As this was unsuccessful, the assumption is made that the authority will instead bid for Homes England grant on a scheme-by-scheme basis, with the same outcome assumptions being made in the business plan at this stage. The only change made at this stage when compared to the Strategic Partnership bid, is to remove the assumed grant from the L2 scheme, which would be unlikely to receive grant as a stand-alone scheme in its current guise.

The balance of 200 council rented homes, to achieve a net gain of 1,000 homes, are then assumed to be delivered in the following 5 years.

The key assumptions now made in respect of the funding incorporated are:

- 1,000 net additional council rented homes delivered over the 10 years from 2022.
- To deliver 800 initial net new council rented homes in mixed communities, we will deliver 1,091 gross rented homes in the first phase and develop other tenures where required (current assumption is that we will also build 75 shared ownership homes, 625 rent to buy homes and 450 market homes)
- Rent to buy homes would be purchased by a wholly owned council company, which would need registered provider status.
- Shared ownership homes would be sold to another registered provider with more experience in this market, but alternative options include retention in the HRA or purchase by the wholly owned council company.
- The balance of 200 net new homes would be delivered in a second phase.
- A range of delivery routes will be adopted, with a mix delivered via Joint Venture or Section 106, land led schemes, existing HRA sites and potentially off the shelf purchases.
- A build cost of £2,950 per square metre, which assumes building to Passivhaus standards, by allowing a £500 uplift per square metre on the standard rate of £2,450, has been assumed for all sites where building to Passivhaus is considered feasible.
- A land acquisition costs for land led schemes of £65,000 per plot.

- Net new homes and 50% of re-provided homes are all let at council affordable rent levels using 60% of market rent (or the Local Housing Allowance if lower) in line with policy approved at Housing Scrutiny Committee in June 2021
- 50% of the number of rented homes demolished on existing HRA sites are all totalled, with this number of new homes assumed to be let at target social rents, allowing an assumed proportion of residents to return after redevelopment.
- Homes England grant of £100,000 per unit across all affordable tenures (except L2).
- Retained right to buy receipts would continue to be available for re-investment at the rate of £2,800,000 per annum but that following the recent outcome of the RTB Consultation from 2018, that they can't be appropriately reinvested in addition to Homes England Grant, but instead would be utilised for any site where grant was not awarded.
- Borrowing has been assumed at 2.4%, based upon the PWLB rate at the time of writing this report and projections made by Link, our treasury advisors.
- Delivery of 800 phase one net council rented homes assumes the need to demolish and re-provide 291 existing properties as part of site regeneration schemes, delivering a to9tal of 1,091 rented homes.
- Investment profile is spread across the 10-year programme based upon indicative schemes incorporated into the strategic partnership grant bid for years 1 to 5.
- Annual servicing and maintenance costs have been increased by £130 per unit, recognising the need to maintain solar pv installations and a mechanical ventilation with heat recovery (MVHR) unit in each dwelling.
- Future replacement costs have been increased by an average of £457 per annum to allow for the replacement of the additional components required to deliver a Passivhaus dwelling.

This requires an estimated £352,000,000 of net borrowing in the HRA over the life of the plan,

The bid assumed a number of prospective sites to inform more accurate estimates, although in reality, not all of these sites will prove to be feasible to proceed with, and others will need to be substituted as the programme progresses. Work is still ongoing to identify and explore potential HRA sites and land acquisition opportunities that could be included within the 1,000

Programme. Sites and schemes will continue to be brought forward for formal consideration and approval individually as opportunities arise.

Taking into consideration site constraints and the delivery vehicle adopted for each scheme as it is identified for inclusion in the programme, different recommendations may be made in respect of tenure mix and sustainability standards. The option currently incorporated into the plan assumes new homes will be built to Passivhaus standard wherever considered possible but recognising there is an intention to move towards net zero-carbon during the life of the programme, where it is feasible and viable to do so.

The programme, as incorporated, is still dependent upon securing Homes England Grant funding, now on a scheme by scheme bid basis. The ability to replace grant with retained right to buy receipts would only help deliver a very small proportion of the planned programme. Failure to achieve grant will mean that the programme will need to be reviewed to identify alternative sources of funding, to increase the amount of market sale or shared ownership housing provided, to reduce build standards or to reduce the number of council rented homes delivered overall. In light of not being awarded Strategic Partnership status, the programme will need to be reviewed, both in terms of assumed timescales and anticipated funding.

The need for the HRA to borrow significant sums of money over the 10-year period requires a review of borrowing options. Currently, the PWLB is offering reduced rates for lending to local authorities, but this rate may change significantly before the end of the 10-year programme. The authority is currently exploring other borrowing options, including the potential for bond issuance, which may be possible in light of the significant sums required.

The resource ear-marked in the business plan will be reviewed and re-profiled as the programme develops, with detailed borrowing options being explored and decisions being made as part of the Medium-Term Financial Strategy or budget setting process for any year in which borrowing is deemed necessary. The first year that borrowing is currently anticipated is 2022/23.

New Build Schemes Completed – Devolution 500 Programme

At the time of writing this report 119 new homes had been completed as part of the Devolution 500 Programme, with a net gain of 88 council rented homes.

The table below details the new build schemes completed as part of this programme to date:

Scheme	Date Completed	Total Social Housing / SO Units	Gain in Social Housing Units	External Funding Source	Percentage Social Housing on Site
Uphall Road	February 2018	2	2	RTB Receipts & Devolution Grant	100%
Nuns Way/Cameron Road	September 2019	7	7	RTB Receipts & Devolution Grant	100%
Wiles Close	September 2019	3	3	RTB Receipts & Devolution Grant	100%
Ditchburn Place	September 2019	2	2	RTB Receipts & Devolution Grant	100%
Queensmeadow	June 2020	2	2	RTB Receipts & Devolution Grant	100%
Anstey Way	June 2020	56	29	RTB Receipts & Devolution Grant	100%
Colville Road Garages	July 2020	3	3	RTB Receipts & Devolution Grant	100%
Gunhild Way	July 2020	2	2	RTB Receipts & Devolution Grant	100%
Wulfstan Way	September 2020	3	3	RTB Receipts & Devolution Grant	100%
Markham Close	September 2020	5	5	RTB Receipts & Devolution Grant	100%

Scheme	Date Completed	Total Social Housing / SO Units	Gain in Social Housing Units	External Funding Source	Percentage Social Housing on Site
Mill Road	October 2020	4	4	RTB Receipts & Devolution Grant	50%
Ventress Close	February 2021	15	13	RTB Receipts & Devolution Grant	100%
Mill Road	May 2021	1	1	RTB Receipts & Devolution Grant	50%
Akeman Street	May 2021	14	12	RTB Receipts & Devolution Grant	100%
Total		**119**	**88**		

New Build Schemes On Site – Devolution 500 Programme

Sites where work is in progress in respect of the 500 Programme are summarised in the table below, with 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 / for Approval	RTB Receipt / Sales Receipt Funding	Devolution Grant / S106 Funding	Net Capital Cost to the HRA
Mill Road	113 (5 taken)	113 (5 taken)	24,965,630	(7,489,690)	(17,475,940)	0
Kingsway	4	4	554,000	(166,200)	(387,800)	0
Cromwell Road	118	118	24,865,800	(5,997,920)	(17,406,060)	1,461,820
Colville Road II	67	47	14,467,580	(2,743,430)	(6,400,920)	5,323,230
Meadows and Buchan	106	106	25,929,000	(7,778,700)	(13,370,050)	4,780,250
Campkin Road	75	50	18,063,260	(3,243,250)	(1,750,000)	13,070,010
Total	**483**	**438**				

New Build Schemes On Site – New 1,000 Homes Programme

Sites where work is in progress in respect of the New 1,000 Homes Programme are summarised in the table below, with 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 / for Approval	RTB Receipt / Sales Receipt Funding	Homes England Grant	Net Capital Cost to the HRA
Histon Road	10	10	1,978,000	(197,800)	0	1,780,200
Total	**10**	**10**				

New Build Schemes in the Pipeline- Devolution 500 Programme

There are a number of sites which have scheme specific approval, but at the time of writing this report, were not on site. These schemes could include HRA sites, General Fund sites and land acquisition or section 106 sites, where the intention is for the HRA to deliver or purchase the affordable housing.

The tables below details the latest budget requirements either approved or for approval as part of the HRA Medium Term Financial Strategy and the assumed number of new homes which can be delivered, recognising that this may still be subject to both planning approval and procurement of a contractor or transfer to CIP for some of the sites. The latest budget approvals for sites identified for transfer to CIP are based upon the most recent cost estimates provided by CIP but will not be finalised until the Affordable Housing Agreement or design and build contract is entered into.

Scheme	Approved Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Devolution Grant / Section 106 Funding	Net Capital Cost to the HRA
Tedder Way	1	1	506,000	(151,800)	(354,200)	0
Kendal Way	1	1	524,000	(157,200)	(366,800)	0
Clerk Maxwell Road	14	14	3,046,760	(914,030)	(2,132,730)	0
Total	**16**	**16**				

New Build Schemes in the Pipeline- New 1,000 Homes Programme

Scheme	Approved / Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England / ERDF Grant	Net Capital Cost to the HRA
L2	30	30	6,207,000	(620,700)	0	5,586,300
Colville Road III	48	32	11,780,000	0	(3,200,000)*	8,580,000
Fen Road	12	12	3,658,000	0	(1,200,000)*	2,458,000
Ditton Fields	6	6	1,918,000	0	(600,000)*	1,318,000
Aragon Close	7	7	1,850,000	0	(700,000)*	1,150,000
Sackville Close	7	7	1,850,000	0	(700,000)*	1,150,000
Borrowdale	3	3	875,000	0	(300,000)*	575,000
Aylesborough Close	72	39	19,030,000	0	(3,900,000)*	15,130,000
St Thomas's Road	8	8	2,105,000	0	(800,000)* (141,000)**	1,164,000
Paget Road	7	7	1,842,000	0	(700,000)* (124,000)**	1,018,000
Total	**200**	**151**				

*Homes England Grant is assumed in line with the 1,000 Homes Programme strategic partnership bid assumptions but no grant has yet been secured.

** Assumed European Regional Development Fund (ERDF) Grant through Eastern New Energy to build to Net Zero Carbon, with Passivhaus to be delivered if grant bid is unsuccessful.

As part of this report, scheme specific budgets have been separately identified for the HRA to redevelop existing HRA housing at Aylesborough Close and to build out two small HRA garage / in-fill sites at St Thomas's Road and Paget Road, in line with the scheme specific reports being presented to Housing Scrutiny Committee in this committee cycle.

The table below summarises changes to either approved budgets, and or anticipated numbers of units, for schemes in the current programme:

Scheme	Previous Budget Approval	Original Estimated Units	Latest Budget Approval Request	Revised Estimated Units
Colville Road III	11,103,200	47	11,780,000	48
Histon Road	1,513,000	7	1,978,000	10
Meadows and Buchan	27,318,760	106	25,929,000	106

The table below confirms the current status for all pipeline schemes:

Scheme	Site Type	Status	Potential New Build Units
Tedder Way	In-fill	Pre-planning	1
Kendal Way	In-fill	Pre-planning	1
Clerk Maxwell Road	Section 106 Site	Planning approved	14
L2	CIP Acquisition	Planning approved	30
Colville Road III	Existing HRA Housing	Planning submitted	48
Fen Road	Land Acquisition	Planning approved	12
Ditton Fields	Land Acquisition	Planning submitted	6
Aragon Close	Existing HRA Garages	Pre-planning	7
Sackville Close	Existing HRA Garages	Pre-planning	7

Scheme	Site Type	Status	Potential New Build Units
Borrowdale	Existing HRA Garages	Planning submitted	3
Aylesborough Close	Existing HRA Housing	Feasibility Stage	72
St Thomas's Road	Existing HRA Garages	Feasibility Stage	8
Paget Road	Existing HRA Garages	Feasibility Stage	7

Tedder Way

This scheme now anticipates delivering a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The ability to proceed is now subject to securing planning approval, which is anticipated to be submitted in October 2021.

Kendal Way

This scheme now anticipates delivering a single, very large, mobility adapted dwelling on the site to meet an identified need on the housing register. The ability to proceed is now subject to both resolving a historic boundary dispute and securing planning approval. A planning application is expected to be submitted by January 2022.

Clerk Maxwell

The authority will acquire 14 affordable homes from Hill Residential, on a site where planning approval has been granted. The scheme budget includes resource to improve the specification above that approved through the planning process. Start on site has been delayed following a dispute arising regarding site access between respective land holders. Work will commence as soon as this has been resolved and is anticipated by October 2021.

L2

This site was purchased by the Cambridge Investment Partnership in December 2019. Planning was approved in May 2021 for the delivery of 75 homes, with the HRA acquiring 30 (40%) affordable homes on the site. Start on site is anticipated in November 2021.

Colville Road III

This site comprised 16 HRA properties, 2 leasehold flats and 4 shops. The proposed development will deliver 48 new or replacement homes alongside the reprovision of the commercial space. At the time of writing this report 13 tenanted households had been relocated and I leasehold flat had been re-acquired, leaving 3 tenants and 1 leaseholder still to relocate.

The commercial property that currently exists on the site of the Colville Road III development is held in the Council's General Fund, with the benefit of the rental income also being recorded there. The budget for the commercial aspects of the development is held within the General Fund Capital Plan, with the residential element budgeted for in the HRA, using the latest indicative scheme costs, which have increased since the scheme was given approval.

Fen Road

This site was acquired by the HRA in 2020/21. The scheme will result in the demolition of two existing buildings which previously provided shared accommodation replacing them with an anticipated 12 new homes, two of which will be larger wheelchair accessible homes. The scheme has now been granted planning approval.

Ditton Fields

This site was acquired by the HRA in 2020/21 and is a garden in-fill site. The scheme will provide an anticipated 6 new homes. The scheme has been submitted for planning, with a biodiversity offset now agreed for the site. The planning outcome is anticipated in October 2021.

Aragon Close, Sackville Close and Borrowdale

The three sites at Aragon Close, Sackville Close and Borrowdale comprise existing HRA garage and parking bay provision, with an anticipated 17 new homes to be provided across all of the sites. The scheme at Borrowdale has been submitted for planning, with outcome

anticipated in November 2021. Planning submission for Aragon Close and Sackville Close is anticipated in September 2021.

Aylesborough Close

This scheme comprises the redevelopment of 33 existing tenanted and 3 leasehold properties, to deliver an anticipated 72 new homes. A scheme specific report is presented as part of this committee cycle, and subject to approval it is anticipated that this scheme, which is part of a Passivhaus for flats pilot project, will be submitted for planning in March 2022.

St Thomas's Road

This is an existing HRA garage and in-fill site, which involves the demolition of 20 garages, with a view to delivering at least 8 homes on the site. A scheme specific report is presented as part of this committee cycle, and subject to approval it is anticipated that this scheme, which will be part of a net zero carbon pilot project subject to a successful ERDF grant bid, will be submitted for planning in March 2022.

Paget Road

This is an existing HRA garage and in-fill site, which involves the demolition of 34 garages, with a view to delivering at least 7 homes on the site. A scheme specific report is presented as part of this committee cycle, and subject to approval it is anticipated that this scheme, which will be part of a net zero carbon pilot project subject to a successful ERDF grant bid, will be submitted for planning in March 2022.

General Fund Sites

Where any General Fund sites are taken forward for development with the potential for the HRA to acquire the affordable homes, there is 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. Under current legislation, which has now been confirmed will remain in force, any increase in this results in increased interest costs to the HRA. If General Fund sites are built out by the Cambridge Investment Partnership, with the intention of the Council being 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 market value, taking account of the intended use.

The Housing Capital Investment Plan, an updated version of which is attached at **Appendix H**, incorporates the funding for the net 1,000 new homes in line with the Homes England Strategic Partnership Grant Bid, including the new build schemes as identified in the tables above, recognising gross spend on each council housing scheme, land values, and any grant or right to buy receipts separately, arriving at the net 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.

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

Capital Programme

Appendix H provides detail of the revised 10-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 2021.
- Re-phasing of expenditure anticipated to take place in 2020/21 into 2021/22 and beyond, as approved in June / July 2021.
- Increase in the budget for the purchase of homes on the development site off Histon Road, in line with the decision taken at Housing Scrutiny Committee to increase the number of homes purchased from 7 to 10.
- Re-allocation of new build budget between the unallocated / generic new build budget and individual scheme specific budgets of £19,030,000 for development of the existing HRA housing at Aylesborough Close, £2,105,000 for a garage site at St Thomas's Road and £1,842,000 for a garage site at Paget Road, assuming scheme specific approval is granted at this Housing Scrutiny Committee in September 2021.

- Update to the resource incorporated to facilitate the 1,000 New Homes Programme, in line with the bid that was submitted to Homes England for Strategic Partnership status.
- Increase of £677,000 in the budget for the redevelopment of the existing HRA housing at Coville Road III, based upon the latest costs estimates available, where the initial costs estimates are now considered to be too low in the current economic climate.
- Reduction of £1,389,760 in the budget for the development of the housing on the sites at Meadows and Buchan Street, based upon the contract sums agreed. The General Fund contribution for the commercial and community centre provision has however, increased.
- Increase of £1,730,000 in the budget to allow the acquisition of 14 dwellings to move rough sleepers on to permanent accommodation, recognising that the authority has been successful in securing MHCLG Next steps Grant Funding of this value.
- As part of this HRA Medium Term Financial Strategy, approval to re-phase budgets in respect of a number of new build sites, as detailed in **Appendix E**, with the resulting changes incorporated into the Housing Capital investment Plan at **Appendix H**, is also being sought.
- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, grants, revenue funding of capital expenditure, use of Section 106 resources and borrowing requirements.

Section 8
Summary and Conclusions

HRA Budget Strategy

The Budget Process

The HRA budget for 2022/23 will incorporate any changes proposed and agreed as part of this iteration of the business plan. The budget process will remain broadly similar to that for previous years in terms of timing and detailed administration.

The HRA faces further challenges, over and above those resulting from the coronavirus pandemic, with an increased investment need in the existing housing stock in respect of both health and safety and fire safety works, and the aspiration to significantly improve the sustainability of the dwellings by 2030. Resource has been incorporated as part of this iteration of the business plan to undertake a pilot project to fully retrofit 50 council homes to as near to net zero carbon as can be achieved.

For 2021/22 the HRA Medium Term Financial Strategy incorporates changes in the anticipated dwelling and garage rental income for the current year as a result of both increased voids, delays in the delivery of new homes and in the case of garages, demolition of a number to facilitate development. , The update also includes changes in the contribution to the bad debt provision, changes in anticipated interest earned in year from a revenue perspective and in depreciation of the housing stock, alongside some changes in operational budgets.

Changes in the capital programme in respect of the budget now required for specific new build schemes have been incorporated, with budgets adjusted or re-phased as schemes reach the next milestone in the development process. Budget to allow the programme of 1,000 net new council rented homes to be developed has been included in line with the bid to

Homes England for Strategic Partnership status, despite this being unsuccessful, with the assumptions retained to recognise the commitment to bid on a scheme by scheme basis instead.

The outcome of the government consultation on the use of retained right to buy receipts concluded to retain the rule that two forms of public subsidy could not be used to deliver the same dwelling, meaning the grant and retained right to buy receipts can't be applied as funding sources for the same homes. This means that the authority will need to decide whether to apply grant or receipts to each scheme to avoid paying any retained right to buy receipts being paid to Central Government, with the associated interest penalty.

The requirement to borrow in future years in order to deliver the 1,000 new council rented homes is incorporated into the business plan to demonstrate that the HRA can fully support the ongoing costs of borrowing with the latest assumptions made, which include an increase in the borrowing rate and in the grant ask per unit as a result. The assumption is retained, that in order to deliver 1,000 net new council rented homes, the authority will be successful in securing grant funding from Homes England. Failure to achieve this will require a significant review of both the proposed development programme and the HRA business plan.

As borrowing is required, borrowing routes need to be explored and clear assumptions need to be made around whether the existing borrowing should be repaid at maturity or re-financed. These decisions will materially impact the financial forecasts for the HRA and drive the requirement to identify any savings in future iterations of the business plan. The HRA needs to be able to clearly demonstrate that borrowing is undertaken in order to finance a new asset, and not simply to plug a budget gap. The investment need in the existing housing stock in order to improve sustainability and energy efficiency has not been incorporated currently, as the business plan is unable to support the level of borrowing that would be required without an additional future revenue stream.

In advance of the need to borrow, and to ensure prudency in an uncertain financial climate, this report proposes retention of 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 ongoing challenges that providers of affordable housing continue to face.

The robust approach to financial management for the HRA, where efficiencies are sought wherever possible, 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.

The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2022/23 budget bids and savings process, to ensure that these can be weighed up against any strategic re-investment proposed.

Approach to HRA Savings

In line with the budget strategy outlined in this HRA Medium Term Financial Strategy, it is recommended that although revenue savings are not required in order to set a balanced budget, that an efficiency target is retained as in previous years. It is also proposed to continue to include a corresponding strategic reinvestment fund.

The continued inclusion of a 4% of general management and repairs administration expenditure (now £147,000 per annum) efficiency target is considered prudent in light of continued uncertainty in both the economy and in a number of areas of national housing policy and also in recognition of the future investment need in the existing housing stock in terms of energy efficiency. This allows resource to be identified for strategic reinvestment in other areas of the housing service. Inclusion of an efficiency target, and an associated strategic reinvestment fund ensures that the authority is best placed to respond to change. The authority will need to review and evaluate its position again for 2023/24 onwards, once the longer-term impacts of the pandemic are clear and there is further clarity at a national level around housing policy.

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

As part of the 2022/23 budget setting process, any areas of new revenue investment, will therefore need to be offset by the identification of savings or increased income generation elsewhere across the HRA.

There is sufficient resource available to match fund retained right to buy receipts with the 60% of additional investment required. Having failed to secure Strategic Partnership status with Homes England, decisions will need to be made on a scheme by scheme basis, with retained right to buy receipts applied to schemes that are less likely to be awarded Homes England grant. The value of retained right to buy receipts is no longer as great as it has been previously, and the biggest challenges the authority will now face, will be demonstrating financial viability of any scheme which does not attract grant, but for which we don't have sufficient right to buy receipts to support. Failure to invest the retained right to buy receipts within the now extended 5-year timeframe will still carry the penalty of paying them to central government with interest currently at 4.1%, calculated from the reporting period in which they were originally received.

Once the borrowing options have been explored in order to facilitate the delivery of new council homes, the longer-term assumption that the authority attempts to set-aside resource for the repayment at least 25% of the self-financing housing debt by the point at which the loan portfolio begins to reach maturity will be reviewed. The authority will review and reconsider its approach to debt set-aside once the detailed borrowing requirements for the future new build programme have been confirmed, retaining the base assumption in the interim.

From a broader Council perspective, the authority has redesigned its transformation programme to ensure it can meet the financial challenges it faces whilst allowing it to continue delivering against its corporate objectives. The corporate transformation programme will aim to achieve annual savings of at least £2.5m from customer experience and efficiency work and will also deliver savings through better integrated delivery with communities and partners and office accommodation changes, as well as additional income from new business opportunities. Any savings achieved in relation to either housing or corporate services will be profiled as appropriate across the HRA and General Fund. At this stage no contribution to cost

of change, or any share of resulting anticipated savings have been incorporated into the HRA Business Plan.

The position for the HRA will be reviewed again as part of the January 2022 HRA Budget Setting Report, with a view to continuing to maximise 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, with improved levels of energy efficiency being key.

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 2021/22 and 2030/31, 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.

HRA MTFS Conclusions

Updating the base assumptions for the HRA has had a material impact on the future financial projections for the housing business.
An increase in the assumed borrowing rate results in the need to increase the grant ask in order to demonstrate viability, and anticipated increases in building and materials costs impact the medium-term assumptions, as do increased void rates and delays in handover of new homes.

It is abundantly clear that the authority is not in a financial position to be able to deliver significantly improved energy efficiency in the existing housing stock, without external financial support or the ability to increase service charges to tenants to help meet the cost of the initial investment. Uncertainty also still exists in respect of the investment need that may arise once the review of the decent homes standard (Decent Homes 2), confirmed as part of the Housing White Paper, has concluded.

Delivery against some of the key assumptions is critical to the success of the housing business plan, with the assumption of continued rent increases at CPI plus 1% for a further 3 years, followed by increases at CPI plus 0.5%, being one of the critical assumptions included.

A key risk remains the still unquantifiable impact of the full rollout of Universal Credit, with the authority still working proactively with affected residents in an attempt to mitigate the impact. Although in the region of 1,750 residents are now claiming Universal Credit, approximately 2,600 are still in receipt of Housing Benefit, although the latter will include pensionable age tenants, sheltered and temporary housing residents.

Another key risk remains the authority's ability to appropriately invest retained right to buy receipts, where despite relaxation of some of the constraints, the inability to mix the resource with other forms of public subsidy will pose challenges where the authority is successful in securing Homes England grant.

The latest budget incorporated to allow a programme to deliver 1,000 new council rented homes identifies the need to ensure that the HRA can borrow as efficiently as possible and demonstrate affordability for the borrowing over the life of the business plan.

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 still considered to be a prudent approach to ensuring that resources are targeted to the areas that most need them, and that flexibly is maintained to allow response to both local demands and national housing policy change.

Appendix A

Key Risk Analysis

Risk Area & Issue arising	Controls / Mitigation Action
Effects of Legislation / Regulation	
Implications of new legislation / regulation or changes to existing are not identified	• Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted. Housing Futures review any publications.
Delays in announcement of detail surrounding housing policy change negatively impacts decisions taken at a local level	• Decisions taken in the context of a business plan which recognises the uncertainty. Savings taken have impacts exemplified to ensure impact is mitigated.
Funding is not identified to meet the costs associated with changes in statutory requirements	• 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. • Representation made to MHCLG and other national bodies where statutory requirements carry excessive cost.
Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes	• The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies. • Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified.
Housing Portfolio & Spending Plans	
The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets	• 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 and scenario analysis on key cost drivers. • Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt

Risk Area & Issue arising	Controls / Mitigation Action
	with, and to provide cover against unforeseen events / pressures.
Financial planning lacks appropriate levels of prudency	
Business Planning assumptions are wildly inaccurate Financial policies, in general, are not sufficiently robust Funding to support the approved Capital Plan is not available The financial impact of the coronavirus pandemic is far greater, and longer lasting, than anticipated	Council has adopted key prudency principles, reflected in: • 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 • Ongoing monthly review of key parameters whist the long-term impact of the coronavirus pandemic is still uncertain.
Use of resources is not effectively managed	
There is ineffective use of the resources available to the HRA Failure to deliver Major Housing / Development Projects, i.e. return on capital investment, project on time etc. Value for money in terms of investment in new build homes is challenged	• Council employs robust business planning processes for the HRA • Council has adopted a standard project management framework • A business decision 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 • Council has completed an independent review of new build delivery
External income / funding streams	
Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure	• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes

Risk Area & Issue arising	Controls / Mitigation Action
	• Council seeks to influence national settlements and legislative changes through response to formal consultation
Rent and service charge arrears increase, and bad debt rises, as a direct result of the Welfare Benefit Reforms or the Coronavirus pandemic	• Increased resources identified for income management. Performance closely monitored to allow further positive action if required. • Income Analytics and LIFT software procured to aid arrears recovery.
Rent income is under-achieved due to a major incident in the housing stock	• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents
Changes in the economic environment cause a significant reduction in the number of right to buy sales, reducing the resource available to finance the capital investment programme	• Sensitivities modelled so potential impacts are understood • Business plan is regularly reviewed allowing reallocation of resource or consideration of borrowing if required
Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest	• Sensitivities modelled so potential impacts are understood • Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity • Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling
Volatility and competition in the property market impacts the ability to fund planned capital investment from the sale of assets	• Policy on applying general capital receipts for strategic disposals only at point of receipt • Regular review of mix of new build delivered to ensure that assumptions around shared ownership and market sale are realistic

Appendix B

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2%	General inflation on expenditure included at 2% ongoing, per Bank of England) forecasts of May 2021.	Retained
Capital and Planned Repairs Inflation	**CPI plus 0.95%**	**Based upon the mix of BCIS and CPI forecasts for next 5 years, using averages over this period. Reverts to CPI after 5 years.**	**Amended**
Debt Repayment	Set-aside 25% to Repay Self-Financing 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 in conjunction with any borrowing being considered.	Retained
Capital Investment	Partial Investment Standard	Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard.	Retained
Pay Inflation	**1% Pay Progression & Pay Inflation at 2.5% for 2021/22 then 2% from 2022/23**	**Assume allowance for increments at 1% and cost of living pay inflation at 2.5% for 2021/22, then 2% on an ongoing basis.**	**Amended**
Employee Turnover	3%	Employee budgets assume a 3% turnover, unless service area is a single employee, or is a shared service, externally recharged service or trading account.	Retained
Social Rent Review Inflation	**CPI plus 1% for 3 years from 2022/23, then CPI plus 0.5% for 5 years**	**Rent increases of up to CPI plus 1% for 3 further years, reverting to inflation plus 0.5% for 5 years after this, then CPI. Assume CPI in preceding September is as above.**	**Amended**
Affordable Rent Review Inflation	CPI plus 1% for 3 years from 2022/23, then CPI from 2025/26	Affordable rents to be reviewed annually in line with inflated pre-COVID Local Housing Allowance, ensuring that they match this rate unless it rises above CPI plus 1%, in which case the lower will apply.	Retained

Key Area	Assumption	Comment	Status
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	**0.2% for 2021/22, then 0.6%**	**Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only**	**Amended**
Internal Lending Interest Rate	**0.2% for 2021/22, then 0.6%**	**Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment either the HRA or the General Fund longer-term.**	**Amended**
External Borrowing Interest Rate	**2.4%**	**Assumes additional borrowing using PWLB projected rates.**	**Amended**
Internal Borrowing Interest Rate	**2.4%**	**Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.**	**Amended**
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the business plan and asset investment strategy has been fully reviewed.	Retained
Right to Buy Sales	25 sales ongoing	Activity has begun to recover, retain previous assumption of 25 sales annually from 2021/22 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	**1.32% for 2021/22, then 1% ongoing**	**Assume increased void rate of 1.32% for 2021/22, then ongoing void rate of 1% from 2022/23, recognising recent standard void performance.**	**Amended**
Bad Debts	1.5% from 2021/22 ongoing	Bad debt 1.5% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit.	Retained
Savings Target	£147,000 (4% of general and repairs	Retain an efficiency target of £147,000 from 2022/23 for 5 years. Allows strategic reinvestment or alternatively a response	Retained

Key Area	Assumption	Comment	Status
	administrative expenditure)	to pressure from national housing policy change.	
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	£147,000	Housing Strategic Investment Fund included from 2022/23 for 5 years at the same value as the savings target.	Retained

Appendix C

Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.78		54,012,650.36	16,203,795.11	-	-
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.87		57,282,779.08	17,184,833.72	-	-
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.17		61,400,261.17	18,420,078.35	-	-
31/12/2016	1,320,457.44	18,595,291.19	61,984,303.97		66,415,285.15	19,924,585.55	-	-
31/03/2017	1,313,143.16	19,908,434.35	66,361,447.83		76,190,083.40	22,857,025.02	-	-
30/06/2017	2,045,445.56	21,953,879.91	73,179,599.70		78,551,735.69	23,565,520.71	-	-
30/09/2017	1,779,600.43	23,733,480.34	79,111,601.13		83,708,423.31	25,112,526.99	-	-
31/12/2017	2,229,968.03	25,963,448.37	86,544,827.90		88,544,393.61	26,563,318.08	-	-
31/03/2018	646,869.52	26,610,317.89	88,701,059.63		95,348,564.59	28,604,569.38	-	-
30/06/2018	1,556,719.56	28,167,037.45	93,890,124.83	30/06/2023			-	-
30/09/2018	557,803.20	28,724,840.65	95,749,468.83	30/09/2023			120,271.27	400,904.24
31/12/2018	1,210,892.84	29,935,733.49	99,785,778.30	31/12/2023			1,331,164.11	4,437,213.71
31/03/2019	209,910.09	30,145,643.58	100,485,478.60	31/03/2024			1,541,074.20	5,136,914.01
30/06/2019	1,408,403.81	31,554,047.39	105,180,157.97	31/06/2024			2,949,478.01	9,831,593.38
30/09/2019	711,247.45	32,265,294.84	107,550,982.80	31/09/2024			3,660,725.46	12,202,418.21
31/12/2019	317,598.07	32,582,892.91	108,609,643.03	31/12/2024			3,978,323.53	13,261,078.44
31/03/2020	908,642.82	33,491,535.73	111,638,452.43	31/03/2025			4,886,966.35	16,289,887.84
30/06/2020	544,986.29	34,036,522.02	113,455,073.40	30/06/2025			5,431,952.64	18,106,508.81
30/09/2020	-10,762.28	34,025,759.74	113,419,199.13	30/09/2025			5,421,190.36	18,070,634.54
31/12/2020	1,492,681.41	35,518,441.15	118,394,803.83	31/12/2025			6,913,871.77	23,046,239.24
31/03/2021	419,561.12	35,938,002.27	119,793,340.90	31/03/2026			7,333,432.89	24,444,776.31

Appendix D

2021/22 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2021/22 Budget (£)	Budget Amendment in 2022/23 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre MTFS		**13,995,700**		
HRA General Management				
Former Tenant Arrears Officer	Creation of a dedicated FTA Officer for 12 months to recover, or failing that, write off former tenant debt	17,570	17,570	One-off funding over 2 years
Increased Staffing (General)	Creation of Assistant Housing Officer, Lettings Officer (p/t) and Application Support officer posts	0	0	Funding already included in business plan
Total HRA General Management		**17,570**	**17,570**	
HRA Repairs				
Increased Staffing (Repairs)	Creation of Estates and Facilities Works Administrator post	0	0	Funding already included in business plan
Increased Staffing (Major Works)	Creation of 3 new Surveyor level posts recognising increased investment over the next 10 years	73,000	145,000	Fully capitalised
Capitalised Officer's Fees	Capitalisation of 3 new Surveyor level posts to deliver energy, decent homes backlog and structural works	(73,000)	(145,000)	See above
Increased Staffing (Asbestos)	Creation of a 12 month Asbestos Surveyor post to internalise inspections currently outsourced	27,000	27,000	Fully capitalised
Capitalised Officer's Fees	Capitalisation of Asbestos Surveyor post, recognising tis work was previously outsourced through the Asbestos budget	(27,000)	(27,000)	See above
Planned Maintenance Tender Project	The decision to re-procure the planned maintenance contract results in the need to fund some project related expenditure	0	20.000	One-off
Total HRA Repairs		**0**	**20,000**	

Area of Income / Expenditure	Description	Budget Amendment in 2021/22 Budget (£)	Budget Amendment in 2022/23 Budget (£)	Comment
HRA Summary Account				
Bad Debt Provision	Reduction in bad debt provision based on latest assumptions	(700)	0	One-off additional contribution
Rent Income	Reduction in rental income for 2021/22 due to continued coronavirus related voids and delays in new build handover	160,530	Incorporated into base assumptions	Built into base for future years
Garage Rent	Reduction in garage rent recognising garages demolished in 2020/21 for redevelopment purposes	28,120	Incorporated into base assumptions	Built into base for future years
Service Charges	Increased service charges based upon latest costs and taking account of new build additions	(76,020)	Incorporated into base assumptions	Built into base for future years
Dwelling Depreciation	Increase in the estimated level of depreciation based upon the latest stock numbers and property values	127,650	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	The HRA will receive a lower interest receipt despite higher cash balances because of a rate reduction to an estimated 0.2% for 2021/22.	86,900	One-off loss	Impact built into base for future years
Interest paid on Borrowing	Increase in interest paid to match the sum due under the self-financing borrowing, moving the interest due from the General Fund to show as interest received	22,540	Incorporated into base assumptions	Built into base for future years
Total HRA Summary		**349,020**		
Revised use of / (contribution to) HRA Reserves post MTFS		**14,362,290**		

Appendix E

2021/22 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Total Housing Capital Plan Expenditure pre HRA MTFS	**85,859**	**100,129**	**93,094**	**90,288**	**90,119**
General Fund Housing					
No change	0	0	0	0	0
Decent Homes and Other HRA Stock Investment					
Re-profile decent homes budget based upon latest stock numbers, contract prices and stock condition data and reallocate decent homes backlog to workstreams:					
Kitchens	316	(201)	(192)	(214)	(414)
Bathrooms	500	(314)	(108)	(490)	(41)
Central Heating / Boilers	(800)	356	(847)	(1,233)	277
Insulation / Energy Efficiency / Wall Finishes	0	93	11	136	148
Energy Efficiency Pilot / Retrofit	0	5,000	0	0	0
External Doors	1,200	(51)	(10)	(36)	44
PVCU Windows	300	241	(618)	230	(524)
Wall Structure	0	(200)	(13)	17	(247)
Roof Structure	200	0	0	0	0
Roof Covering (including chimneys)	0	879	(492)	(1,238)	340
Electrical / Wiring	0	(190)	(80)	(149)	186
HHSRS Contingency	0	50	400	200	0
Other Health and Safety Works	0	0	0	(50)	(50)
Capitalised Officer Fees - Decent Homes	73	175	175	175	175
Decent Homes Backlog	(4,716)	(292)	(292)	(292)	(292)
Decent Homes Planned Maintenance Contractor Overheads	0	699	(214)	(311)	(30)
Decent Homes New Build Allocation	(975)	(395)	(218)	(39)	93
Re-profile other investment in HRA stock budget based upon latest stock numbers, contract prices and stock condition data:					
Reduce Asbestos budget to reflect internalisation of asbestos inspections	(27)	(27)	0	0	0
Communal Entrance / Enclosure Doors + Glazing	0	45	(15)	50	(19)
Lifts and Door Entry Systems	0	9	(38)	10	(47)

Area of Expenditure And Change	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Increase Officer's Fee's budget to allow internalisation of Asbestos inspections	27	27	0	0	0
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	0	114	83	7	(6)
Include funding for additional fire safety works	0	5,000	0	0	0
New Build					
Re-phase budget for Tedder Way	(441)	400	41	0	0
Re-phase budget for Kendal Way	(441)	400	41	0	0
Re-phase budget for Cromwell Road	(164)	(16)	180	0	0
Rephase budget for Colville Road II	(1,960)	1,960	0	0	0
Re-phase budget for Meadows and Buchan Street	(5,483)	1,075	1,893	1,125	0
Re-phase budget for Clerk Maxwell	(1,112)	1,112	0	0	0
Re-phase budget for Campkin Road	(573)	(359)	932	0	0
Re-phase and increase budget for Histon Road to acquire 3 additional homes	(619)	1,084	0	0	0
Rephase budget for L2	(1,208)	960	248	0	0
Rephase and increase budget for Colville Road III	(1,456)	272	1,633	228	0
Re-phase budget for Fen Road	(971)	621	350	0	0
Re-phase budget for Ditton Fields	(619)	291	328	0	0
Re-phase budget for Aragon Close	(623)	325	298	0	0
Re-phase budget for Sackville Close	(624)	325	299	0	0
Re-phase budget for Borrowdale	(236)	213	23	0	0
Inclusion of scheme specific budget for Aylesborough Close	1,145	3,295	9,203	5,387	0
Inclusion of scheme specific budget for St Thomas's Road	82	690	1,333	0	0
Inclusion of scheme specific budget for Paget Road	72	604	1,166	0	0
Re-allocation of 1,000 homes budget in line with Homes England Strategic Partnership bid	1,205	(36,655)	(31,283)	55,128	100,569
Increase budget for Rough Sleeper Next Steps Acquisitions in recognition of successful MHCLG grant bid	1,730	0	0	0	
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	(1,005)	(540)	(126)	1,828	5,299
Total Housing Capital Plan Expenditure post HRA MTFS	**68,656**	**87,204**	**77,185**	**150,757**	**195,580**

Appendix F

New Build Investment Cashflow

New Build / Re-Development Scheme	2021/22 £'0000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
New Build / Acquisition / Re-Development Cash Expenditure										
Anstey Way	93	0	0	0	0	0	0	0	0	0
Tedder Way	50	400	41	0	0	0	0	0	0	0
Kendal Way	50	400	41	0	0	0	0	0	0	0
Queensmeadow	1	0	0	0	0	0	0	0	0	0
Wulfstan Way	1	0	0	0	0	0	0	0	0	0
Akeman Street	95	0	0	0	0	0	0	0	0	0
Ventress Close	50	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	1	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	2,783	0	0	0	0	0	0	0	0	0
Gunhild Way	1	0	0	0	0	0	0	0	0	0
Cromwell Road	3,684	3,247	378	0	0	0	0	0	0	0
Kingsway Clinic Conversion	368	0	0	0	0	0	0	0	0	0
Colville Road II	7,157	4,024	0	0	0	0	0	0	0	0
Meadows and Buchan Street	3,589	9,075	8,893	3,025	0	0	0	0	0	0
Clerk Maxwell Road	1,817	1,212	0	0	0	0	0	0	0	0
Campkin Road	7,490	5,982	932	0	0	0	0	0	0	0
L2	2,730	3,227	248	0	0	0	0	0	0	0
Colville Road III	1,605	5,315	4,572	228	0	0	0	0	0	0
Histon Road	230	1,614	0	0	0	0	0	0	0	0
Fen Road	800	2,400	350	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2021/22 £'0000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Ditton Fields	350	1,200	328	0	0	0	0	0	0	0
Aragon Close	350	1,200	298	0	0	0	0	0	0	0
Sackville Close	350	1,200	299	0	0	0	0	0	0	0
Borrowdale	250	600	23	0	0	0	0	0	0	0
Aylesborough Close	1,145	3,295	9,203	5,387	0	0	0	0	0	0
St Thomas's Road	82	690	1,333	0	0	0	0	0	0	0
Paget Road	72	604	1,166	0	0	0	0	0	0	0
Rough Sleeper Acquisitions	3,631	0	0	0	0	0	0	0	0	0
POD Homes	10	0	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	648	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	3,705	11,409	31,953	120,886	166,327	200,169	90,954	22,641	16,250	16,250
Total New Build/ Re-Development Expenditure	**43,188**	**57,094**	**60,058**	**129,526**	**166,327**	**200,169**	**90,954**	**22,641**	**16,250**	**16,250**
New Build Devolution Grant Funding / MHCLG Rough Sleeper Next Steps Grant Funding / Assumed Homes England Grant / Assumed ERDF Grant										
Anstey Way	(34)	0	0	0	0	0	0	0	0	0
Tedder Way	(35)	(280)	(29)	0	0	0	0	0	0	0
Kendal Way	(35)	(280)	(29)	0	0	0	0	0	0	0
Queensmeadow	(1)	0	0	0	0	0	0	0	0	0
Wulfstan Way	(1)	0	0	0	0	0	0	0	0	0
Akeman Street	(23)	0	0	0	0	0	0	0	0	0
Ventress Close	(30)	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	(1)	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(1,948)	0	0	0	0	0	0	0	0	0
Gunhild Way	(1)	0	0	0	0	0	0	0	0	0
Cromwell Road	(2,579)	(2,273)	(265)	0	0	0	0	0	0	0
Kingsway Clinic Conversion	(258)	0	0	0	0	0	0	0	0	0
Colville Road	(3,514)	(1,976)	0	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2021/22 £'0000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Meadows and Buchan Street	(2,512)	(6,353)	(3,562)	0	0	0	0	0	0	0
Clerk Maxwell Road	(1,272)	(848)	0	0	0	0	0	0	0	0
L2	0	0	0	0	0	0	0	0	0	0
Colville Road III	0	(1,600)	(1,600)	0	0	0	0	0	0	0
Fen Road	0	(600)	(600)	0	0	0	0	0	0	0
Ditton Fields	0	(300)	(300)	0	0	0	0	0	0	0
Aragon Close	0	(350)	(350)	0	0	0	0	0	0	0
Sackville Close	0	(350)	(350)	0	0	0	0	0	0	0
Borrowdale	0	(150)	(150)	0	0	0	0	0	0	0
Aylesborough Close	0	(1,950)	0	(1,950)	0	0	0	0	0	0
St Thomas's Road	0	(447)	(494)	0	0	0	0	0	0	0
Paget Road	0	(391)	(433)	0	0	0	0	0	0	0
Rough Sleeper Acquisitions	(1,730)	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	0	(11,948)	(13,619)	(53,721)	(55,612)	0	0	0	0	0
Total New Build / Re-Development Funding	**(13,975)**	**(30,096)**	**(21,781)**	**(55,671)**	**(55,612)**	**0**	**0**	**0**	**0**	**0**
Use of Retained Right to Buy Funding										
Anstey Way	(15)	0	0	0	0	0	0	0	0	0
Tedder Way	(15)	(120)	(12)	0	0	0	0	0	0	0
Kendal Way	(15)	(120)	(12)	0	0	0	0	0	0	0
Queensmeadow	0	0	0	0	0	0	0	0	0	0
Wulfstan Way	0	0	0	0	0	0	0	0	0	0
Akeman Street	(10)	0	0	0	0	0	0	0	0	0
Ventress Close	(13)	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	0	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(835)	0	0	0	0	0	0	0	0	0
Gunhild Way	0	0	0	0	0	0	0	0	0	0
Cromwell Road	(368)	(325)	(38)	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2021/22 £'0000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Kingsway Clinic Conversion	(110)	0	0	0	0	0	0	0	0	0
Colville Road	(1,506)	(847)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	(1,077)	(2,722)	(2,669)	(907)	0	0	0	0	0	0
Clerk Maxwell Road	(545)	(364)	0	0	0	0	0	0	0	0
L2	(273)	(323)	(25)	0	0	0	0	0	0	0
Campkin Road	(1,476)	(1,197)	(187)	0	0	0	0	0	0	0
Colville Road III	0	0	0	0	0	0	0	0	0	0
Histon Road	(23)	(161)	0	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	0	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	0	0	0	0	0	0	0	(4,875)	(4,875)	(4,875)
Total Use of Retained Right to Buy Funding	**(6,281)**	**(6,178)**	**(2,942)**	**(907)**	**0**	**0**	**0**	**(4,875)**	**(4,875)**	**(4,875)**
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	**22,932**	**18,569**	**17,077**	**26,552**	**28,597**	**27,195**	**90,954**	**17,766**	**11,375**	**2,298**
Total HRA Borrowing	**0**	**2,250**	**18,258**	**46,397**	**82,117**	**172,974**	**0**	**0**	**0**	**9,077**

Appendix G (1)

HRA Summary Forecast 2021/22 to 2025/26

Description	2021/22 £0	2022/23 £0	2023/24 £0	2024/25 £0	2025/26 £0
Income					
Rental Income (Dwellings)	(38,917,150)	(41,182,590)	(44,325,030)	(46,666,650)	(48,864,260)
Rental Income (Other)	(1,271,080)	(1,296,500)	(1,322,430)	(1,348,880)	(1,375,860)
Service Charges	(3,116,730)	(3,183,590)	(3,243,470)	(3,304,540)	(3,366,830)
Contribution towards Expenditure	(575,730)	(587,240)	(598,990)	(610,970)	(623,190)
Other Income	(458,110)	(466,540)	(475,870)	(485,390)	(495,090)
Total Income	**(44,338,800)**	**(46,716,460)**	**(49,965,790)**	**(52,416,430)**	**(54,725,230)**
Expenditure					
Supervision & Management - General	4,106,690	4,047,900	4,210,510	4,392,620	4,542,700
Supervision & Management - Special	3,172,880	3,170,610	3,243,330	3,317,780	3,394,010
Repairs & Maintenance	9,435,180	8,216,390	8,569,050	8,918,130	9,309,360
Depreciation – to Major Repairs Res.	10,920,460	11,280,490	11,854,650	12,365,280	12,814,530
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	4,061,200	4,198,730	4,352,770	4,497,990	4,644,300
Total Expenditure	**31,696,410**	**30,914,120**	**32,230,310**	**33,491,800**	**34,704,900**
Net Cost of HRA Services	**(12,642,390)**	**(15,802,340)**	**(17,735,480)**	**(18,924,630)**	**(20,020,330)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(118,860)	(185,570)	(112,250)	(122,690)	(142,580)
(Surplus) / Deficit on the HRA for the Year	**(12,761,250)**	**(15,987,910)**	**(17,847,730)**	**(19,047,320)**	**(20,162,910)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,469,310	7,511,770	7,752,780	8,498,160	10,005,930
Housing Set Aside	(9,763,000)	(4,941,510)	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0
Direct Revenue Financing of Capital	29,417,230	14,473,830	9,851,280	10,188,280	9,700,400
(Surplus) / Deficit for Year	**14,362,290**	**1,056,180**	**(243,670)**	**(360,880)**	**(456,580)**
Balance b/f	(18,419,720)	(4,057,430)	(3,001,250)	(3,244,920)	(3,605,800)
Total Balance c/f	**(4,057,430)**	**(3,001,250)**	**(3,244,920)**	**(3,605,800)**	**(4,062,380)**

Appendix G (2)

HRA 10 Year Summary Forecast 2021/22 to 2030/31

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
Rental Income (Dwellings)	(38,917)	(41,183)	(44,325)	(46,667)	(48,864)	(51,057)	(53,662)	(56,350)	(58,726)	(60,452)
Rental Income (Other)	(1,271)	(1,296)	(1,322)	(1,349)	(1,376)	(1,403)	(1,431)	(1,460)	(1,489)	(1,519)
Service Charges	(3,117)	(3,184)	(3,244)	(3,304)	(3,367)	(3,430)	(3,499)	(3,569)	(3,640)	(3,713)
Contribution towards Expenditure	(576)	(587)	(599)	(611)	(623)	(636)	(648)	(661)	(675)	(688)
Other Income	(458)	(466)	(476)	(485)	(495)	(505)	(515)	(526)	(536)	(547)
Total Income	**(44,339)**	**(46,716)**	**(49,966)**	**(52,416)**	**(54,725)**	**(57,031)**	**(59,755)**	**(62,566)**	**(65,066)**	**(66,919)**
Expenditure										
Supervision & Management - General	4,107	4,048	4,210	4,393	4,543	4,710	4,883	5,061	5,244	5,391
Supervision & Management - Special	3,173	3,171	3,243	3,318	3,394	3,472	3,552	3,634	3,718	3,803
Repairs & Maintenance	9,435	8,216	8,569	8,918	9,309	9,754	10,021	10,525	10,898	11,270
Depreciation – to Major Repairs Res.	10,921	11,280	11,855	12,365	12,815	13,232	13,659	14,193	14,743	15,081
Debt Management Expenditure	0	0	0	0	0	0	0	0	0	0
Other Expenditure	4,061	4,199	4,353	4,498	4,644	4,794	4,953	5,118	5,281	5,438
Total Expenditure	**31,697**	**30,914**	**32,230**	**33,492**	**34,705**	**35,962**	**37,068**	**38,531**	**39,884**	**40,983**
Net Cost of HRA Services	**(12,642)**	**(15,802)**	**(17,736)**	**(18,924)**	**(20,020)**	**(21,069)**	**(22,687)**	**(24,035)**	**(25,182)**	**(25,936)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account										
Interest Receivable	(118)	(186)	(112)	(123)	(142)	(168)	(221)	(254)	(217)	(174)
(Surplus) / Deficit on the HRA for the Year	**(12,760)**	**(15,988)**	**(17,848)**	**(19,047)**	**(20,162)**	**(21,237)**	**(22,908)**	**(24,289)**	**(25,399)**	**(26,110)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance										
Loan Interest	7,469	7,512	7,753	8,498	10,006	12,945	14,706	13,620	13,071	13,148

Housing Set Aside	(9,763)	(4,942)	0	0	0	0	0	0	0	0
Appropriation from Ear-Marked Reserve	0	0	0	0	0	0	0	0	0	0
Direct Revenue Financing of Capital	29,417	14,474	9,851	10,188	9,700	7,082	0	9,644	20,983	15,368
(Surplus) / Deficit for Year	**14,363**	**1,056**	**(244)**	**(361)**	**(456)**	**(1,210)**	**(8,202)**	**(1,025)**	**8,655**	**2,406**
Balance b/f	(18,420)	(4,057)	(3,001)	(3,245)	(3,606)	(4,062)	(5,272)	(13,474)	(14,499)	(5,844)
Total Balance c/f	**(4,057)**	**(3,001)**	**(3,245)**	**(3,606)**	**(4,062)**	**(5,272)**	**(13,474)**	**(14,499)**	**(5,844)**	**(3,438)**

Appendix H

Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	707	707	707	707	707	707	707	707	707	707
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Total General Fund Housing Capital Spend	**902**	**902**	**902**	**902**	**902**	**902**	**902**	**902**	**902**	**902**
HRA Capital Spend										
Decent Homes										
Kitchens	1,011	265	429	539	722	1,383	688	1,328	1,226	1,581
Bathrooms	967	176	50	160	612	609	149	54	391	1,007
Central Heating / Boilers	2,016	2,912	1,678	1,442	2,179	2,712	1,477	1,121	1,937	3,394
Insulation / Energy Efficiency	1,933	900	687	655	568	424	960	179	1,176	792
Energy Efficiency Pilot / Retrofit	1,500	6,000	0	0	0	0	0	0	0	0
External Doors	1,252	21	10	22	96	76	48	17	63	247
PVCU Windows	949	482	237	768	538	949	377	324	1,099	772
Wall Structure	3,758	6	6	19	3	270	92	541	682	1,126
External Painting	430	357	357	357	357	357	357	357	357	357
Roof Structure	500	300	300	300	300	300	300	300	300	300
Roof Covering	1,160	1,079	200	682	1,987	1,645	1,000	1,061	898	416
Electrical / Wiring	355	255	308	334	395	160	262	4	19	403

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102
HHSRS Contingency	296	150	500	300	100	100	100	100	100	100
Other Health and Safety Works	103	50	50	0	0	3	0	0	0	0
Capitalised Officer Fees - Decent Homes	403	505	505	505	505	505	505	505	505	505
Decent Homes Backlog	0	4,424	4,424	4,424	4,424	4,424	3,875	3,875	3,875	3,875
Decent Homes Planned Maintenance Contractor Overheads	1,495	1,436	540	625	876	1,000	650	604	918	1,166
Decent Homes New Build Allocation	0	789	1,328	1,804	2,244	2,700	3,174	3,666	3,860	4,059
Total Decent Homes	**18,230**	**20,209**	**11,711**	**13,038**	**16,008**	**17,719**	**14,116**	**14,138**	**17,508**	**20,202**
Other Spend on HRA Stock										
Garage Improvements	100	100	100	100	100	100	100	100	100	100
Asbestos Removal	54	23	50	50	50	50	50	50	50	50
Disabled Adaptations	1,008	808	808	808	808	808	808	808	808	808
Communal Areas Uplift	182	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	296	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	400	121	121	121	121	145	121	121	121	121
Fire Prevention / Fire Safety Works	929	5,050	50	50	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	282	225	225	225	225	225	225	225	225	225
Communal Areas Floor Coverings	100	100	100	100	100	100	100	100	100	100
Lifts and Door Entry Systems	124	9	0	38	28	75	0	0	40	40
Estate Investment	1,753	1,000	806	0	0	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	141	141	114	114	114	114	114	114	114	114

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	399	296	276	192	191	198	187	187	192	192
Total Other Spend on HRA stock	**5,768**	**8,123**	**2,900**	**2,048**	**2,037**	**2,115**	**2,005**	**2,005**	**2,050**	**2,050**
HRA New Build / Re-Development										
Anstey Way	93	0	0	0	0	0	0	0	0	0
Tedder Way	50	400	41	0	0	0	0	0	0	0
Kendal Way	50	400	41	0	0	0	0	0	0	0
Queensmeadow	1	0	0	0	0	0	0	0	0	0
Wulfstan Way	1	0	0	0	0	0	0	0	0	0
Akeman Street	95	0	0	0	0	0	0	0	0	0
Ventress Close	50	0	0	0	0	0	0	0	0	0
Colville Road (Garage Site)	1	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	2,783	0	0	0	0	0	0	0	0	0
Gunhild Way	1	0	0	0	0	0	0	0	0	0
Cromwell Road	3,684	3,247	378	0	0	0	0	0	0	0
Kingsway Clinic Conversion	368	0	0	0	0	0	0	0	0	0
Colville Road Phase II	7,157	4,024	0	0	0	0	0	0	0	0
Meadows and Buchan Street	3,589	9,075	8,893	3,025	0	0	0	0	0	0
Clerk Maxwell Road	1,817	1,212	0	0	0	0	0	0	0	0
Campkin Road	7,490	5,982	932	0	0	0	0	0	0	0
Histon Road	230	1,614	0	0	0	0	0	0	0	0
L2	2,730	3,227	248	0	0	0	0	0	0	0
Colville Road Phase III	1,605	5,315	4,572	228	0	0	0	0	0	0
Fen Road	800	2,400	350	0	0	0	0	0	0	0

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ditton Fields	350	1,200	328	0	0	0	0	0	0	0
Aragon Close	350	1,200	298	0	0	0	0	0	0	0
Sackville Close	350	1,200	299	0	0	0	0	0	0	0
Borrowdale	250	600	23	0	0	0	0	0	0	0
Aylesborough Close	1,145	3,295	9,203	5,387	0	0	0	0	0	0
St Thomas's Road	82	690	1,333	0	0	0	0	0	0	0
Paget Road	72	604	1,166	0	0	0	0	0	0	0
Acquisition or New Build (Unallocated)	648	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	3,705	11,409	31,953	120,886	166,327	200,169	90,954	22,641	16,250	16,250
Hill POD Homes	10	0	0	0	0	0	0	0	0	0
Rough Sleeper Acquisitions	3,631	0	0	0	0	0	0	0	0	0
Total HRA New Build	**43,188**	**57,094**	**60,058**	**129,526**	**166,327**	**200,169**	**90,954**	**22,641**	**16,250**	**16,250**
Sheltered Housing Capital Investment										
No current schemes	0	0	0	0	0	0	0	0	0	0
Total Sheltered Housing Capital Investment	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other HRA Capital Spend										
Orchard Replacement / Mobile Working	238	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	50	30	30	30	30	30	30	30	30
Total Other HRA Capital Spend	**568**	**350**	**330**	**330**	**330**	**330**	**330**	**330**	**330**	**330**
Total HRA Capital Spend	**67,754**	**85,776**	**74,999**	**144,942**	**184,702**	**220,333**	**107,405**	**39,114**	**36,138**	**38,832**

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Housing Capital Spend at Base Year Prices	**68,656**	**86,678**	**75,901**	**145,844**	**185,604**	**221,235**	**108,307**	**40,016**	**37,040**	**39,734**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	526	1,284	4,913	9,976	16,421	10,363	4,720	5,081	6,192
Total Inflated Housing Capital Spend	**68,656**	**87,204**	**77,185**	**150,757**	**195,580**	**237,656**	**118,670**	**44,736**	**42,121**	**45,926**
Housing Capital Resources										
Right to Buy Receipts	(474)	(478)	(483)	(483)	(483)	(483)	(483)	(483)	(513)	(518)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve	(11,199)	(24,649)	(11,854)	(12,366)	(12,816)	(13,232)	32,731	29,978	(14,743)	(15,081)
Direct Revenue Financing of Capital	(29,417)	(14,474)	(9,851)	(10,188)	(9,700)	(7,082)	0	(9,644)	(20,983)	(15,368)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(2,138)	(5,432)	(11,487)	(24,038)	(34,145)	(43,178)	(150,211)	(59,005)	(300)	(300)
Devolution Grant / Homes England Grant (assumed)	(13,974)	(30,008)	(21,603)	(55,671)	(55,612)	0	0	0	0	0
Retained Right to Buy Receipts	(6,281)	(6,178)	(2,942)	(907)	0	0	0	(4,875)	(4,875)	(4,875)
Disabled Facilities Grant	(707)	(707)	(707)	(707)	(707)	(707)	(707)	(707)	(707)	(707)
Prudential Borrowing	0	(2,250)	(18,258)	(46,397)	(82,117)	(172,974)	0	0	0	(9,077)
Total Housing Capital Resources	**(64,190)**	**(84,176)**	**(77,185)**	**(150,757)**	**(195,580)**	**(237,656)**	**(118,670)**	**(44,736)**	**(42,121)**	**(45,926)**
Net (Surplus) / Deficit of Resources	4,466	3,028	0	0	0	0	0	0	0	0
Capital Balances b/f	**(8,577)**	**(4,111)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**
Use of / (Contribution to) Balances in Year	4,466	3,028	0	0	0	0	0	0	0	0

Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Balances c/f	**(4,111)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**	**(1,083)**
Other Capital Balances (Opening Balance 1/4/2021)										
Major Repairs Reserve	(13,647)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(7,333)	Utilised in 2021/22 and 2022/23 above								
Right to Buy Receipts for Debt Redemption	(10,121)	Retained for future debt repayment								
Devolution Grant	(28,140)	Utilised between 2021/22 and 2023/24 above								
Total Other Capital Balances	**(59,241)**									

Appendix I

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(751.1)	(69.7)	0.0	(820.8)
Special Services	(1,245.4)	(147.4)	12.4	(1,380.4)
Repairs and Maintenance	(537.8)	(48.4)	0.0	(586.2)
Total	**(2,534.3)**	**(265.5)**	**9.2**	**(2,799.8)**

Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(28.3)	(6.4)	0.0	(34.7)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(14,704.5)	0.0	0.0	(14,704.5)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(10,121.3)	0.0)	0.0	(10,121.3)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(13,646.9)	0.0	0.0	(13,646.9)

Appendix J

Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	CPI plus 1% for 3 further years from 2021/22, followed by CPI plus 0.5% for 5 years, then CPI	Although confirmed by government, for the next 3 years, there is no guarantee that there will be the ability to return to previously assumed rent increases if rents are set legislatively after 2024/25, so assume CPI only from 2025/26.	Borrowing increases by £43 million during the life of the plan and interest payments by £10 million.
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 2022/23.	Borrowing increases by £72 million during the life of the plan, with £52 million bad debt and £20m in additional interest payments.
Cost of HRA New Build 1,000 Programme	Homes England Grant assumed for all affordable tenures at £100,000	Assume that the authority fails to secure Homes England Grant to support the delivery of new homes	Borrowing increases by £276 million during the life of the plan and interest payments increase by £129 million.
General Inflation	CPI assumed to be at 2% ongoing	As a efficiency measure, assume that general inflation at 2% is only applied to pay and contractual budgets at 1/4/2022 and that other budgets are frozen for one year at 2020/21 levels.	An ongoing saving of £65,800 would be realised from 2022/23.

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
HRA Borrowing
Future uncertainty exists about the borrowing route which the HRA will pursue to fund the delivery of 1,000 affordable rented homes and the ability to manage the cashflow and service / re-pay the debt in a self-financing environment. Despite the end of 4 years of rent cuts, rents are still controlled at national level, which was never the intention of operating in a self-financing environment, and which may constrain the HRA business plan.
Right to Buy Sales
The number of sales had stabilised until the recent impact of the coronavirus pandemic which saw a halt / reduction in activity in 2020/21. Initial indications are that this has accelerated again in early 2021/22, but uncertainty in the economy, and particularly the job market, may impact future sales, although this is impossible to predict accurately.
Right to Buy Retention Agreement
Resource retained in respect of 1-4-1 receipts must be appropriately re-invested in the HRA, with reliance on the £70 million Devolution Grant currently. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty in the short-term, but appropriate investment of the resource is subject to schemes proceeding to anticipated timescales and the ability to deliver these schemes alongside any that are in receipt of grant. Potential interest that will be payable if the receipts are not utilised within the agreed 5-year period has not been incorporated into the HRA revenue projections.
COVID-19 Ongoing Impact
It is unclear whether there will be any longer-term impact of the coronavirus pandemic for the HRA, and at this stage nothing has been included post 2021/22.
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.
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. Delays on site are also being experienced as a result of labour and materials shortages as a result of the coronavirus pandemic and Brexit, which impacts rental income negatively.

Housing Revenue Account – Revenue Uncertainties

Welfare Reforms

The negative impact that the early years of rollout of Universal Credit is having on the level of rent arrears and bad debts within the HRA is still unquantifiable in totality, although expectations are that we will see a significant further increase in arrears levels.

Repairs Legislation

The Housing White Paper confirmed the need for a review of legislation surrounding the decency and maintenance standards of the housing stock. We await the outcome of the review, but there is a view that there will be an increase in the amount of routine inspections required in respect of alarms, fire doors, etc

National Rent Policy

The change in national rent policy, with what was previously rent guidance, now being legislation, removes all local control over the setting of rent levels. Although a return to increases of CPI plus 1% is in place for the next 3 years from April 2022, there is no certainty over what will happen from April 2025.

Housing Revenue Account - Capital Uncertainties

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 was to address the defect when the property was void, although this has not worked effectively in recent years. Currently 12 of the 110 properties potentially affected have been rectified. Reduced funding of approximately £1.1m is included in the Housing Capital Programme over the next 10 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. Work is to be commissioned to revisit this issue and review the current asset management approach.

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 had stabilised over until 2020/21, when it reduced as a result of the coronavirus pandemic and lockdown. Under the agreement with CLG, the authority is committed to invest the receipts in new homes within 5 years of the receipt period, with this funding meeting no more than 40% of the cost of a dwelling. Once Devolution Grant is exhausted, the authority will be required to identify the 70% top up funding itself or through borrowing, with this assumption currently incorporated as an alternative to Homes England grant. Receipts may need to be paid over to central government at the end of each year, if delays in the delivery of new homes mean that deadlines are breached.

Fire Safety Act and Works in Flatted Accommodation

The authority still awaits full information on the changes to fire safety and building safety regulations, which may impact the future investment need in flatted accommodation particularly. 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.

Decent Homes 2

Following publication of the Social Housing White Paper at the end of 2021, the authority still awaits details of the outcome of the review of the Decent Homes Standard, with future investment needs expected to alter as a result.

Energy Improvement Works

The authority commissioned work to explore the potential costs to retrofit existing homes to improve energy efficiency. There is a need to evidence that these costs are robust by carrying out pilot programmes locally and to explore funding mechanisms to support this investment. The ability to deliver this level of investment without financial support is limited.

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STRATEGY & RESOURCES SCRUTINY COMMITTEE
11 October 2021
5.00 – 7.13pm

Present: Robertson (Chair), Bick, Dalzell, H.Davies, Healy, S.Smith

RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR FINANCE AND RESOURCES COUNCILLOR DAVEY)

TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT 2021/22

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

The Code of Practice 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

This half-year report has been prepared in accordance with the Code and covers the following: -

- The Council's capital expenditure (Prudential Indicators);
- A review of compliance with Treasury and Prudential Limits for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2021/22; and;
- An update on interest rate forecasts following economic news in the first half of the 2021/22 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.

Accordingly, Council is recommended to:

i. Approve the Council's estimated Prudential and Treasury Indicators 2021/22 to 2024/25 (Appendix A of the officer's report).

ii. Approve that the counterparty limit for building societies with assets over £100bn be increased by £10m to £30m (Appendix B of the officer's report).

iii. Approve the changes to the Cambridge Investment Partnership loans in the counterparty list, to bring these into line with the approved expenditure per the approved capital plan (Appendix B of the officer's report).

Item

TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT 2021/22

To:
The Executive Councillor for Finance & Resources: Councillor Mike Davey

Strategy & Resources Scrutiny Committee 11th October 2021

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 This half-year report has been prepared in accordance with the Code and covers the following: -

- The Council's capital expenditure (Prudential Indicators);
- A review of compliance with Treasury and Prudential Limits for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2021/22; and;
- An update on interest rate forecasts following economic news in the first half of the 2021/22 financial year.

1.3 Cash and investment balances are forecast to stay at past levels at around £125.8 million by the end of this year.

1.4 Cash advances to the Cambridge Investment Partnership continue and are increasing in line with latest projections approved by the CIP board.

1.5 Interest receipts for the year are projected at £852,000 which is £94,000 below budget. Interest receipts are forecast lower than last year due mainly to reductions in investment rates.

2. Recommendations

The Executive Councillor is asked to recommend to Council:-

2.1 The Council's estimated Prudential and Treasury Indicators 2021/22 to 2024/25 (Appendix A).

2.2 That the counterparty limit for building societies with assets over £100bn be increased by £10m to £30m (Appendix B).

2.3 To approve the changes to the Cambridge Investment Partnership loans in the counterparty list, to bring these into line with the approved expenditure per the approved capital plan (Appendix B).

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 Code of Practice 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.

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

3.4 The Council is currently supported in its treasury management functions by specialist advisors who are Link Asset Services. These 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 2021/22 to 2024/25

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 2021/22 and is in line with the agreed Capital Plan and estimated future capital expenditure.

Estimate	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
General Fund Capital Expenditure	95,375	52,400	43,074	16,140
HRA Capital Expenditure	67,754	86,302	76,283	149,855
Total Capital Expenditure	**163,129**	**138,702**	**119,357**	**165,995**
Resourced by:				
• Capital receipts	-25,603	-17,884	-13,445	-7,819
• Other contributions	-71,360	-82,444	-58,100	-104,606
Total resources available for financing capital expenditure	**-96,963**	**-100,328**	**-71,545**	**-112,425**
Financed from cash balances & any Prudential Borrowing required	**66,166**	**38,374**	**47,812**	**53,570**

4.3 In addition to a total of £21.5 million for the Mill Road and Cromwell Road developments, the Medium Term Financial Strategy now includes capital expenditure of £10.4 million for the L2 Orchard Park site and £90.8 million for the redevelopment of Park Street. This is General Fund expenditure which will be funded from cash balances and borrowing. It is reflected in the increase in the Council's Capital Financing Requirement.

5. The Council's Prudential and Treasury Management Indicators

5.1 The table overleaf 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 & External Borrowing Estimate	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**
General Fund Capital Financing Requirement	143,657	179,475	208,490	215,019
HRA Capital Financing Requirement	208,654	210,904	229,162	275,559
Total Capital Financing Requirement	**352,311**	**390,379**	**437,652**	**490,578**
Movement in the Capital Financing Requirement	**65,860**	**38,068**	**47,273**	**52,926**
Financed from cash balances & any Prudential Borrowing required	*66,166*	*38,374*	*47,812*	*53,570*
Minimum Revenue Provision	*(306)*	*(306)*	*(539)*	*(644)*
Estimated External Gross Debt/Borrowing (Including HRA Reform)	279,738	318,112	365,924	419,494
Authorised Limit for External Debt	400,000	450,000	550,000	550,000
Operational Boundary for External Debt	357,311	395,379	442,652	495,578

5.2 A further prudential indicator controls the overall level of borrowing externally. This is the Authorised Limit (ABL) 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): -

UPDATE	**Principal (£'000)**
Authorised Borrowing Limit (A) – Agreed by Council on 17th October 2019	400,000
PWLB Borrowing (for HRA Self-Financing, B)	213,572
Headroom (A minus B)	186,428
Borrowing up to 31st August 2021	NIL
Total Current Headroom (A minus B)	**186,428**

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 Current borrowing relates to loans from the PWLB for self-financing dwellings held within the HRA, taken out in 2012 totalling £213,572,000.

6.3 The Council's current capital plan requires new external borrowing for the year 2021/22 onwards. This is to support the redevelopment of the Park Street multi-storey car park and for capital schemes under the HRA. 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 publish at least annually a policy by which MRP will be determined. This policy was agreed by Council on 25th February 2021. Changes to the policy will be considered and amendments may be proposed in the next Treasury Management strategy, alongside the Council's capital strategy and budget setting report.

6.5 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 March 2022, at least (with the date agreed annually). However, the Council notes the publication of the HM Treasury Public Works Loans Board (PWLB) revised lending terms and guidance, which puts in place restrictions on borrowing from the PWLB where an authority's capital plan includes commercial schemes in the year that borrowing is required. The Council's capital plan does not include any schemes that are classified as commercial under these revised lending terms.

7. Investment Portfolio

7.1 The Council takes a cautious approach to its Treasury Management Strategy, and the detailed counterparty list with limits is shown within Appendix B.

7.2 The average rate of return for all deposits to 31st August 2021 is 0.67%, compared to 1.04% in 2020/21. The current quoted return on the CCLA Local Authorities Property Fund is an annual return of 4.33%. Loans extended to CIP projects on Mill Road and Cromwell Road have an annual return of 4.35% for working capital loans with 0.62% taken as investment income and the balance transferred to the balance sheet for future allocation to approved projects.

7.3 To ensure that minimal risk is present for the Housing Revenue Account (HRA) nominal cash balances, returns from lower risk investments (currently estimated at 0.2%) will be used to transfer interest receipts to the HRA.

7.4 Current estimates for 2021/22 include gross interest receipts of £852,000. This is mainly due to interest rates being low.

7.5 Interest rates are currently very low. Building societies have better rates than other local authorities and therefore it would be beneficial to have more capacity to use them at this time. We recommend increasing the investment limit with large building societies from £20m to £30m. See Appendix B for proposed changes to the Counterparty List.

7.6 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.

DEPOSIT ANALYSIS Annualised Av Balance	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Short Term – 40%*	50,300	42,700	28,450	42,600	42,600
Medium Term - 30%*	37,750	32,050	21,350	31,900	31,900
Long Term – 30%*	37,750	32,050	21,350	31,900	31,900
TOTAL	**125,800**	**106,800**	**71,150**	**106,400**	**106,400**

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

7.7 The Council's balances reduce in the short term in line with the cash requirements of the redevelopment of Park Street and of Cambridge Investment Partnership redevelopments of Mill Road and Cromwell Road and an enhanced HRA capital plan to further increase affordable homes in the City. Balances increase as loans start to be repaid and additional rent receipts are present in the HRA Business plan. All loans are secured against assets in various CIP limited companies.

7.8 An analysis of the sources of the Council's deposits is prepared from the balance sheet at the end of each financial year. The analysis for 31 March 2021 is shown at Appendix C.

8. Update on the exit from the European Union (EU) & COVID-19

8.1 The 2016 referendum result generated some uncertainty in the investment markets, and current events continue to disrupt the markets. The council will continue to seek out asset backed securities wherever possible as mitigation in these uncertain times. The United Kingdom left the EU on 31st January 2020 with an 'exit deal' coming into force on 31 January 2021.

8.2 COVID-19 has placed downward trends on world-wide money markets. This will continue for some time particularly with fears around a 'spike' in infection rates looming.

9. Interest Rates

9.1 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.

9.2 As above, building societies currently have better interest rates available compared with other counterparties. See Appendix B for proposed changes to the Counterparty List.

10. Implications

(a) Financial Implications

This is a financial report and implications are included in the detailed paragraphs as appropriate.

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.

11. Consultation and communication considerations

None required.

12. Background papers

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

13. Appendices

13.1 Appendix A – Prudential and Treasury Management Indicators
Appendix B – The Council's current Counterparty list

Appendix C – Sources of the Council's Deposits
Appendix D – Link's opinion on UK Forecast Interest Rates
Appendix E – Glossary of Terms and Abbreviations

14. Inspection of papers

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

Author's Name:	Francesca Griffiths
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PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

Estimates	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
PRUDENTIAL INDICATORS				
Capital expenditure				
- General Fund	95,375	52,400	43,074	16,140
- HRA	67,754	86,302	76,283	149,855
Total	**163,129**	**138,702**	**119,357**	**165,995**
Capital Financing Requirement (CFR) as at 31 March				
- General Fund	143,657	179,475	208,490	215,019
- HRA	208,654	210,904	229,162	275,559
Total	**352,311**	**390,379**	**437,652**	**490,578**
Change in the CFR	**65,860**	**38,068**	**47,273**	**52,926**
Deposits at 31 March (Average cash balances annualised)	125,800	106,800	71,150	106,400
External Gross Debt	245,878	322,213	386,397	425,513
Ratio of financing costs to net revenue stream				
-General Fund	-69	1,410	1,927	1,993
-HRA	7,375	7,353	7,792	8,709
Total	**7,306**	**8,763**	**9,719**	**10,702**
% of net revenue expenditure				
-General Fund	-0.25%	8.10%	12.96%	12.92%
-HRA	16.63%	15.74%	15.59%	16.62%
Total (%)	**16.39%**	**23.84%**	**28.55%**	**29.54%**

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000
TREASURY INDICATORS				
Authorised limit				
for borrowing	400,000	450,000	550,000	550,000
for other long-term liabilities	0	0	0	0
Total	**400,000**	**450,000**	**550,000**	**550,000**
Operational boundary				
for borrowing	357,311	395,379	442,652	495,578
for other long-term liabilities	0	0	0	0
Total	**357,311**	**395,379**	**442,652**	**495,578**
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	7,306	8,763	9,719	10,702
Net interest on variable rate borrowing/deposits	-15	-17	-17	-17
Maturity structure of new fixed rate borrowing		Upper Limit	Lower Limit	
10 years and above (PWLB borrowing for HRA Reform)		100%	100%	

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Appendix B

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). Recommended changes are highlighted in purple and in bold.

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
Members of a Banking Group	Using Link's Credit Criteria	UK Banks and UK Nationalised Banks	30m
Svenska Handelsbanken	Using Link's Credit Criteria	Non-UK Bank	5m

Name	Council's Current Deposit Period	Category	Limit (£)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 3 months and up to 1 year	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 3 months and up to 1 year	Financial Instrument	5m (per fund)
Money Market Funds (AAAf) – CNAV, VNAV & LVNAV	Liquid Rolling Balance	Financial Instrument	15m (per fund) With no maximum limit overall
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 23rd November 2020**	**Limit (£)**
Nationwide Building Society	1 month or in line with Link's Credit Criteria, if longer	245,732	**Assets greater than £100bn - £30m (previously £20m)** Assets between £50,000m and £99,999m - £5m Assets between £5,000m and £49,999m - £2m
Yorkshire Building Society		52,815	
Coventry Building Society		48,771	
Skipton Building Society		23,648	
Leeds Building Society		21,162	
Principality Building Society		10,483	
West Bromwich Building Society		5,565	
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 (CCHC) Working Capital Loan *	Up to 1 year	Loan	200,000
CCHC Investment *	Rolling Balance	Loan (Asset Security)	7,500,000
Cambridge Investment Partnership (Mill Road)*	**Rolling Balance**	**Loan (Asset Security)**	**21,505,000**

Name	Council's Current Deposit Period	Category	Limit (£)
Cambridge Investment Partnership (Cromwell Road)*	**Rolling Balance**	**Loan (Asset Security)**	**48,350,000**
Cambridge Investment Partnership (Orchard Park L2)*	**Rolling Balance**	**Loan (Asset Security)**	**11,529,000**
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 15m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	15m (per single counterparty)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
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)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 1 year and up to 5 years	Financial Instrument	5m (per fund)
Commercial Property Investments funded from cash balances	Over 1 year	Commercial Property	25m (in total)
Municipal Bonds Agency	N/A	Pooled Financial Instrument Facility	50,000
Secured Local Bond – 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 **(excluding balances with related parties*)** will not exceed £50m.

Appendix C

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 £852,000 each year based on current deposit and interest rate levels.

At 1st April 2021, the Council had deposits of £162.0 million. The table below provides a sources breakdown of the funds deposited at that date: -

Funds Deposited as at 1 April 2021	**£'000**	**£'000**
Working Capital		32,832
General Fund:		
General Reserve	16,594	
Asset Renewal Reserves	2,144	
Other Earmarked Reserves	49,099	67,837
Housing Revenue Account (HRA): -		
General Reserve	18,420	
Asset Renewal Reserves	2,534	
Major Repairs Reserve	13,647	
Other Earmarked Reserves	14,733	
Capital Financing Requirement (Including HRA)	-286,451	
PWLB Borrowing for HRA	213,572	-23,545
Capital:		
Capital Contributions Unapplied	44,672	
Usable Capital Receipts	40,213	84,885
Total Deposited		**162,009**

The HRA accounts for around 60% of reserves deposited.

Appendix D

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) kept the bank rate at 0.10% and kept Quantitative Easing (QE) at £895bn, on 5th August 2021. Going-forward, the Council's treasury advisor, Link, has provided the following interest rate forecasts, issued on 2nd September 2021:

	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.50%
3 month LIBID	-	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.30%	0.30%	0.30%	0.50%
6 month LIBID	-	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.30%	0.40%	0.50%	0.50%
12 month LIBID	-	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.40%	0.50%	0.60%	0.70%
5yr PWLB rate	1.20%	1.20%	1.20%	1.30%	1.30%	1.30%	1.40%	1.40%	1.40%	1.50%	1.50%
10yr PWLB rate	1.60%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	1.90%	2.00%	2.00%
25yr PWLB rate	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%
50yr PWLB rate	1.70%	1.80%	1.90%	2.00%	2.10%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%

Appendix E

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
CIP	Cambridge Investment Partnership
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
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
Government CNAV	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)

Term	Definition
HRA	Housing Revenue Account - a ‘ring-fenced’ account for local authority housing account where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered Rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans
London Interbank Bid Rate (LIBID)	The average interest rate which major London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
Low Volatility Net Asset Value (LVNAV)	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
MHCLG	Ministry for Housing, Communities & Local Government (formerly the Department for Communities & Local Government, DCLG)
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK’s bank base rate
Minimum Revenue Provision (MRP)	Revenue charge to finance the repayment of debt
NHBC	National House Building Council
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 1st 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

Term	Definition
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
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 1st January 2019 deadline
Security	A measure of the creditworthiness of a counterparty
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury
Variable Net Asset Value (VNAV)	MMFs values based on daily market fluctuations to 2 decimal places known as mark-to-market prices
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

STRATEGY & RESOURCES SCRUTINY COMMITTEE

11 October 2021
5.00 – 7.13pm

Present: Robertson (Chair), Bick, Dalzell, H.Davies, Healy, S.Smith

RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR FINANCE AND RESOURCES COUNCILLOR DAVEY)

MEDIUM TERM FINANCIAL STRATEGY (MTFS) OCTOBER 2021

This report presented and recommended the budget strategy for the 2022/23 budget cycle and specific implications, as outlined in the Medium-Term Financial Strategy (MTFS) October 2021 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 2022/23 budget process showed the range of assumptions on which the Budget-Setting Report (BSR) published in February 2021 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 2022/23 to provide indicative budgets to 2031/32. All references in the recommendations to Appendices, pages and sections relate to the MTFS.

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.

It was noted that the budgetary implications of the Depot Relocation reported elsewhere on the agenda and agreed by the Executive Councillor would be incorporated into an updated version of the MTFS reported to Full Council.

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

Accordingly, Council is recommended to:

i. To agree the budget strategy and timetable as outlined in Section 1 [pages 5 to 7 refer] of the MTFS document.

ii. To agree the incorporation of changed assumptions and specific, identifiable pressures, as presented in Sections 3 and 4 respectively [pages 19 to 30 of the MTFS document refer]. This provides an indication of the net savings requirement, by year for the next five years, and revised projections for General Fund (GF) revenue and funding as shown in Section 6 [page 36 refers] and reserves [Section 7 pages 37 to 41 refer] of the MTFS document.

iii. To agree the revenue budget proposals as set out in Section 4 [pages 19 and 20 of the MTFS document refer].

Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Additional communications posts and digital consultation platform (license fee) - recurring	45	125	125	125	125
Additional costs of redevelopment of commercial units at Colville Road Phase 3		120	120		
Set up costs of a new housing company and Registered Provider	73				
Feasibility study to expand Cambridge City Housing Company	70				
Total	**188**	**245**	**125**	**125**	**125**

iv. To note the changes to the capital plan and funding as set out in Section 5 [pages 31 to 35 refer] and Appendix A [pages 49 to 52] of the MTFS document.

v. To agree changes to the budget for the Meadows Community Hub and Buchan Street retail outlet scheme as set out below.

Ref.	Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Proposals							
SC694	Meadows Community Hub and Buchan Street retail outlet	(1,224)	2,551	158	-	-	-	1,485
	Total proposals	**(1,224)**	**2,551**	**158**	**0**	**0**	**0**	**1,485**

vi. To agree the replacement of third-party contributions of £210k for the community extension to Cherry Hinton library with council funding.

vii. To agree the following in relation to the depot relocation programme, included in Appendix F of the MTFS Version 2.0 (for Council on 21 October 2021):

- Approve capital funding of £10m for the depot relocation
- Remove the Lion Yard shopping centre investment scheme from the capital plan, reallocating the funding from that scheme to the depot relocation programme
- Allocate £1m of funding from the General Fund (GF) Development Reserve to the depot relocation programme
- Allocate an additional £3m of capital receipts or borrowing to fund the balance of the scheme
- That the capital plan and funding as set out in Section 5 [pages 31 to 35 refer] and Appendix A [pages 49 to 52] should be updated to reflect the changes arising from approval of the depot relocation programme

viii. To agree the transfer of £3.1m and £0.8m of GF reserves into earmarked reserves to support the delivery of the Our Cambridge transformation and recovery programme and to provide a contingency fund for the programme [page 41 of the MTFS document refers]. Furthermore, to agree authorisation to draw down funding from these reserves to be as described.

ix. To agree changes to GF reserve levels, the prudent minimum balance being set at £6.64m and the target level at £7.98m as detailed in Section 7 [page 39 of the MTFS document refers] and Appendix B [pages 53 and 54 of the MTFS document refer].

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Item

Strategy & Resources 11 October 2021: Medium Term Financial Strategy (MTFS)

To:
Councillor Mike Davey, Executive Councillor for Finance and Resources Portfolio

Report by:
Caroline Ryba, Head of Finance
Tel: 01223 - 458134 Email: caroline.ryba@cambridge.gov.uk

Wards affected:
(All) Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

Overview of Medium Term Financial Strategy

1.1 This report presents and recommends the budget strategy for the 2022/23 budget cycle and specific implications, as outlined in the MTFS October 2021 document, which is attached and to be agreed.

1.2 This report recommends the approval of new revenue and 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 2022/23 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2021 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 further. This then provides the basis for updating the budget for 2022/23 and to provide indicative budgets to 2031/32. All references to the recommendations to Appendices, pages and sections relate to MTFS Version 1.0

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 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 5 to 7 refer] of the MTFS document.

2.2 To agree the incorporation of changed assumptions and specific, identifiable pressures, as presented in Sections 3 and 4 respectively [pages 19 to 30 refer]. This provides an indication of the net savings requirement, by year for the next five years, and revised projections for General Fund (GF) revenue and funding as shown in Section 6 [page 36 refers] and reserves [Section 7 pages 37 to 41 refer] of the MTFS document.

2.3 To agree the revenue budget proposals as set out in Section 4 [pages 19 and 20 refer].

Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Additional communications posts and digital consultation platform (license fee) - recurring	45	125	125	125	125
Additional costs of redevelopment of commercial units at Colville Road Phase 3		120	120		
Set up costs of a new housing company and Registered Provider	73				
Feasibility study to expand Cambridge City Housing Company	70				
Total	**188**	**245**	**125**	**125**	**125**

Capital

2.4 To note the changes to the capital plan and funding as set out in Section 5 [pages 31 to 35 refer] and Appendix A [pages 49 to 52] of the MTFS document.

2.5 To agree changes to the budget for the Meadows Community Hub and Buchan Street retail outlet scheme as set out below.

Ref.	Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Proposals							
SC694	Meadows Community Hub and Buchan Street retail outlet	(1,224)	2,551	158	-	-	-	1,485
	Total proposals	**(1,224)**	**2,551**	**158**	**0**	**0**	**0**	**1,485**

2.6 To agree the replacement of third-party contributions of £210k for the community extension to Cherry Hinton library with council funding.

2.7 To agree the following in relation to the depot relocation programme, presented to Committee as a supplementary paper and included in Appendix F of the MTFS Version 2.0 (for Council on 21 October 2021):

- Approve capital funding of £10m for the depot relocation
- Remove the Lion Yard shopping centre investment scheme from the capital plan, reallocating the funding from that scheme to the depot relocation programme
- Allocate £1m of funding from the General Fund (GF) Development Reserve to the depot relocation programme
- Allocate an additional £3m of capital receipts or borrowing to fund the balance of the scheme
- That the capital plan and funding as set out in Section 5 [pages 31 to 35 refer] and Appendix A [pages 49 to 52] should be updated to reflect the changes arising from approval of the depot relocation programme

Reserves

2.8 To agree the transfer of £3.1m and £0.8m of GF reserves into earmarked reserves to support the delivery of the Our Cambridge transformation and recovery programme and to provide a contingency fund for the programme [page 41 refers]. Furthermore, to agree authorisation to draw down funding from these reserves to be as described.

2.9 To agree changes to GF reserve levels, the prudent minimum balance being set at £6.64m and the target level at £7.98m as detailed in Section 7 [page 39 refers] and Appendix B [pages 53 and 54 refer].

3. Background

3.1 The purpose of this report is to outline the overall financial position of the council and to consider the prospects for the 2022/23 budget process within the context of projections over the medium term. The detailed analysis undertaken to fulfil this is presented in the MTFS October 2021 document appended to this report.

3.2 The document considers the GF revenue position and the council's overall capital plan.

3.3 Revenue forecasts are presented for the ten-year projection period through to the year 2031/32, demonstrating the sustainability of the council's financial planning with reference to the level of reserves held through 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 existing commitments to the council.

3.5 Recommendations for approval of specific revenue and capital costs, as identified, are included.

3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2022/23 detailed budget setting process.

4. Implications

4.1 These are incorporated within the document and will be taken account of in the subsequent budget reports.

5. Consultation and communication considerations

5.1 Budget consultation is outlined in the MTFS document [page 6 refers].

6. Background papers

6.1 Background papers used in the preparation of this report:

- MTFS working papers on the 2021/22 and 2022/23 files

7. Appendices

The following item is included in this report:

- MTFS October 2021

8. Inspection of papers

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

Authors' Names:	Caroline Ryba
Authors' Phone Numbers:	01223 - 458134
Authors' Emails:	caroline.ryba@cambridge.gov.uk

Version 2.0
21 October 2021
Council

General Fund
Medium Term Financial Strategy

October 2021

2021/22 to 2030/31

Cambridge City Council

CAMBRIDGE
CITY COUNCIL

Contents

Appendices

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

Introduction

Cambridge City Council produces two main financial documents each year, the Budget Setting Report (BSR) and this, the Medium-Term Financial Strategy (MTFS). Once approved by Full Council the BSR delegates the authority to run the council to our Officers, thereby providing services to the city and applying charges and fees in accordance with the budget. The MTFS fulfils an important role in the calendar, drawing together a review of financial information halfway through the year, making assumptions and forecasts for the future and providing a basis on which to prepare the budget for the year ahead.

Protecting our City through the Covid-19 pandemic and beyond

The pandemic continues to have a profound impact on the daily life of the people of Cambridge. The forecasting undertaken by the Council in May and June 2020 proved remarkably accurate and allowed us the scope to plan effectively throughout the last financial year, despite the uncertainty caused by repeated lockdowns. Our most significant costs were from loss of income from Car Parking Services and Cambridge Live, allied to increased spending on Housing and Homelessness. As reported at the BSR earlier in the year, despite central Government promises to ensure we were recompensed for losses incurred as a result of COVID, that did not prove to be the case. We were left 40% short of the overall costs met by the Council, leaving us with a shortfall of approximately £7m.

The impact on the City's economy have been significant yet varied. Whilst some of our companies, most notably AstraZeneca, have been at the forefront of the national and global fight against COVID, there has also been significant personal cost. There has been a rise of over 100% in unemployment claimants. The reduction in footfall in the City Centre by over 80% for significant periods of last year has had a major and negative impact upon the retail, tourism, and hospitality

sectors. At the time of writing (September 2021) there are encouraging signs of recovery, but these are early days, and we must ensure we work in partnership with businesses and other stakeholders to agree a Recovery Plan which will ultimately lead to a future vision of the City. This is all well and good but it is apparent that there has been a disproportionate impact upon our most deprived communities, and it is therefore vital we maintain a commitment to the core priorities of the Council, namely tackling poverty, and ensuring a sustainable carbon free future.

Shortfalls in Government Funding

Allied to the shortfalls in funding from central Government due to COVID there are further constraints that make accurate forecasting extremely problematic. Funding reform of Local Government has been anticipated for some years, however it is uncertain, when, if ever the Fair Funding Review will take place and the outcome Business Rates Review remains unclear. This has required us to make a series of assumptions which are outlined within the report. One thing is for sure however, the outlook for the next five years does not look positive, and we will have to plan to make savings. It is our estimation that these will amount to approximately £7.5m. In particular, post COVID, the financial years 2022-23 and 202324 look very challenging.

The Transformation Programme; "Our Cambridge"

In recognition of the financial challenges we face, the Council has embarked on an ambitious Transformation Programme, namely "Our Cambridge". Rather than respond to the issues we face on an annual, reactive way, we are keen to build the Council we want to be in the future, aspiring towards ambitious goals, albeit within a financially sustainable plan. We will place working with our communities and our staff at the heart of this work. We aim to encourage an enhanced customer focus, strengthen strategic partnerships whilst encouraging an entrepreneurial approach to the work of the Council. This Programme will make us fit for purpose for the future, placing our core themes of tackling climate change and alleviating poverty at the heart of all that we do. This work will not come cheap, and we will have to invest now to succeed in time, which is why we propose spending £3.1 m from our reserves to fund the Programme.

Use of Reserves

This does not mean a fundamental change to our ongoing strategy of primarily using reserves for investment, but simply recognises the immediate and pressing need. We are in essence using our

reserves to invest in our Council. Whilst we are fortunate to have reserves available, this is due to responsible and prudent management in the past and we will continue to be guided by the mantra 'you can only spend reserves once'.

Because of the ongoing uncertainty work has been ongoing to identify a base line over the next 5 years and then a best- and worst-case scenarios. I would draw your attention to this work. It was our belief last year that the long-term economic impacts of Covid-19 will only start to be understood in this financial year 2021-22 and the implications will be long term. That view has not changed. As outlined in the BSR we remain keen to use Reserves for Green Investments, and in the near future we will require funds to be used for the replacement of the Depot.

Managing Brexit and other 'unknowns'

As if the above isn't sufficient, the challenge of managing the impact of leaving the EU remains and remains largely unknown. We are already aware of the impact of low staffing levels in certain sectors e.g., haulage and hospitality. This has had some, albeit manageable implications for the work of Cambridge Investment Partnership whereby some unexpected delays and costs have been felt. It is worth noting however that this Partnership has continued to deliver beyond expectations, and we have built the 500 Council homes we promised, and on time. This partnership with Hill has rightly been celebrated and is a wonderful example of what can be achieved by Local Authorities with innovative yet prudent management.

Finally, if the pandemic has taught us one thing, it is that we must be aware and responsive to unexpected challenges and as we enter the next 6 months the increase in energy charges and perhaps more significantly interest rates will need to be factored into our future financial planning.

Our Strategy

At the risk of reiterating what was said last year, this is the challenging and uncertain context within which we must deliver our financial plan. We remain unsure of what limited funding will be provided by the Government, so developing other income streams will become ever more important and it remains our stated ambition to continue to use Reserves as a tool for investment as opposed to offsetting short term immediate costs. This approach might need to be reviewed in the mid-term depending upon the outcome of central Government funding reviews.

The MTFS has identified the pressures we face in the years ahead and the way we will address those challenges. At the core of this work will be the Transformation Programme, which we believe will enable us to secure and enhance existing services and to make a Council fit for purpose and financially sustainable. Our primary goals remain consistent, namely, to fight poverty and to protect and enhance the environment of Cambridge, to help the economic development of our city, and to assist in moving it towards a net zero carbon position. Against this we will maintain our commitment to the most deprived areas of the City, and those most likely to be adversely affected by the ongoing impact of coronavirus.

The MTFS will also help us plan the Budget Setting Report for 2022/23 which will be published in January. It embraces the core financial objectives of this Council, namely sound and prudent financial management. We will continue to invest for the future and strive to create 'one city fair for all.'

Cllr Lewis Herbert - Leader of the Council

Cllr Mike Davey – Executive Councillor for Finance and Resources

Section 1
Introduction

Background

The 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. Last year, consideration was given to the current and potential future financial impacts of the Covid-19 pandemic. These considerations continue to underlie the development of the financial strategy, with an emphasis on recovery and the creation of a 'new normal' for both the city and the council.

However, the most significant development is the extension of the strategy to cover ten years rather than five. This reflects ongoing concerns that funding for local government has fallen behind the costs of delivering services and that, as a result, some councils are becoming financially unsustainable. Indeed, a number of councils in this position have negotiated financial support from central government. Moving to a ten-year financial strategy will enable the council plan more effectively and show how it intends to address its financial challenges. In so doing, the council is also reflecting best practice and meeting the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code.

This MTFS identifies:

- Items which require immediate action or approval
- Items which provide context for decisions on the strategy or budget process:
    - The level of savings requirements over the next ten years
    - Resources to be made available for funding the capital plan

- The level of GF general reserves
- Risks to the delivery of the financial strategy and the levels of uncertainty, particularly in the later years.

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/November 2021 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 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.

Date	Task
2021	
11 October	Strategy & Resources Scrutiny Committee consider the GF MTFS for recommendation to Council by the Leader
21 October	Council considers both GF and HRA MTFS reports
2022	
4 January	Budget Setting Report (BSR) published
7 February	BSR and any budget amendment proposal considered by Strategy & Resources Scrutiny Committee
7 February	The Executive consider and recommend the BSR and Council Tax level to Council
24 February	Council approves Budget Setting Report and sets the level of Council Tax for 2022/23

Section 2
Policy context, priorities and external factors

Local policy context and priorities

Corporate Plan

The council's Corporate Plan was approved in February 2021 at the same time as the budget for 2021/22. It sets out three priority themes and the strategic objectives to deliver the council's vision of 'One Cambridge, Fair for All'. It describes what success will look like and includes performance indicators to measure progress. The priority themes are:

- Tackling poverty and inequality and helping people in the greatest need
- Leading Cambridge's response to the climate change emergency and biodiversity crisis
- Delivering quality services within financial constraints while transforming the council.

A number of significant, long term projects are set out within these themes, including the development of a joint Greater Cambridge Local Plan with South Cambridgeshire District Council, the delivery of the 500 new council homes, with plans for 1,000 more under development, the delivery of a new, low-carbon city quarter in North East Cambridge on the last significant brownfield site within the city, and developing a long-term strategy and plan for whole-council transformation to enhance the services the council delivers for and with communities while meeting the financial challenges the council faces.

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.

The current Corporate Plan expires at the end of the 2021/22 financial year, so is due to be reviewed and refreshed alongside the BSR.

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 (GCP)

The City Council is working with Cambridgeshire County Council, South Cambridgeshire District Council, the University of Cambridge and the business community 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 provided £100m for the first five years, with future funding subject to a 'gateway review' in 2019/20 to unlock further funding up to £400m. The GCP successfully passed this government gateway so is considered to be 'on track' to deliver the commitments made as part of the City Deal.

The GCP's vision is 'Working together to create wider prosperity and improve quality of life now and into the future', specifically as shown below.

£500 million Up to £500m from government, with local and private investment	**33,500 Homes** Accelerating delivery of new homes for all	**44,000 Jobs** Supporting jobs and apprenticeship growths in the region
Better Greener Transport Connecting people to homes, jobs, study and opportunity	**Strong & Healthy Communities** Improving quality of life for existing and new communities	**Air Quality** Addressing the damaging effects of air pollution

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. Ways will need to be found to manage congestion and generate revenue to support improved public transport services –

these may have impacts on City Council services and finances. The service and financial impact of such measures will be factored into the council's financial planning as the impacts become clearer.

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 (CPCA)

The CPCA is a Mayoral Combined Authority made up of a directly elected mayor and seven local authorities[1]. It works with these councils, the Business Board, other local public services, government departments and agencies, universities and businesses to grow the local and national economy. Councillor Lewis Herbert represents the council on the CPCA. The key ambitions for the combined authority include:

- doubling the size of the local economy
- accelerating house building rates to meet local and UK need
- delivering outstanding and much needed connectivity in terms of transport and digital links
- providing the UK's most technically skilled workforce
- transforming public service delivery to be much more seamless and responsive to local need
- growing international recognition for our knowledge-based economy
- improving the quality of life by tackling areas suffering from deprivation

The CPCA receives funding and powers from central government in a number of areas including housing, transport and skills. It has been agreed that the CPCA's operating 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 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 current 500 new council homes programme is supported by £70m of central government funding channelled through the CPCA, bringing an income stream to the Housing Revenue Account as those houses come on stream.

Cambridgeshire County Council

Following the change in political control at Cambridgeshire County Council, progress is being made towards a closer working relationship with that council, where the two councils' interests are complementary and particularly with a view to transforming service provision.

Shared services

The council shares some services with neighbouring councils, benefits include improvements in service delivery, efficiencies and greater resilience. 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

Covid-19 pandemic

The Covid-19 pandemic has had profound effects on daily life in the UK and worldwide. Starting in March 2020, travel bans, social distancing and self-isolation substantially reduced economic activity. Throughout the remainder of 2020 and 2021, lockdowns have been eased and reapplied in response to changes in infection rates, with high streets and workplaces operating with social distancing measures. Whilst the government sought to soften the financial impact on individuals and businesses to support the lock-down, there have been major financial consequences for councils arising from reduced income, service pressures and additional responsibilities. Whilst some funding was made available, the level of funding provided in 2020/21 only met about 60% of budgetary pressures. Some central government funding has continued into the first quarter of 2021/22, reflecting the expectation that the effects of the pandemic will have ceased by summer 2021.

The country is currently (July/ August 2021) experiencing an increase in infections due to the Delta variant. However, high rates of vaccination within the population appear to be controlling the severity of infections and restrictions were largely removed from 19 July 2021. However, risks remain that further variants may arise requiring the re-imposition of restrictions, levels of business activity

may not recover to pre-pandemic levels, and that household incomes of those on lower income levels will remain depressed.

As a result, there is considerable financial uncertainty for the council due to the cost of potential additional service demands and downward pressures on income streams, including business rates, council tax and car parking.

The European Union (EU)

The United Kingdom (UK) formally left the EU on 31 January 2020. Following a transition period, the EU-UK Trade and Co-operation Agreement came into force on 1 May 2021. Whilst significant negative impacts on trade between the UK and EU were seen initially, levels have recovered to some extent. Whilst many EU citizens living and working in the UK have returned to their countries of origin, more remain than originally expected. However, shortfalls of workers have been experienced in some sectors, including hospitality, logistics and social care. It has been noted that the overall impacts of Brexit are masked by the effects of the Covid pandemic so it is therefore difficult to assess the likely impact on the UK economy and on businesses more locally.

Inflation rates

The base rate of inflation used to drive expenditure assumptions in this MTFS is the Consumer Price Index (CPI). CPI has been volatile over the last 18 months, with rates ranging from 0.2% to 3.0%. The Bank of England's Monetary Policy Report of May 2021 forecasts a level of CPI in quarter 2 of each year at 1.7% for 2021, 2.3% for 2022, 2% for 2023 and 1.9% by 2024. The over-arching view is that inflation will return to the target of 2% later this year and will then fluctuate around the target level for the medium term.

The Office of Budgetary Responsibility (OBR), in their Economic and Fiscal Outlook in March 2021, forecast an increase in CPI during 2021, to return to nearer the target level of 2%, again fluctuating close to this level for the medium term.

Continued economic uncertainty, as a result of a combination of factors including the impact of exit from the EU and the longer-term effects of the coronavirus pandemic, make accurate predictions difficult. In addition, shortages of some goods such as building materials, and issues in recruiting to some roles are likely to lead to higher rates of inflation in these areas. Taking account of the views of the Bank of England and the OBR it is considered appropriate to retain the assumption that inflation will remain at the target level of 2% from 2022/23 onwards. Inflation rates will be reviewed

again for the BSR in February 2021 and if changes in forecasts are significant, adjustments will be made at that point.

For the purposes of this MTFS and in light of the significant savings requirement identified in BSR 2021, no allowance has been made for non-pay inflation in 2022/23, except where costs are contractually driven. This will create a saving of approximately £279k in 2022/23, with further savings in future years due to the cumulative effect of this change. Thereafter, CPI is applied to these costs.

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. The Bank of England base rate was reduced to 0.1% on 23 March 2020 and has remained at that level. The next review of the rate is due on 22 September 2021. The reduction in the base rate results in a reduction in the rates that the authority can expect to earn on its investments. However, through the use of a variety of investments as permitted by our investment strategy, we achieved average rates of return of 1.04% in 2020/21.

It is anticipated that interest rates will remain low for the foreseeable future, which will result in a near zero return on short-term investments and liquid cash. Coupled with this, the change to the way in which the council finances its capital expenditure going forward (see section 5) will lead to a significant reduction in the level of excess cash balances which are available for the council to invest over the longer term. It is assumed that the council will retain existing long-term investments only where these are delivering a return in excess of the council's external borrowing costs for the financing of new capital expenditure. This combination of factors is likely to see a significant drop in interest income from 2022/23 onwards.

The HRA is entitled to claim a proportion of interest earned on cash balances invested by the authority. The rate of interest assumed is based upon the HRA clawing back interest from the GF on investments with minimal risk. This recognises that the General Fund bears the risk, but also benefits from the reward, of the higher risk investments made by the council.

The actual average rate of interest earned on investments that benefited the HRA for 2020/21 was 0.60%, although this included some residual interest from older investments at higher rates that have now matured. The council is unlikely to achieve these rates in the current climate, and it has therefore been assumed that the HRA claws back interest at a rate of 0.2% from 2021/22 on an ongoing basis.

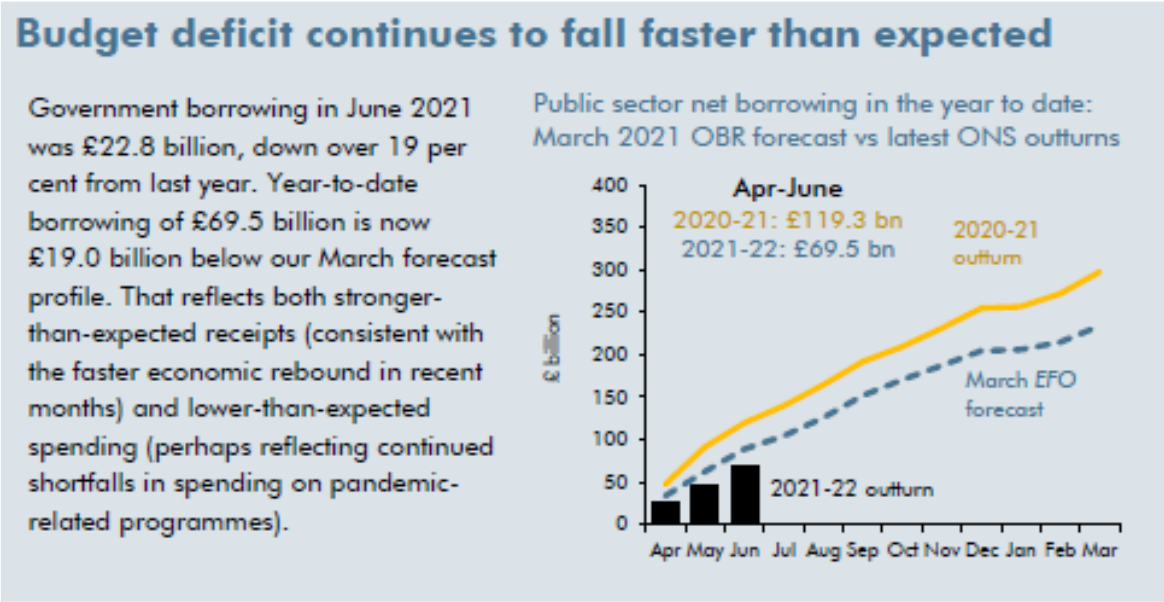
Interest rates on external borrowing

The council has no GF borrowing. 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

Public sector finances

The OBR published its commentary on Public Sector Finances – June 2021 on 21 July, https://obr.uk/monthly-public-finances-briefing/ , highlighting a more positive situation than forecast. Receipts, particularly Corporation Tax and PAYE/NICs, were higher than expected and provide firm evidence for the economic rebound.



On the same day, the Institute for Fiscal Studies (IFS) published a briefing note, 'What does the changing economic outlook mean for the Spending Review? https://ifs.org.uk/publications/15542. The IFS notes that, although the short-term picture is better than expected, 'the medium-term

outlook contains much less good news, as the pandemic is still expected to have done permanent damage to the economy'.

This means that the Chancellor could potentially afford some short-term spending increases in the Spending Review, assuming little or no additional Covid-related spending requirements. However, the IFS describes the Chancellor as having much more limited room for manoeuvre in the medium term, with no headroom against his target of a balanced budget in 2024-25 and 2025-26. Day-to-day spending is set to rise by 2.1% per year in real terms over the next four years – but these increases have already been allocated to the NHS, schools, defence and overseas aid, and there is a 'cacophony of calls for additional spending'. The IFS estimates that 'some unprotected budgets would be facing real-terms cuts of around 3% between this year and next'.

Government spending announcements

The Chancellor was expected to launch the Spending Review in the week commencing 19 July, just before the parliamentary summer recess. However, the formal launch was delayed until 7 September. It will be a multi-year spending review covering the years 2022/23 to 2024/25, providing details of overall government spending for those three years. It will conclude on 27 October alongside the Autumn Budget.

From a local government funding perspective, details about the package for local government in 2022/23 are unlikely to be known until later in November, or even in the provisional settlement in December 2021. Whilst the spending review will cover three financial years, it is not yet clear whether the local government finance settlement will be for one year or cover the whole three-year period.

Local government finance

2021/22 and future years

The government and the local government sector have undertaken considerable work on distribution mechanisms for local government funding including the Fair Funding Review (FFR), consideration of increasing the Business Rates Retention share to 75% and a Business Rates baseline reset. The outcome of this work was expected to be consulted on in summer 2020 and implemented for 2021/22. As a result of the pandemic implementation was suspended and a one-year finance settlement agreed for 2021/22.

No new implementation date has yet been confirmed and it is now widely anticipated that any reforms will be further delayed until at least 2023/24. In addition, the Chancellor has announced a

fundamental review of the business rates system and further uncertainty is introduced by the forthcoming autumn spending review.

During 2020/21 the government provided a number of un-ringfenced Covid-19 emergency grants to the council, alongside other grants to address specific cost pressures arising from the crisis. Whilst this support was welcome, it has been announced piecemeal and often with little warning, which makes financial planning challenging even over the short-term. Furthermore, the support provided was only sufficient to cover 61% of the total cost of the pandemic to the GF in year. Whilst some further one-off funding has been announced for 2021/22, the full extent and duration of this remains uncertain, and again it is unlikely to cover the full ongoing costs. For example, whilst the impacts of the pandemic on income streams such as car parking and Cambridge Live are still very much being felt, the government has to date only offered to partially compensate for this loss up until the end of June 2021.

The government also introduced a new Lower Tier Services Grant in 2021/22, to ensure that no council experienced a loss of spending power in the context of no indexation on lower tier services, and reductions in New Homes Bonus income. However, this was described as a one-off grant, and no announcement has yet been made on whether this funding will be repeated for another year should the FFR be further delayed.

The factors above make forecasting of the overall funding available to the council over the period of this MTFS extremely problematic. The working assumption is that funding reform (the FFR and business rates review) will be implemented in 2023/24 once a quantum of funding is known. Damping or other transitional arrangements are likely to be part of that implementation.

The base assumptions modelled in this MTFS are:

- There will be another one-year settlement for 2022/23, based upon a rollover of the 2021/22 settlement with CPI inflation
- The changes resulting from the FFR and business rates retention review are implemented in 2023/24, with a full business rates baseline reset in that year
- The local share of business rates is increased from 50% to 75%, with the District share retained at 40%
- Baseline Funding Levels (BFL) for district council services will not be indexed, allowing for increases in upper tier services such as Adults and Children's Social Care and Public Health

- Real terms year-on-year business rates growth of 1% per annum until 2025/26, with no further growth in business rates income assumed beyond this point due to the level of uncertainty around the future funding model

From the Council's perspective, the largest risk in relation to funding is that the business rates reset occurs a year earlier in 2022/23, or that an alternative mechanism is devised by government for the distribution of business rate surpluses in that year. This would result in a significant loss of business rates income which has been accumulated through growth since the last reset.

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Baseline funding level (BFL) / Settlement funding assessment (SFA)	**4,272**	**4,357**	**4,118**	**4,118**	**4,118**	**4,118**
Release of provision for Material Changes in Circumstances (MCCs) no longer required	9,676	0	0	0	0	0
Growth element and other adjustments	71	2,017	883	1,138	1,405	1,405
Business rates income	**14,019**	**6,374**	**5,001**	**5,256**	**5,523**	**5,523**

The current set of base assumptions used to model business rates income assume a significant recovery in economic activity and therefore in business rates income. However, the growth elements shown in the table above for 2022/23 and later years are considered to be high risk and not to be a reliable source of funding for service delivery. Therefore, for the purposes of this strategy they have been taken into the projection of reserves shown in section 7. If and when receipt of these amounts becomes more certain, they can then be considered for use.

New Homes Bonus

NHB was designed to incentivise housing growth. Amounts awarded in 2021/22 are expected to be the last awards under this scheme, alongside some legacy payments arising from previous years being receivable in 2021/22 and 2022/23, albeit at a reduced level from previous years.

The government consulted on the future of the NHB in Spring 2021, and the outcome of this consultation has not yet been published. Therefore, no receipts of any growth-related funding have been assumed beyond the current year.

Council tax

The impact of Covid-19 on the local economy has seen a significant increase in the volume of local council tax support claims, which has led to a corresponding reduction in the council tax base over

the past 2 years. As we enter the recovery phase, it is forecast that the council tax base will begin to grow again, although it may not return to pre-pandemic levels until 2023/24.

The base assumptions modelled in this MTFS are:

- Current referendum principles which allow district councils to increase their precept by the greater of £5 or 1.99% each year will continue for the foreseeable future, and the Council will continue to apply the maximum permissible increase each year
- Gross dwellings will increase in line with the Council's planned housing trajectory, with the mix of valuation bands remaining similar to that experienced in recent years
- The level of student exemptions will return to pre-pandemic levels in 2022/23 and will continue to grow in line with the housing trajectory, on the assumption that some of the new dwellings completed will be occupied by students
- The level of local council tax support claims, and the overall council tax collection rate, will return to their pre-pandemic levels over a two-year period starting in 2022/23

	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**	**2026/27 £000**
Forecast tax base for council tax setting	43,530.5	43,983.7	45,343.7	45,699.8	46,077.2	46,393.4
Council precept (£)	207.50	212.50	217.50	222.50	227.50	232.50
Council tax income (£'000)	**9,033**	**9,347**	**9,862**	**10,168**	**10,483**	**10,786**

Section 3
Review of key assumptions

Budget forecasts presented in the February 2021 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 1.0%** (previously 1.5%) plus: 2022/23 and on-going - 2.0%	An additional 1% increase would cost the council approximately £260k
Employee turnover	4%	In general, employee budgets assume an employee turnover saving of 4.0% of gross pay budget. Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable.
General inflation (OBR/BoE)	**2022/23 0% and after – 2.0%** (previously 2.0% all years)	The same inflation factors are applied to Central and Support Services as for direct services.

Key area	Assumption	Comment / Sensitivity
Fuel/Utilities	2022/23 and after – 2.0%	Updated central provisions have been made as appropriate for fuel, electricity and gas based on current knowledge of these markets or revised contractual commitments.
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	2.0%	Income and charges – general assumption of 2.0% ongoing, but specific reviews of all charges required by committees with the financial impacts of any recommended changes to be brought forward through the budget setting report in February 2022. Property rental income based on detailed projections and rent reviews.
Investment interest rate assumption	Investment specific	Due to changes to the approach to capital financing, only specific long-term investment balances will be held.
Interest paid on HRA cash balances	0.2%	Based on current projections
Council Tax increase	**Greater of £5.00 or 1.99% in each year** (previously 1.99%)	Assuming that current referendum principles remain unchanged for the foreseeable future. A 1% change in council tax represents about £90k p.a. for the council.
Council Tax Base	Per housing trajectory	Gross dwellings are increased in line with the forecast housing trajectory, with exemptions and local council tax support claims increasing in proportion following a 2 year Covid-19 recovery phase commencing in 2021/22. Collection rates are assumed at 96.9% for 2021/22, 97.8% for 2022/23 and 98.7% (pre-Covid levels) for 2023/24 and thereafter.

Section 4
Review of budgets and savings targets

2020/21 outturn

The Covid-19 pandemic had a significant impact upon the council's finances during 2020/21. In July 2020, an interim update to the MTFS was published which forecast additional net service expenditure of £9.8 million, the majority of which related to the loss of key income streams such as car parking and Cambridge Live. At the same time, mitigating measures of £1.5 million were agreed, so that the net impact on service budgets was £8.3 million.

In the event, the pandemic has lasted considerably longer than initially anticipated, and as a result the financial impact on the council has been much larger. Whilst some additional government support was provided, this has not covered the full costs incurred, and the final outturn was a further £1,785k adverse variance against the revised July 2020 budget on net service expenditure (after approved carry forwards). For comparison, a favourable variance of £2k was recorded in 2019/20.

After variances on government funding, capital accounting adjustments, contributions to/from earmarked reserves, the application of direct revenue funding for capital and statutory adjustments have been taken into account, the overall net effect was a decrease in the GF reserve of £669k *(2019/20: increase of £1,486k).*

2021/22 budgets and the impacts of the Covid-19 pandemic

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.

The Covid-19 pandemic is continuing to have a significant impact on the council's finances, and although we are now entering the recovery phase, uncertainty remains around its longer-term impact. For example, with many people now working from home on a more regular basis, it is possible to car park usage may never return to pre-pandemic levels.

As at the end of June 2021, the council is forecasting an adverse variance of £1.5 million against its GF budget for 2021/22. This is largely driven by continuing Covid-19 related pressures on a number of service income lines. This will be partially mitigated by government compensation for sales, fees and charges, although the extent of this is not yet known.

In-year revenue proposals

In general, all revenue proposals are considered during the budget-setting process so that they can be prioritised, and a holistic view of additional spending requests can be taken. Revenue proposals are presented in the MTFS on an exceptional basis only, where essential additional in-year spending has been identified. The following proposals are presented for consideration:

Transforming the council's communications and engagement capacity (2021/22 £45k, 2022/23 and future years £125k)

Cambridge City Council delivers a wide and complex range of services to our communities and stakeholders. Communicating clearly what those services are, how residents can use them and how they are changing, as well as playing a community leadership role on our policy priorities, and engaging in meaningful two-way dialogue with our communities requires a range of communications skills and tools, and the capacity to use them effectively. The council has to date allocated far fewer resources to this area of activity than other comparable councils.

Building on our learning over the last 18 months and looking ahead to a period of transformation in the council and recovery and renewal across the city, the council needs to invest in transforming its communications capacity and capability. We will recruit additional communications professionals and use digital tools and techniques to modernise and manage more effectively the way the council consults and engages with its communities.

Costs of temporary accommodation for Colville III development (2021/22 and 2022/23 £120k per year)

The council is redeveloping commercial units and HRA housing on Colville Road in Cherry Hinton. The proposal covers the revenue costs of providing temporary accommodation for the council's commercial tenants during the redevelopment.

Set up costs of a new housing company and Registered Provider (RP) (2021/22 £73k)

The Council currently has two bodies that can own and let homes, the HRA and the Cambridge City Housing Company. There are restrictions within the HRA which mean that tenancies are let on an introductory and then secure basis and tenants have the right to buy. The housing company has been set up to deliver sub-market rental housing in which homes are let on a non-secure basis through assured short hold tenancy agreements, as in the private rental market. The housing company is not an RP so it is unable to attract funding though Homes England or other government sources and as currently structured cannot be accredited as an affordable housing provider.

A recent bid to Homes England included some rent to buy homes that would need to be let on an assured shorthold tenancy. Initial advice has been that rather using the existing housing company, the better option would be to set up a sister company as an RP. Other benefits would be flexibilities needed to respond to opportunities in relation to funding e.g. MHCLG homelessness funding. Set up costs are expected to consist of legal advice (£28k), tax and accounting advice (£15k) and project management (£30k).

Feasibility study to expand Cambridge City Housing Company (2021/22 £70k)

Cambridge City Housing Company (CCHC) is an independent company wholly owned by the City Council, which was established to alleviate some of the pressures on intermediate housing in Cambridge. During the pandemic CCHC expanded its business to offer accommodation to 10 residents previously sleeping rough. The recent scoping analysis suggests that CCHC could develop a programme to acquire homes, let them at affordable rents, and make improvements to those properties to move them towards net zero carbon. That programme could be financed with long term borrowings.

To assess the feasibility of such a programme more detailed analysis, financial modelling and programme design is necessary. Support from a specialist provider to co-design the programme with the City Council/CCHC will be required (£40k), including advice from treasury advisors (£10k) and property tax lawyers (£20k). The project will be managed in parallel with the project described above to improve value for money, reduce procurement costs and ensure compatibility.

Our Cambridge - Transformation and recovery programme

The council has embarked on a whole-council transformation and recovery programme to reshape and enhance the council and enable it to remain financially sustainable. This programme is a development of, and replacement for, the previous programme of standalone service reviews. We have identified and are using the following themes to direct our work:

- Enhanced customer focus – putting customers at the heart of services, making best use of digital technology to deliver more effectively and efficiently and focusing on what customers value
- Exploring entrepreneurial / commercial opportunities where appropriate, including reviewing our income streams post-Covid to ensure we are investing to support the delivery of our social goals and objectives
- Strategic partnerships including a strengthened relationship with communities building on the Covid-19 response
- Better working in neighbourhoods and communities, linking service delivery to local priorities
- Continuing to deliver cross-cutting policy priorities (anti-poverty, climate and biodiversity, meeting housing need)

In order to deliver the fundamental changes to ways of working and significant saving identified by the programme, a budget of £3.1m spread over the years 2021/22 to 2023/24 is required. In addition, a further contingency of £800k is requested. It is proposed that this is funded from GF reserves, as shown in the table in Section 7 and made available through an earmarked reserve to allow flexibility in the timing of expenditure.

Further consideration of the programme, its purpose, structure benefits and costs are covered in Section 8, Budget strategy.

Savings requirements

Applying changes to budget assumptions and allowing for expected ongoing pressures arising from the economic impact of the pandemic 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.

It should be noted that in calculating these savings requirements, several indicative unavoidable pressures have been modelled, which may or may not crystallise into budget proposals. There also remains significant uncertainty, particularly around future government funding levels. As a result, no adjustment has been made to smooth savings requirements across each year.

Applying revised assumptions, the net savings requirement before unavoidable items totals around £7.5m for the 5-year period. In particular, the savings requirement in both 2022/23 and 2023/24 is exceptionally challenging due to the expected continuation of significant Covid-related pressures.

Description	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Net savings requirement – new each year (BSR Feb 2021)	**2,131**	**1,567**	**320**	**1,194**	**175**	**5,387**
Approval sought as part of this MTFS:						
Additional communications posts and digital consultation platform (license fee)	125	125	125	125	125	
Additional costs of redevelopment of commercial units at Colville Road Phase 3	120	120				
	245	**245**	**125**	**125**	**125**	
Changes to assumptions and technical adjustments:						
Changes to business rates assumptions	(271)	(32)	(32)	(32)	(32)	
Changes to council tax assumptions	33	(130)	(97)	(418)	(722)	
Changes to inflation assumptions	(280)	(505)	(486)	(1,790)	(1,854)	
Indicative cost of revised capital financing strategy	40	180	320	460	600	
Detailed review of recharge and earmarked reserve budgets	(191)	(309)	(307)	(221)	(98)	
Additional Employers NI contributions	220	220	220	220	220	
Further adjustment to correct unallocated budget on earmarked reserves	(389)	(687)	(1,184)	(640)	(640)	
Net impact of funding changes, inflation and other assumptions	**(838)**	**(1,263)**	**(1,566)**	**(2,421)**	**(2,526)**	
Indicative unavoidable pressures – not yet proposals:						
Reduced income – car parks	517	1,695	2,208	2,717	3,220	
Reduced income – commercial property	390	610	560	510	460	
Additional costs – planning[1]	600	600	600	600	600	
Additional costs – waste	100	100	200	200	300	
Removal of Lion Yard MRP	(150)	(150)	(150)	(150)	(150)	
Other unavoidable pressures	108	(42)	8	83	83	
	1,565	**2,813**	**3,426**	**3,960**	**4,513**	
Net indicative changes to funding and expenditure	**972**	**1,795**	**1,985**	**1,664**	**2,112**	
Revised (MTFS) net savings requirement (new each year)	**3,103**	**2,390**	**510**	**873**	**623**	**7,499**

Note 1: This item reflects the level of overspend for 2021/22 forecast by the service and is the current best estimate of the indicative pressure. As there is review work ongoing, proposals coming forward for consideration during budget setting are likely to differ from this level.

The level of net savings requirement identified by this MTFS provides a baseline for detailed budget setting work. Any additional net spending pressures that emerge through the BSR process will increase savings requirements accordingly, whilst reductions in overall spending pressures and increases in income will reduce the savings required.

Scenario Planning

As noted throughout this report, the financial situation of the council is currently subject to exceptional levels of uncertainty, with both pressures arising from the pandemic and future funding streams being major contributing factors. The table above is derived from a 'base case' set of assumptions. However, to assist with financial planning, we have considered two alternative scenarios, in order to assess the likely impact on the council's savings requirement should these crystallise.

Scenario 1 – Return to lockdown conditions

In this scenario, a new strain of Covid-19 emerges in early 2022. Whilst the characteristics of the disease have not changed, it is quickly discovered that existing vaccines are completely ineffective against the new strain, and with cases rising rapidly the UK government moves quickly to reinstate lockdown conditions similar to those seen in March 2020.

As before, the restrictions imposed are successful at controlling the virus, but at significant social and economic cost. The 2022/23 financial year closely mirrors 2020/21, with varying degrees of restrictions in place at different times of the year depending upon case numbers and hospitalisation levels. Vaccines are updated quickly, and by the spring of 2023 sufficient numbers have received a new vaccination to allow restrictions to be lifted once again.

Under this scenario, the following assumptions are applied:

- The council suffers loss of income and additional expenditure in line with that experienced in 2020/21. However, the extended nature of the pandemic has reduced central government's ability and willingness to support local authorities, and as such the council is only compensated for 50% of its additional net expenditure (compared with 58% in 2020/21).
- Recovery commences in 2023/24, but after such a long period of restrictions it takes 3 years for economic activity to return to pre-Covid levels.

- No increase in fees and charges income is assumed up to and including 2025/26, due to the residual effects of the lockdown in terms of reduced volumes and economic pressure on service users.
- General inflation assumptions are held at 0% for the same period as a result of continuing budgetary pressures on the council, before returning to 2% in 2026/27.
- The business rates multiplier is frozen until 2025/26, and business rates income continues to be affected by higher than usual levels of empty property relief. No business rates growth is assumed until 2025/26, and the fair funding review is further delayed until 2026/27.
- The number of local council tax support claims continues at its 2020/21 level until the end of 2022/23, before gradually returning to its pre-Covid levels by 2026/27. The council tax base is also affected by an average one-year delay to housebuilding within the city.
- All non-urgent capital projects are delayed for two years, both as a consequence of lockdown and in order to focus council resources on recovery efforts.

The impact of the above scenario on the council's savings requirement can be seen in the table below:

Description	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Net savings requirement – new each year (base scenario)	**3,103**	**2,390**	**510**	**873**	**623**	**7,499**
Scenario 1 impacts:						
Loss of sales, fees and charges income	0	9,000	3,000	1,000	500	
Additional expenditure	0	3,500	1,000	500	250	
Additional government support and compensation	0	(6,250)	(2,000)	(750)	(375)	
Changes to inflation assumptions	0	0	640	1,430	1,537	
Changes to business rates assumptions	0	(1,077)	856	682	852	
Changes to council tax assumptions	0	(96)	(227)	(143)	(86)	
Impact of changes to business rates assumptions on contribution to reserves	0	992	(702)	(439)	(517)	
Net impact of scenario 1	**0**	**6,069**	**2,567**	**2,280**	**2,161**	
Revised net savings requirement – new each year (scenario 1)	**3,103**	**8,459**	**(2,992)**	**586**	**504**	**9,660**

Scenario 2 – Economic shock

In this scenario, the UK recovers relatively quickly from the effects of Covid-19, with activity at pre-Covid levels by the end of 2022/23 (as per the base scenario). However, in 2023/24 there is a global economic shock similar to the financial crisis experienced in 2007, and the UK enters a recession. Economic recovery takes 3 years, although the government's initial response is to usher in a period of renewed austerity in public spending, leading to a permanent reduction in the spending power of local authorities.

Under this scenario, the following assumptions are applied:

- There is no change to the base scenario in 2021/22 or 2022/23. The business rates baseline reset proceeds as planned in 2023/24, before the recession takes hold.
- In 2023/24, the council suffers a 5% reduction in net collectable business rates, coupled with a drop in collection rates as businesses struggle to pay or enter insolvency. No further business rates growth occurs for a three-year period. Furthermore, the business rates baseline is frozen for 3 years starting in 2024/25, as is the business rates multiplier.
- Increased unemployment sees a sharp increase in local council tax support claimants (similar to that experience as a result of the Covid-19 pandemic). After a three-year period, the number of claimants gradually returns to normal over the course of 2 years. Council tax collection rates also experience a sharp drop with an extended recovery period, in line with the business rate assumptions above.
- The council tax base is further affected by a two-year average delay to housebuilding in the city.
- Income from key discretionary services such as car parking and Cambridge Live declines by 10% in 2023/24, staying at this level for 3 years followed by a two-year recovery period.
- Significant non-urgent capital projects are delayed due to the prevailing economic conditions.

The impact of the above scenario on the council's savings requirement can be seen in the table below:

Description	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Net savings requirement – new each year (base scenario)	**3,103**	**2,390**	**510**	**873**	**623**	**7,499**
Scenario 2 impacts:						
Changes to business rates assumptions	0	0	(1,090)	(1,344)	(1,612)	
Changes to council tax assumptions	0	0	(380)	(392)	(404)	
Loss of service income	0	0	1,570	1,800	2,030	
Impact of changes to business rates assumptions on contribution to reserves	0	0	883	1,138	1,405	
Net impact of scenario 2	**0**	**0**	**983**	**1,202**	**1,419**	
Revised net savings requirement – new each year (scenario 2)	**3,103**	**2,390**	**1,493**	**1,092**	**840**	**8,918**

These scenarios illustrate the risk that the net new savings requirement over the next five years could be 20-30% higher than the base case, putting considerable additional pressure on reserves. If either of these scenarios were to occur, or similar financial impacts were experienced due to other causes, it is likely that reserves would become depleted and the council would need to implement stringent cost controls to reduce spending to affordable levels.

Use of reserves to support savings requirements

The council's GF reserve balance is above the target levels required (See Section 7). At the time of writing, £188k of this balance will be used to fund the in-year revenue spending proposals set out above, with a further £618k likely to be used to address indicative emerging pressures. Further amounts over and above the target level could be used to smooth or delay the need to make savings. However, reserves can only be used once, whereas savings, once made, must recur year on year, i.e. use of reserves cannot permanently reduce the need to make savings.

Section 5
Capital plan

Capital strategy

The council publishes 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 Councils ambitions over the medium to longer term.

The Strategy incorporates:

- 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

An updated capital strategy will be published in February 2022 alongside the Treasury Management Strategy Statement and the Budget Setting Report 2022/23.

Financing of capital

As approved through BSR 2021, revenue resources are no longer used to support capital expenditure. Instead, capital expenditure, where not funded from specific grants or contributions, will be funded firstly from capital receipts and then from internal and external borrowing. The mix of internal and external borrowing will be determined by the council's cash flows and treasury management considerations. Whilst this change has enabled over £3m of recurring savings to be recorded, it will create ongoing and increasing revenue pressures (interest and minimum revenue provision (MRP)).

To assess the affordability of this policy, 10-year forecasts of capital expenditure have been drawn up and the resulting costs modelled. Whilst there is considerable uncertainty surrounding these forecasts, the amount and timing of capital receipts, and the future costs of borrowing, the modelling indicates that a capital spending limit of £4.1m per year should be set for new capital proposals without specific grant or contribution funding. Limiting capital expenditure in this way will require potential schemes to be prioritised; some may need to be delayed until funding is available, and some may have to be rejected. The capital spending limit will be reviewed annually.

Replacement of the depot

The council must relocate its current depot facility at Cowley Road and is therefore planning to provide a comprehensive depot solution at a new location. The new depot must be able to support strategic and operational service objectives, both now and over the next 25 years. This project requires land acquisition and associated costs, design, planning, construction and associated costs, and consultant support both for the depot build and to support elements of service redesign key to the programme. The indicative cost of the scheme is £10m, but further work may reduce this capital requirement. A capital bid is expected to be made through the budget setting process.

Due to the indicative cost of the proposed scheme, alternative funding options will have to be considered. This could include some or all of the following:

- the removal of existing schemes from the capital plan and the reassignment of their capital funding
- funding allocated from GF reserves
- specific allocation of capital receipts, recognising that this either reduces the level of general capital spending to be allocated, or creates additional revenue pressures.

Capital plan

The capital plan was approved by council in February 2021. Since then the plan has been updated as follows:

- New projects funded from developers' contributions and external grants, see below - £2,596k, included within projects rephased from 2020/21 and minor adjustments, £49,323k
- Adjustment to the budget for Cromwell Road Redevelopment (GF) to reflect the amount remaining to be transferred to HRA - £5,516k

Ref.	Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Approved since BSR Feb 2021:							
SC739	Abbey Pool improvements (S106) – adjustment to funding	(150)	-	-	-	-	-	(150)
SC740	Chesterton Rec pavilion (S106) – additional allocation	60	-	-	-	-	-	60
SC741	Nightingale Rec Ground pavilion (S106) – additional allocation	80	-	-	-	-	-	80
SC778	S106 Jesus Green ditch biodiversity improvements	60	-	-	-	-	-	60
SC780	S106 Darwin community centre equipment	25	-	-	-	-	-	25
SC781	S106 Coleridge Rec ground improvements	1	-	-	-	-	-	1
SC779	Parker's Piece tree planting	18	-	-	-	-	-	18
SC755	BEIS grant for Parkside pools decarbonisation works	989	-	-	-	-	-	989
SC756	BEIS grant for Abbey pool decarbonisation works	718	-	-	-	-	-	718

Ref.	Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
SC775	City centre recovery - Combined Authority grant funding	710	-	-	-	-	-	710
SC782	Livestream / hybrid meetings at Council Chamber and Committee Rooms	85	-	-	-	-	-	85
	Total Approved since BSR Feb 2021	**2,596**	**-**	**-**	**-**	**-**	**-**	**2,596**

A mid-year capital proposal of £1,485k is presented for approval below, along with a request for additional council funding to replace a third-party contribution that is no longer available. At this stage, no proposals for capital expenditure in relation to the Our Cambridge programme are included, although indicative capital spending of £400k on ICT and digital projects is expected over the life of the programme. The programme will include a review of the council's property portfolio of administrative and service-delivery buildings to ensure that they are appropriate and cost-effective for the transformed council. Further capital spending is expected as a result of this review, which may also generate capital receipts to support that spending. Proposals will be brought forward as the programme progresses.

Meadows Community Hub and Buchan Street retail outlet

Increase in costs to the GF following the re-evaluation of the split of costs between the community and commercial facilities and the HRA residential units.

Change in capital financing for the community extension to Cherry Hinton library (CHUB)

Replacement of third-party contribution with council funding, due to late withdrawal of the funding commitment. As this is a request for £210k of additional council funding to replace the third-party contribution, it does not increase the budget for the scheme, or the capital plan as a whole.

Ref.	Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Proposals							
SC694	Meadows Community Hub and Buchan Street retail outlet	(1,224)	2,551	158	-	-	-	1,485
	Total proposals	**(1,224)**	**2,551**	**158**	**0**	**0**	**0**	**1,485**

The tables below show the impact of these changes on the overall capital plan and its financing. The resulting detailed capital plan is provided in Appendix A.

Capital plan / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Capital plan as approved at BSR Feb 2021	**40,858**	**25,531**	**30,187**	**8,362**	**710**		**105,648**
Changes approved and adjustments made in year	54,839						54,839
Current approved capital plan	**95,697**	**25,531**	**30,187**	**8,362**	**710**		**160,487**
Mid-year capital spending proposals	(1,224)	2,551	158				**1,485**
Revised capital plan	**94,473**	**28,082**	**30,345**	**8,362**	**710**		**161,972**

£'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Capital financing if new proposals are approved:							
Developers' contributions	(2,109)	(41)	(10)	(18)	(10)	0	**(2,188)**
Other capital contributions and grants	(2,849)	0	0	0	0	0	**(3,059)**
Earmarked Reserves	(777)	0	0	0	0	0	**(777)**
Capital receipts	(18,848)	(1,256)	(781)	(1,171)	(700)	0	**(22,756)**
GF Reserves	(2,112)	0	0	0	0	0	**(2,112)**
GF revenue underspend	(8)	0	0	0	0	0	**(8)**
Repairs and Renewals Fund – remaining balances	(1,394)	0	0	0	0	0	**(1,394)**
External borrowing - Park Street redevelopment	(35,700)	(18,534)	(29,396)	(7,173)	0	0	**(90,803)**
Internal and external borrowing - on-lending for capital purposes	(29,225)	(5,700)	0	0	0	0	**(34,715)**
Internal and external borrowing - other schemes	(1,451)	(2,551)	(158)	0	0	0	**(4,160)**
	(94,473)	**(28,082)**	**(30,345)**	**(8,362)**	**(710)**	**0**	**(161,972)**

Section 6
General Fund – Expenditure and funding

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

Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Expenditure											
Net service budgets - base and inflation	25,451	22,961	22,492	22,571	23,100	23,334	24,099	24,357	24,651	24,983	25,352
Allowance for unavoidable revenue pressures and reduced income	618	1,565	2,813	3,426	3,960	4,513	5,113	5,809	6,303	6,894	7,383
Savings delivered from prior years			(3,103)	(5,493)	(6,003)	(6,876)	(7,499)	(8,660)	(9,244)	(9,680)	(10,241)
Net service budgets	**26,069**	**24,526**	**22,202**	**20,504**	**21,057**	**20,971**	**21,713**	**21,506**	**21,710**	**22,197**	**22,495**
Capital accounting adjustments	(6,346)	(6,347)	(6,347)	(6,347)	(6,347)	(6,347)	(6,347)	(6,347)	(6,347)	(6,347)	(6,347)
Capital expenditure financed from revenue	1,458	0	0	0	0	0	0	0	0	0	0
Indicative cost of revised capital financing strategy	0	40	180	320	460	600	740	740	740	740	740
Collection fund deficit	25,465	889	888	0	0	0	0	0	0	0	0
Contributions to earmarked funds	1,822	(805)	(553)	319	302	302	302	302	302	302	302
Net spending requirement before in-year savings	**48,468**	**18,303**	**16,370**	**14,796**	**15,473**	**15,527**	**16,409**	**16,202**	**16,405**	**16,892**	**17,190**
In-year savings		(3,103)	(2,390)	(510)	(873)	(623)	(1,161)	(585)	(436)	(560)	(512)
Net spending requirement	**48,468**	**15,200**	**13,980**	**14,286**	**14,600**	**14,904**	**15,248**	**15,617**	**15,969**	**16,332**	**16,678**
Funded by:											
Settlement Funding Assessment (SFA)	(5,260)	(4,357)	(4,118)	(4,118)	(4,118)	(4,118)	(4,118)	(4,118)	(4,118)	(4,118)	(4,118)
Locally Retained Business Rates – Growth Element	(9,747)	(2,202)	(883)	(1,138)	(1,405)	(1,405)	(1,405)	(1,405)	(1,405)	(1,405)	(1,405)
New Homes Bonus (NHB)	(3,458)	(1,496)	0	0	0	0	0	0	0	0	0
Covid grant and furloughing income	(652)	0	0	0	0	0	0	0	0	0	0
Appropriations from earmarked funds	(26,323)										
Council Tax	(9,033)	(9,347)	(9,862)	(10,168)	(10,482)	(10,786)	(11,130)	(11,499)	(11,851)	(12,214)	(12,560)
Contributions to / (from) reserves	6,006	2,202	883	1,138	1,405	1,405	1,405	1,405	1,405	1,405	1,405
Total funding	**(48,468)**	**(15,200)**	**(13,980)**	**(14,286)**	**(14,600)**	**(14,904)**	**(15,248)**	**(15,617)**	**(15,969)**	**(16,332)**	**(16,678)**

Section 7
Risks and reserves

Risks

During the year, the council undertook a financial resilience assessment, including a detailed review of risks to that resilience, based on consideration of financial risks arising from income, expenditure, funding, third parties, assets, people and projects. This review is presented in Appendix C for reference and is being used to inform financial risk management across council services. Whilst the council is exposed to risks and uncertainties which could affect its financial position, the assessment showed that it has governance and processes in place to ensure that the symptoms of financial stress are recognised and managed. The table below summarises the main external risks to the financial standing and sustainability of the council, using a High-Medium-Low assessment.

Risk	Probability (H, M, L)	Impact (H, M, L))	Overall assessment (H, M, L)	Mitigation
The economic impact of the Covid-19 pandemic (with further spikes of infection possible and a long, slow recovery) may impact some of the council's costs and income streams in future years. This could include the costs of homelessness, car parking income, commercial rents and planning fee income, with the degree of impact difficult to predict	H	H	**H**	Management overview and action with partners, further government funding
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 workplace parking levy	H	H	**H**	Engagement with partners, strategic planning to mitigate service delivery and financial pressures
Funding from central government (Settlement Funding Assessment, including the outcome of the Fair Funding Review and other grants) may fall below projections	M	H	**H**	Monitor developments, plan delivery of savings and additional income, consider limited use of reserves
Costs of transformational change exceed resources available and the resulting savings plans may not deliver projected savings to expected timescales	M	H	**H**	Regular programme monitoring and reporting. External, expert support obtained

Risk	Probability (H, M, L)	Impact (H, M, L))	Overall assessment (H, M, L)	Mitigation
The impact of 75% business rates retention, coupled with any additional responsibilities handed down to the council at that time and a reset of business rate growth may create a net pressure on resources	H	H	**H**	Monitor developments, plan delivery of savings and additional income, consider limited use of reserves
Business rates appeals, which may be backdated to 2010, may significantly exceed the provision put aside for this purpose.	L	H	**H**	Review provision regularly
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, with the timing and degree of impact difficult to predict. Impacts may be masked by or combined with impacts of the Covid pandemic	M	M	**M**	Management overview
The actual impact and timing of local growth on the demand for some services may not reflect projections used.	M	M	**M**	Management overview and use of up-to-date data and intelligence
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;	M	M	**M**	Review of savings delivery and co-design of services
Unforeseen expenditure, such as major repairs to offices and commercial properties, may be required	L	M	**M**	Property condition surveys, asset management planning and review of property use
Assumptions and estimates, such as inflation, pay increases and interest rates, may prove incorrect	L	M	**M**	Management overview and monitoring
Increases in council tax and business rates receipts due to local growth may not meet expectations	M	L	**L**	Management overview and monitoring
New legislation or changes to existing legislation may have budgetary impacts	L	M	**L**	Management overview and monitoring
The council may be impacted by spending cuts implemented by other agencies	H	L	**L**	Engagement with partners

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, which include the continuation of heightened financial risks in relation to the Covid-19 pandemic and the increasing challenge of maintaining the financial sustainability of the council. As a result, a small increase in PMB is recommended.

The PMB will be reassessed during the budget setting process, as the current pandemic situation is volatile and changes in this risk may indicate that the PMB should be either reduced or increased at that point. Detailed calculations of these amounts are provided in Appendix B.

General Fund reserves	**£m**
February 2020 BSR	
- Target level	7.59
- Minimum level (PMB)	6.33
October 2021 MTFS – Recommended levels	
- Target level	7.98
- Minimum level (PMB)	6.64

The table below shows current and projected levels of the GF reserve, incorporating estimates for the growth element of business rates. Whilst the growth element for 2021/22 is considered to be relatively secure, from 2022/23 the amounts included are subject to considerable downside risk and are included in reserves rather than being relied on for funding service delivery.

Description / £'000s	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Balance at 1 April (b/fwd)	**(16,594)**	**(18,700)**	**(20,717)**	**(21,600)**	**(22,738)**	**(24,143)**
Contribution (to) / from reserves per BSR 2020/21	821					
Carry forwards	659					
Business rates growth – indicative increase in growth element	(8,292)	(2,017)	(883)	(1,138)	(1,405)	(1,405)
Use of reserves to support revenue spending in services – MTFS proposals	188					
Use of reserves to support revenue spending in services – in-year indicative pressures	618					
Funding and contingency for Our Cambridge transformation and recovery programme	3,900					
Balance at 31 March (c/fwd)	**(18,700)**	**(20,717)**	**(21,600)**	**(22,738)**	**(24,143)**	**(25,548)**

As noted above, the levels of risk to the financial sustainability of the council are considerable; economic uncertainty as a result of the possible speed and extent of recovery from the Covid-19 pandemic and ongoing Brexit impacts will impact the costs of and demand for council services and the ability to maintain or increase income levels. These uncertainties will also influence the amount of central government funding available to local government as a whole. These risks are further exacerbated by delays in the delivery of funding reforms. This council is fortunate to have reserves available to fund one-off transformational activity.

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 D for a summary of principal earmarked funds.

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
- Repairs and Renewals (R&R) Funds – for Bereavement Services only 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 2021 £000	Balance at 31 March 2020 £000
Major policy-led funds	2,187	2,661
Asset replacement funds (R&R)	2,079	2,100
Statutory and accounting reserves	6,744	4,332
Shared / partnership funds	7,221	7,341
Other – to be closed once committed balances are spent	32,947	1,179
Total	**51,178**	**17,613**

Our Cambridge Transformation Fund

It is proposed that £3.1m is placed in an earmarked reserve to fund the revenue costs of delivering the Our Cambridge Programme, as described in Section 8 and Appendix E. This will enable the funding to be used flexibly across the programme. The Head of Transformation, as the programme director for Our Cambridge, will be authorised to drawdown funding from the reserve, with reporting to the Transformation Board which has been set up to oversee the programme, and through normal budget management processes.

Our Cambridge Contingency Fund

A further £800k is requested as contingency funding to cover potential dual running or transition costs. It is therefore proposed to set up a second earmarked reserve for this purpose, to keep this funding separate from the estimated revenue delivery costs of the programme and to aid scrutiny of any spending funded from the reserve. Drawdowns from this contingency reserve will be authorised by the Transformation Board.

Section 8
Budget strategy

General Fund savings requirements

Description / £'000	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Net savings requirement (BSR Feb 2021)	**2,131**	**1,567**	**320**	**1,194**	**175**	**5,387**
Net impact of revenue proposals, changes in assumptions and indicative unavoidable pressures in this report	972	823	190	(321)	448	**2,112**
Revised (MTFS) net savings requirement	**3,103**	**2,390**	**510**	**873**	**623**	**7,499**

General Fund budget strategy

Budget process

The GF budget process for 2022/23 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 2022/23 budget process and provided indications of the level of savings required to meet both current and anticipated spending needs.

The GF MTFS has highlighted:

- Unprecedented financial uncertainties for the council as the impacts of Covid-19 continue to feed through into the national and local economy, further exacerbated by the ongoing effects of the end of the Brexit transition period

- Increasing pressure on council services as a result of Covid-19 and its impact on vulnerable residents, local businesses and visitors. This is aggravated by the continuing fluctuation in infection rates and the possibility of further restrictions over the coming autumn and winter
- An ongoing lack of clarity in the future direction of local government funding
- A need to take action to balance the budget in the short term and to ensure financial sustainability for the council in the long term

Our Cambridge - Transformation and recovery programme

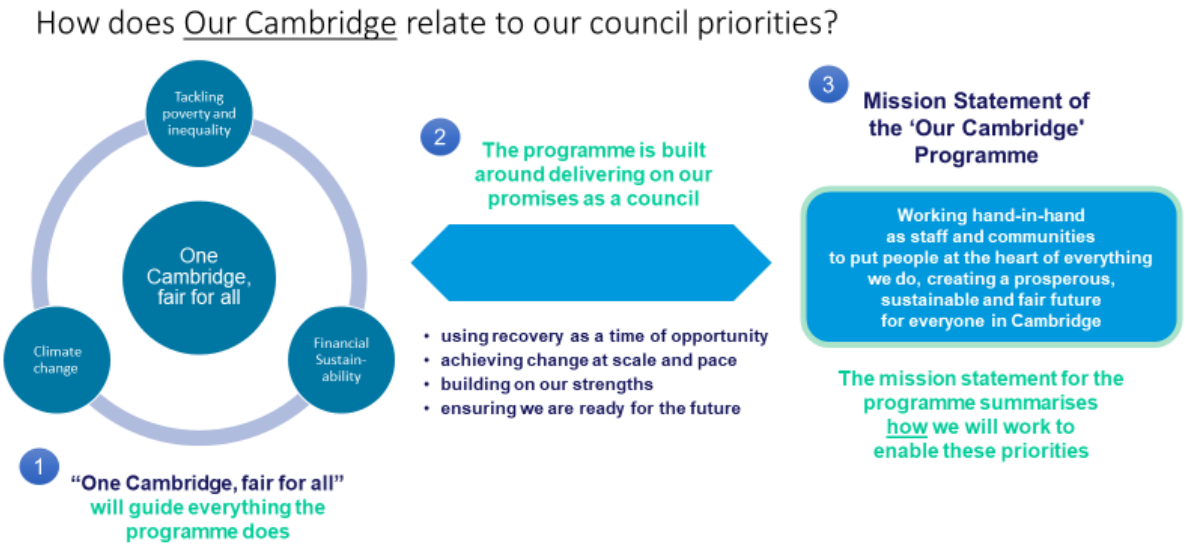
BSR 2021/22 set out the need for a transformation and recovery programme to support the council to respond to the financial challenges of the future and the challenges and opportunities of the pandemic and recovery, while continuing to deliver the council's corporate priorities of:

- tackling poverty and inequality and ensuring everyone shares in Cambridge's success
- tackling the climate and biodiversity emergencies
- helping everyone to have a home they can afford and enjoy
- planning for the future so that everyone participates in and benefits from Cambridge's success

Since publication of the BSR, substantial work has taken place to develop proposals for how this will be achieved through a programme titled 'Our Cambridge'.

The Our Cambridge programme will make "One Cambridge – Fair For All" the reality that underpins all of the council's work, by building on the assets that exist and what already works well; but also ensuring that, as the council adapts to the severe challenges that face us, we consistently put people at the heart of what we do. The council's ambition is to create a prosperous and sustainable future where people are able to get the help and support they need, when they need it; where our teams feel valued and part of a council that is investing in that future; and where our financial position enables our ambitions as a council and does not hold them back.

To do this, the programme will apply the learning we have achieved from the past 18 months, engage staff and communities in transforming the way we work and enhance how we collaborate with our partners, in order to improve outcomes for local people and develop a clear and shared vision for the future of Cambridge.



The outcomes of the programme will be a council which is customer first, community focused, and empowers its people:

- **Customer first** – with a customer service model that puts residents at the heart of what we do and deliver the best service we can - in the most effective, innovative and efficient way
- **Community focused** – helping all communities to thrive by working with them to build community connections and strong partnerships, supporting sustainable economic development and the city's recovery from Covid
- **Empowered people** – creating an environment in which staff are supported and encouraged to be innovative and entrepreneurial, and developing an agile culture to help drive change and improvement.

Staff engagement and participation will be vital to making Our Cambridge a success, and to support this, as well as involving as many staff as possible in shaping and delivering the programme, a key workstream will focus on organisational development and on the support staff need to adopt new ways of working.

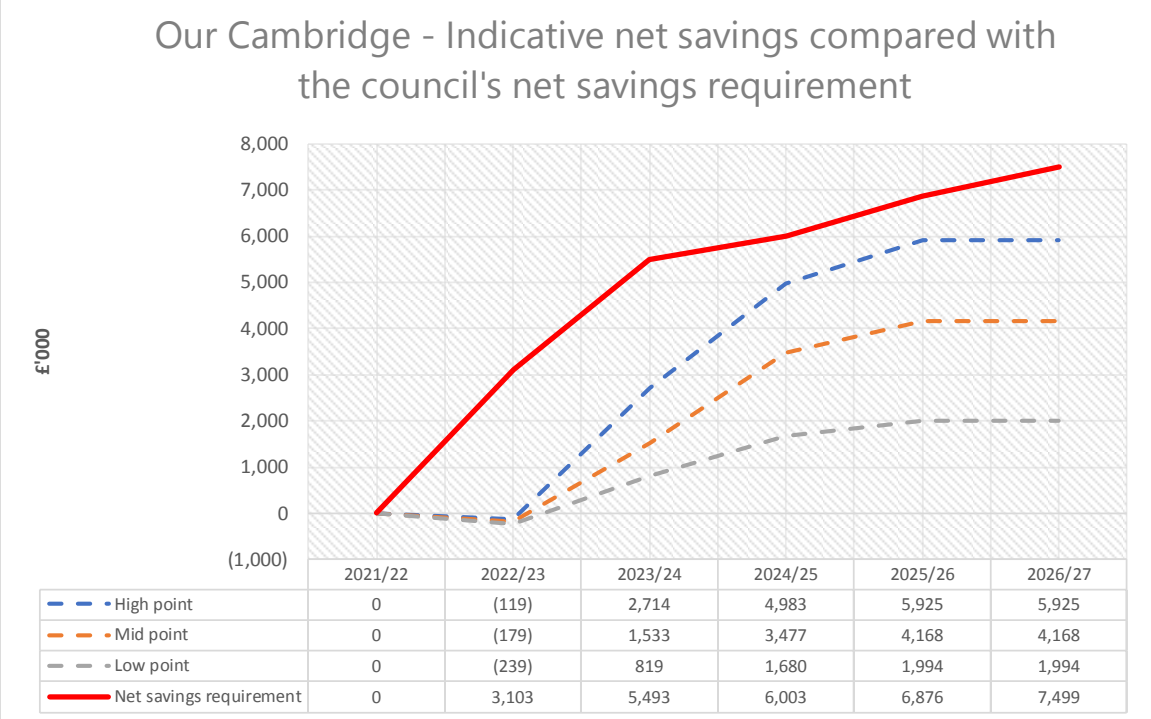
Further information about the structure, benefits and resourcing of the programme is set out in Appendix E to this report.

Financial implications

The programme is forecast to begin delivering financial benefits from 2023/24 onwards and will aim to achieve recurrent income growth and revenue savings of £4.7m (net) by 2025/26 with £4.2m of this attributable to the GF and £0.5m to the HRA. These financial benefits are indicative at this stage

and will go through further validation as the Our Cambridge programme develops, as well as being subject to policy decisions as specific proposals come forward.

The net savings profile of the programme has been forecast at three levels; low, mid and high points, to give an indication of the range of possible outcomes. These are shown in the graph below, alongside the council's net savings requirement as presented in Section 4 of this report.



	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
High point	0	(119)	2,714	4,983	5,925	5,925
Mid point	0	(179)	1,533	3,477	4,168	4,168
Low point	0	(239)	819	1,680	1,994	1,994
Net savings requirement	0	3,103	5,493	6,003	6,876	7,499

To achieve these benefits within the timescales needed to meet the MTFS challenge, additional resource will be needed in addition to the existing transformation team to accelerate the scale and pace of change and ensure we can deliver transformation alongside existing work and the ongoing response to the pandemic. These roles will include:

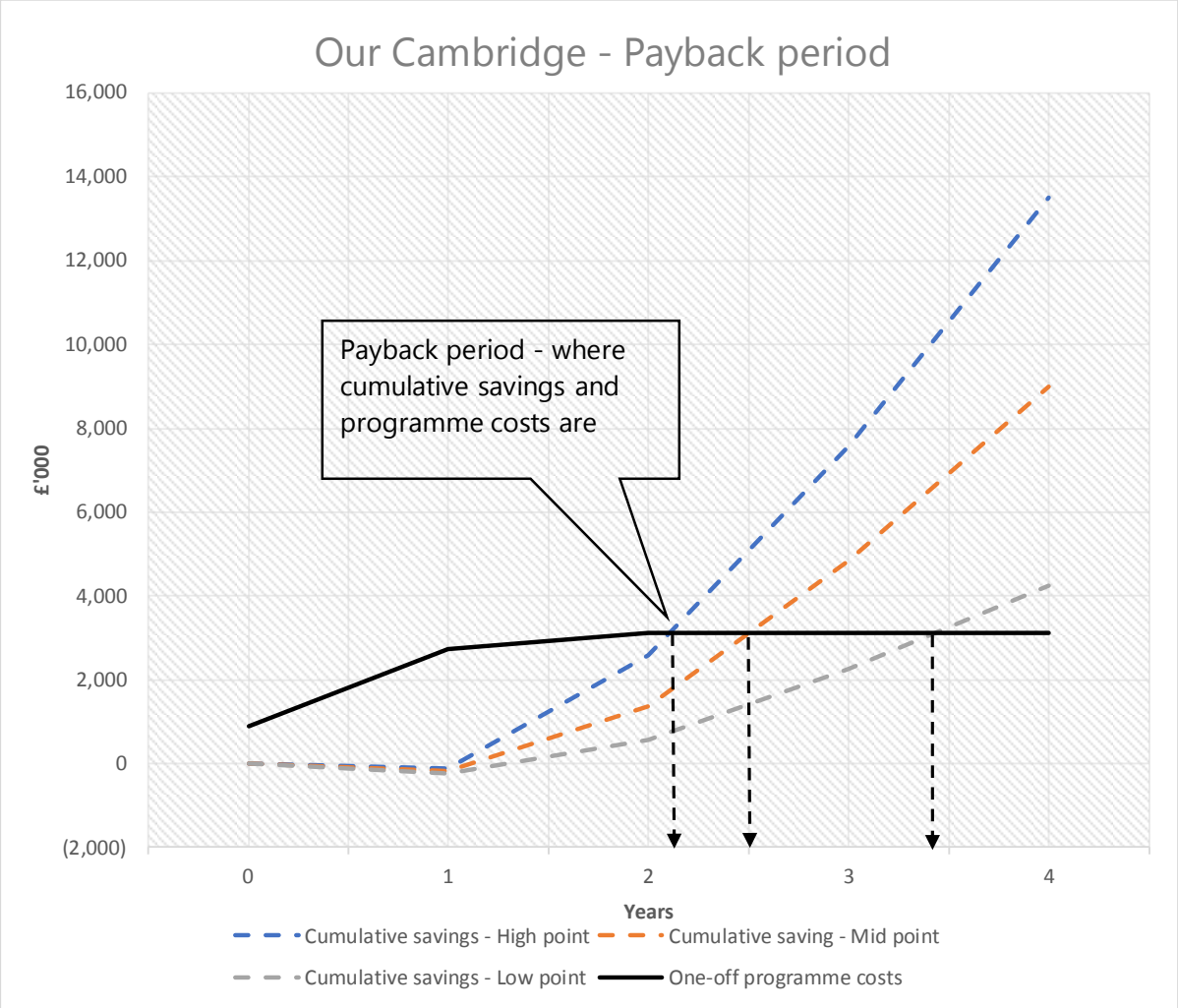
- A core team covering programme management, data analysis, communications and engagement, HR and finance capacity
- Project managers and business analysts

It is expected that these resources will include a mixture of fixed term contracts, internal secondments and backfilled roles with a small amount of support from external specialists.

The cost of this delivery team is forecast to be £3.1m over the lifespan of the programme with additional contingency of £800k to cover potential dual running or transition costs. The capital requirements of the programme relate to additional ICT and configuring our office accommodation to support new ways of working. These are being finalised but are not expected to exceed £400k.

In addition, some projects will give rise to recurrent revenue costs to support new ways of working. These are estimated at £498k in total with some costs starting to be incurred from April 2022. They will come forward through the budget setting process for the relevant year. The savings figure of £4.2m for the GF is net of these costs.

Based on the above costs and the three indicative levels of net savings, the payback period to cover the initial investment is shown below.



Unmet savings requirement

Based on current estimates, the Our Cambridge programme will not deliver all the savings required by the council in the next five years. In 2026/27 the unmet savings requirement will be £3.3m at the mid-point level (high point, £1.6m; low point £5.5m). Furthermore, the expected profile of savings delivery from the programme does not match the profile of net savings requirements. The council will therefore have to:

- Identify additional savings and income; and

- Use GF reserves to support services on a temporary basis.

The impact of using reserves to support service spending while the programme delivers the mid-point level of savings, with no reliance on business rates growth, is shown in the table below. In this illustration, the PMB level of reserves is breached in 2026/27 and all reserves are used by 2028/29. On average, an additional £670k of new net savings must be delivered per year to meet the five-year savings requirement.

Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Balance at 1 April (b/fwd)	**(16,594)**	**(19,688)**	**(16,406)**	**(12,446)**	**(9,920)**	**(7,212)**
Contributions and carry forwards	2,098					
Business rates growth – indicative increase in growth element	(8,292)					
Funding for Our Cambridge transformation and recovery programme	3,100					
	(19,688)	**(19,688)**	**(16,406)**	**(12,446)**	**(9,920)**	**(7,212)**
Savings requirement - cumulative		3,103	5,493	6,003	6,876	7,499
Indicative net savings delivered by Our Cambridge Programme - cumulative		(179)	1,533	3,477	4,168	4,168
Call on reserves to balance budget		**3,282**	**3,960**	**2,526**	**2,708**	**3,331**
Balance at 31 March (c/fwd)	**(19,688)**	**(16,406)**	**(12,446)**	**(9,920)**	**(7,212)**	**(3,881)**

It is therefore important that all requests for additional service spending are closely scrutinised, and work is undertaken alongside the Our Cambridge programme to identify further reductions in expenditure or increases in income to meet this challenging target.

Achieving financial sustainability and resilience

Despite continuing pressures and uncertainties, the council's finances are currently healthy. However, there is no foreseeable end to scarce funding for local authorities and economic conditions remain challenging, particularly with no real end in sight to the Covid-19 pandemic or its economic effects. 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 work hard to: -

- Maintain healthy levels of reserves

- 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.

Appendix A: Capital Plan 2021/22 to 2026/27

Ref.	Description	Lead Officer	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
Capital-GF Projects								
PR031r	S106 Chesterton Rec Ground skate and scooter park	J Richards	47	0	0	0	0	0
PR032w	S106 Accordia open space improvements	A Wilson	5	0	0	0	0	0
PR040z	S106 Public art: Historyworks: Michael Rosen Walking Trail 2	N Black	10	0	0	0	0	0
PR042d	S106 Romsey Mill community facility grant	J Hanson	21	0	0	0	0	0
PR042g	S106 To the River - artist in residence	N Black	49	0	0	0	0	0
PR042l	S106 Public art grant - Faith and Hope	N Black	6	0	0	0	0	0
PR042m	S106 Public art grant - Chesterton village sign	N Black	10	0	0	0	0	0
PR050d	Mobile working (OAS)	D Prinsep	15	0	0	0	0	0
PR050g	Office optimisation (OAS)	D Prinsep	50	0	0	0	0	0
SC 745	S106 Chestnut Grove play area: benches and bins	J Parrott	4	0	0	0	0	0
SC 747	S106 Nightingale Avenue rec ground: new all-weather footpath	J Parrott	15	0	0	0	0	0
SC 778	S106 Jesus Green ditch biodiversity improvements	A Wilson	53	0	0	0	0	0
SC548	S106 Southern Connections Public Art Commission	A Wilson	13	0	0	0	0	0
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Kelly	20	0	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Car Parks	S Cleary	199	0	0	0	0	0
SC601	Replacement Telecommunications & Local Area Network	F Bryant	14	0	0	0	0	0
SC627	Guildhall Large Hall Windows refurbishment	W Barfield	101	0	0	0	0	0
SC644	Acquisition of land adjacent to Huntingdon Road Crematorium	G Theobald	37	0	0	0	0	0
SC645	Electric vehicle charging points - taxis	J Dicks	356	0	0	0	0	0
SC646	Redevelopment of Cambridge Junction	J Wilson	249	0	0	0	0	0
SC651	Shared ICT waste management software - Alloy/Yotta	J Carré	173	0	0	0	0	0
SC654	Redevelopment of Silver Street Toilets	D O'Halloran	465	0	0	0	0	0
SC659	My Cambridge City online customer portal	E Rospigliosi	22	0	0	0	0	0
SC662	Shared Planning Service software implementation	S Kelly	32	0	0	0	0	0
SC672	Mill Road Redevelopment - Development Loan to CIP	C Ryba	5,300	0	0	0	0	0
SC674	Mill Road Redevelopment - Equity Loan to CIP	C Ryba	4,265	0	0	0	0	0
SC678	Crematorium - additional car park	G Theobald	339	0	0	0	0	0
SC679	Crematorium - cafe facilities	G Theobald	304	0	0	0	0	0
SC684	Property Management software	P Doggett	88	0	0	0	0	0

Ref.	Description	Lead Officer	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
SC688	Environmental Health software	J Carré	23	0	0	0	0	0
SC689	Income management software	C Norman	78	0	0	0	0	0
SC690	Secure phone payments	C Norman	24	0	0	0	0	0
SC692	Cromwell Road Redevelopment (GF)	C Flowers	5,516	0	0	0	0	0
SC692	CHUB - community extension to Cherry Hinton library	J Hanson	764	0	0	0	0	0
SC693	Lion Yard shopping centre investment	D Prinsep	6,000	0	0	0	0	0
SC694	Meadows Community Hub and Buchan St retail outlet	C Flowers	3,128	2,551	158	0	0	0
SC695	Cromwell Road Redevelopment - equity loan to CIP	C Ryba	5,350	0	0	0	0	0
SC696	Cromwell Road Redevelopment - development loan to CIP	C Ryba	6,600	0	0	0	0	0
SC708	Replacement plantroom at Jesus Green outdoor pool	I Ross	140	0	0	0	0	0
SC710	Guildhall Small Hall wooden floor	J Wilson	45	0	0	0	0	0
SC711	Guildhall PA system	J Wilson	25	0	0	0	0	0
SC712	Automation of Bishops Mill sluice gate	A Wilson	90	0	0	0	0	0
SC713	Replacement air quality monitoring equipment	J Smith	200	0	0	0	0	0
SC714	Changing Places toilets at Quayside	A Wilson	100	0	0	0	0	0
SC715	Additional refuse vehicle for property growth shared with SCDC	M Parsons	375	0	0	0	0	0
SC716	Replacement telephony system with call centre	E Rospigliosi	150	0	0	0	0	0
SC721	Call management for 3C ICT service desk	F Bryant	7	0	0	0	0	0
SC724	Residential electric charging points	J Dicks	100	0	0	0	0	0
SC727	Logan's Meadow vehicular access	J Carré	32	0	0	0	0	0
SC731	Cambridge Food Hub	V Haywood	100	0	0	0	0	0
SC732	Park Street car park development	D Prinsep	35,700	18,534	29,396	7,173	0	0
SC736	S106 Grant for St George's Church improvements	J Hanson	13	0	0	0	0	0
SC738	Wilberforce Road artificial pitches (S106)	I Ross	250	0	0	0	0	0
SC739	S106 Abbey Pool improvements	I Ross	144	0	0	0	0	0
SC740	S106 Chesterton Rec pavilion	I Ross	167	0	0	0	0	0
SC741	S106 Nightingale Rec Ground pavilion	I Ross	503	0	0	0	0	0
SC742	L2 development loan to CIP	C Ryba	3,400	5,200	0	0	0	0
SC743	L2 equity loan to CIP	C Ryba	1,300	500	0	0	0	0
SC749	S106 Holbrook Road play area improvements	J Parrott	44	0	0	0	0	0

Ref.	Description	Lead Officer	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
SC688	Environmental Health software	J Carré	23	0	0	0	0	0
SC689	Income management software	C Norman	78	0	0	0	0	0
SC690	Secure phone payments	C Norman	24	0	0	0	0	0
SC692	Cromwell Road Redevelopment (GF)	C Flowers	5,516	0	0	0	0	0
SC692	CHUB - community extension to Cherry Hinton library	J Hanson	764	0	0	0	0	0
SC693	Lion Yard shopping centre investment	D Prinsep	6,000	0	0	0	0	0
SC694	Meadows Community Hub and Buchan St retail outlet	C Flowers	3,128	2,551	158	0	0	0
SC695	Cromwell Road Redevelopment - equity loan to CIP	C Ryba	5,350	0	0	0	0	0
SC696	Cromwell Road Redevelopment - development loan to CIP	C Ryba	6,600	0	0	0	0	0
SC708	Replacement plantroom at Jesus Green outdoor pool	I Ross	140	0	0	0	0	0
SC710	Guildhall Small Hall wooden floor	J Wilson	45	0	0	0	0	0
SC711	Guildhall PA system	J Wilson	25	0	0	0	0	0
SC712	Automation of Bishops Mill sluice gate	A Wilson	90	0	0	0	0	0
SC713	Replacement air quality monitoring equipment	J Smith	200	0	0	0	0	0
SC714	Changing Places toilets at Quayside	A Wilson	100	0	0	0	0	0
SC715	Additional refuse vehicle for property growth shared with SCDC	M Parsons	375	0	0	0	0	0
SC716	Replacement telephony system with call centre	E Rospigliosi	150	0	0	0	0	0
SC721	Call management for 3C ICT service desk	F Bryant	7	0	0	0	0	0
SC724	Residential electric charging points	J Dicks	100	0	0	0	0	0
SC727	Logan's Meadow vehicular access	J Carré	32	0	0	0	0	0
SC731	Cambridge Food Hub	V Haywood	100	0	0	0	0	0
SC732	Park Street car park development	D Prinsep	35,700	18,534	29,396	7,173	0	0
SC736	S106 Grant for St George's Church improvements	J Hanson	13	0	0	0	0	0
SC738	Wilberforce Road artificial pitches (S106)	I Ross	250	0	0	0	0	0
SC739	S106 Abbey Pool improvements	I Ross	144	0	0	0	0	0
SC740	S106 Chesterton Rec pavilion	I Ross	167	0	0	0	0	0
SC741	S106 Nightingale Rec Ground pavilion	I Ross	503	0	0	0	0	0
SC742	L2 development loan to CIP	C Ryba	3,400	5,200	0	0	0	0
SC743	L2 equity loan to CIP	C Ryba	1,300	500	0	0	0	0
SC749	S106 Holbrook Road play area improvements	J Parrott	44	0	0	0	0	0

Ref.	Description	Lead Officer	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
SC781	[Completed] S106 Coleridge Recreational Grounds improvements	D O'Halloran	1	0	0	0	0	0
SC782	Livestreatm/hybrid meetings at Council Chamber and Committee Rooms	G Clift	85	0	0	0	0	0
Capital-GF Projects			**88,751**	**27,572**	**29,864**	**7,191**	**10**	**0**
Capital-Programmes								
PR010	Environmental Improvements Programme	J Richards	137	0	0	0	0	0
PR010a	Environmental Improvements Programme - North Area	J Richards	4	0	0	0	0	0
PR010b	Environmental Improvements Programme - South Area	J Richards	56	0	0	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	J Richards	61	0	0	0	0	0
PR010d	Environmental Improvements Programme - East Area	J Richards	47	0	0	0	0	0
PR017	Vehicle Replacement Programme	D Cox	1,009	0	0	0	0	0
PR035	Waste & Recycling Bins - New Developments (S106)	M Parsons	143	0	0	0	0	0
PR039	Minor Highway Improvement Programme	J Richards	64	30	0	0	0	0
PR050	Office Accommodation Strategy Phase 2 (OAS)	D Prinsep	12	0	0	0	0	0
PR051	Building works at the Guildhall to reduce carbon emissions and improve energy efficiency	W Barfield	15	0	0	0	0	0
PR053	Commercial property repair and maintenance	W Barfield	372	300	300	300	300	0
PR054	Administrative buildings maintenance	W Barfield	285	166	166	166	400	0
Capital-Programmes			**2,205**	**496**	**466**	**466**	**700**	**0**
Capital-GF Provisions								
PV007	Cycleways	J Richards	382	0	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	60	0	0	0	0	0
PV554	Development Of land at Clay Farm	D Prinsep	275	14	15	705	0	0
PV682	Local investment bond	C Ryba	2,800	0	0	0	0	0
Capital-GF Provisions			**3,517**	**14**	**15**	**705**	**0**	**0**

Total GF Capital Plan	**94,473**	**28,082**	**30,345**	**8,362**	**710**	**0**

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*	31,466,190	62,932
Premises costs	*Low*	7,636,420	15,273
Transport costs	*Low*	670,210	2,681
Supplies and services	*Low*	27,610,770	13,805
Grants and transfers	*Low*	29,718,130	29,718
Grant income	*Low*	37,283,260	37,283
Other income	*High*	56,994,510	1,282,376
Miscellaneous	*Low*	358,400	538
Total one year operational risk			1,444,607
Allowing three years cover on operational risk			**4,334,000**

General and specific risks	Amount (£)	Probability (%)	
Unforeseen events	1,000,000	30%	300,000
Legal action - counsel's fees	100,000	50%	50,000
Data Protection breach	500,000	30%	150,000
Capital project overruns	750,000	50%	375,000
Project failure / delays to savings realisation	3,900,000	33%	1,287,000
Cover for lower level of earmarked and specific reserves	500,000	30%	150,000
General risks			**2,312,000**

Prudent Minimum Balance (PMB)	**6,646,000**
Target (PMB + 20%)	**7,975,000**

Operational cost risk profiles					
			Low	*Medium*	*High*
Employee costs		overspend	1.00%	3.00%	5.00%
	£31,466,190	probability	20.0%	15.0%	10.0%
		amount at risk	**£62,932**	**£141,598**	**£157,331**
Premises costs		overspend	1.00%	3.00%	5.00%
	£7,636,420	probability	20.0%	15.0%	10.0%
		amount at risk	**£15,273**	**£34,364**	**£38,182**
Transport costs		overspend	2.00%	4.00%	6.00%
	£670,210	probability	20.0%	15.0%	10.0%
		amount at risk	**£2,681**	**£4,021**	**£4,021**
Supplies and services		overspend	1.00%	3.00%	5.00%
	£27,610,770	probability	5.0%	10.0%	15.0%
		amount at risk	**£13,805**	**£82,832**	**£207,081**
Grants and transfers		overspend	1.00%	2.00%	3.00%
	£29,718,130	probability	10.0%	7.5%	5.0%
		amount at risk	**£29,718**	**£44,577**	**£44,577**
Grant income		overspend	1.00%	2.00%	3.00%
	£37,283,260	probability	10.0%	7.5%	5.0%
		amount at risk	**£37,283**	**£55,925**	**£55,925**
Other income		overspend	5.00%	10.00%	15.00%
	£56,994,510	probability	5.0%	10.0%	15.0%
		amount at risk	**£142,486**	**£569,945**	**£1,282,376**
Other		overspend	1.00%	2.00%	3.00%
	£358,400	probability	15.0%	10.0%	5.0%
		amount at risk	**£538**	**£717**	**£538**

Appendix C

Financial resilience assessment – risks to the financial resilience of the council

The table is presented from a council-wide perspective and in general terms. At this level, it cannot list every financial risk the council is exposed to but aims to cover the majority of risks by describing them in a generic way.

The risk score is presented as High, Medium or Low, giving an indication of the severity of the risk overall for the council. As the risk will manifest in different ways in each applicable service, and will be controlled in different ways, impact scores will be different for the risk in each service risk register.

Generic controls that operate across the council are recorded. Services will undertake specific controls depending on the particulars of the risk in their context.

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
1	Income	Sales, fees and charges fall short of budgeted levels	Unforeseen economic conditions Over-optimistic budgeting Service not perceived as value for the customer Competitor activity Delayed delivery of service	Contributes to service and council overspend Less money to support service delivery generally	Regular budget monitoring and reporting Performance and complaints reporting Increasing levels of debt / provisions In some cases expenditure will reduce, or can be controlled downwards, when levels if activity / income reduce.	High

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
2	Income	Sales, fees and charges income does not recover costs of delivering the service	Full costs not understood Activity levels below expectations Service costs are higher than the market will bear Standard of service provision too high and therefore too costly Charges not updated regularly Central regulatory changes eg planning reform, devolution, rent controls Potential for decommissioning services not evaluated. Competitive pricing in the marketplace	Contributes to service and council overspend Less money to support service delivery generally	Regular budget monitoring and reporting Review and update of recharge calculations Monitoring of activity levels and customer satisfaction Service accountant support Reprofiling of statutory income required – reduction in fees / greater emphasis on councils doing the heavy lifting	High
3	Income	Incorrect or incomplete income billed or collected	Processes / records for identifying amounts to be billed inadequate Out-of-date lists of charges used Cash handling errors Process for service refunds not effective	Contributes to service and council overspend Less money to support service delivery generally Reputational damage	Regular budget monitoring and reporting Challenge by Payables and Income Service accountant support	Low
4	Income	Amounts owed to the council cannot be collected	Invoices are inaccurate / late / not produced Debtors are unable to pay Recovery processes are ineffective	Contributes to service and council overspend Less money to support service delivery generally Reputational damage	Increasing levels of debt / provisions Level of customer queries / complaints	Low
5	Income	Risky commercial / income-generating projects	Pressure to generate income to support services Pressure to meet policy targets, eg climate change, housing Weaknesses in business model, due diligence, management challenge, market	Failure to deliver objectives, including financial return Financial loss Drains resources from other projects and services Reputational risk	Professional advice Internal governance structures Project management processes	High

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
6	Expenditure	Cost inflation exceeds expectations	Unforeseen political and economic conditions Over-optimistic budgeting Higher pay settlements Pressure from suppliers who are under contract	Contributes to service and council overspend Requires in-year management, expenditure and/or service reductions Potential impact on reserves	Reviewed twice yearly, for MTFS and budget setting Regular budget monitoring and reporting	Low
7	Expenditure	Unforeseen service demands and/or costs	Unforeseen political and economic conditions, increasing service demands New statutory requirements Over-optimistic budgeting Need to manage emergencies Expenditure required to address data breaches, complaints etc	Contributes to service and council overspend Requires in-year management, expenditure and/or service reductions Reputational damage Potential impact on reserves	Regular budget monitoring and reporting Head of Service / Director responsibility for monitoring new requirements Business continuity plans Information Governance processes and training	High
8	Expenditure	Costs of change / transformation exceed resources available	Extent of change required Availability of reserves for this purpose Timing of savings does not support their use to fund further change	Centralised expenditure controls required Service cuts implemented rather than transformation	Strategic management processes, including SMT, SLT, SLT/Executive meetings Corporate programme boards Project and programme management approach	Medium
9	Funding	Government funding reviews reduce council's Spending Power	Levelling up funding towards more deprived areas / councils under more financial pressure Reduced overall funding levels due to central government spending pressures / outcome of Spending Review	Increased savings targets Depending on timing, quicker, deeper transformation and/or cuts	Reviewed twice yearly, for MTFS and budget setting External advice and use of bought-in financial models to assess potential impacts on funding Longer term saving plans being developed in the Recovery and Transformation Programme	Medium

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
10	Funding	Reductions in business rates / council tax that can be retained by the council	Economic conditions Changes to BR retention scheme Reductions in rateable values / more appeals Increase in council tax support Recovery processes not effective	Greater uncertainty in funding streams Increased savings targets Depending on timing, quicker, deeper transformation and/or cuts Reserve levels impacted	Reviewed twice yearly, for MTFS and budget setting External advice and use of bought-in financial models to assess potential impacts on funding Longer term saving plans being developed in the Recovery and Transformation Programme	High
11	Funding	Specific grant funding	Government announces grant funding on ad hoc basis Grant funding increasingly requires lengthy applications / ready-to-deliver projects Cambridge seen as an affluent area not priority for additional funding Cessation of NHB, with no replacement announced to date	Unable to plan effectively Unable to access funding for projects	Services knowledge and networking re. funding announcements Identification of projects through strategies (housing, climate change etc) that can be put forward for funding at short notice	Medium
12	Third parties	Shared service issues	Competing demands from partners Disagreement on service specifications Cost sharing agreements challenged Loss of key officers Service failure Governance arrangement not capturing the best efficiencies	Unsatisfactory service delivery Lack of progress on service objectives / developments Savings not delivered / additional costs Requirement to re-provide or repatriate Complaints	Shared services management board Business planning and quarterly reporting processes	Medium

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
13	Third parties	Supplier issues	Business failure Loss of key employees Unforeseen increase in costs Contract issues Supply chain fracture (long tail from COVID, Brexit, recession, shortages and supply chain issues Suppliers unable to meet demand Suppliers unable to meet technical requirements – water, energy, decarbonisation	Unsatisfactory service delivery / unable to deliver service Complaints / Reputational damage Additional contract management effort required Re-procurement needed Budget pressures	Contract management Financial assessment of potential contractors Regular budget monitoring and reporting	Medium
14	Third parties	Partnership issues	Competing demands from partners Disagreement on objectives / actions Cost sharing agreements challenged Cost shunting / cost avoidance Lack of effective strategic governance / accountability across organisational boundaries	Pressure on officer time / workload Budgeting uncertainty Financial pressures Strategic decisions are not made at an appropriate level, impasse, speed of decision-making does not allow for progress at the required rate of change	Senior management involvement Clear objectives of partnership working	Low, but likely to increase due to current strategic direction of travel
15	Assets	Administration and service delivery premises not fit for purpose	Change in service requirements (too big, too small, in the wrong place etc) Suitability for shared services Inadequate maintenance Expensive, inefficient and carbon-intensive to run	Capital receipts and/or cost savings may be achievable Costs of selling and movement to new premises would have to be met Delayed maintenance could give rise to additional costs Income generation could be compromised Difficult and expensive to meet net-zero carbon targets	Asset management plans Transformation programme Climate Change Strategy Revenue and capital maintenance budgets	High

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
16	Assets	Income from commercial properties	Change in economic conditions Types, sizes and locations of properties do not meet market need Inadequate maintenance Expensive, inefficient and carbon-intensive to run	Properties may not be attractive to prospective tenants leading to void periods and lower rents Delayed maintenance could give rise to additional costs Difficult and expensive to meet net-zero carbon targets Increased officer time to manage	Asset management plan Market knowledge and advice Maintenance budgets Service accountant support	Medium
17	Assets	ICT resources, plant and equipment not fit for purpose	Items not correctly specified when procured Inadequate maintenance Replacement cycles too long Users not adequately trained resulting in equipment damage, data issues, incorrect processing	Value for money not achieved Service delivery compromised Complaints User safety could be compromised User dissatisfaction	ICT road map Intelligent client Project approach, including business cases Procedure notes Maintenance plans	Medium
18	Assets	Treasury and cash management	Low interest rates lead to more risky investments Application of revised PWLB lending rules more restrictive than expected Availability of short term borrowing from other local authorities reduces	Losses of capital PWLB borrowing not available, so more expensive alternatives have to be used Borrowing becomes significantly more expensive leading to reductions in the capital programme	Treasury investment strategy Qualified and experienced officers Use of additional lenders, such as UKMBA Professional advisers	Low
19	Assets	Financial compensation from ICT threats	Costs associated with recovery of ICT systems from external threats such as ransomware	Impact on cashflow and reserves Commitment to a central government led external assurance review focused on financial position	ICT security controls	Low

Ref	Source	Risk title	Cause (Examples)	Consequence	Controls	Residual risk level (H,M,L)
20	People	Workforce does not meet the needs of the council	Poor recruitment decisions Management not effective Adequate training not undertaken Excessive use of agency staff High level of vacancies Competition for skilled resources in the marketplace Failure to manage poor performance Lack of staff engagement Lack of forward view on crucial need for emerging skill sets – data, digital, UX – restricting rate of change	Unable to recruit or retain skilled staff Service delivery compromised, including service development and transformation activities Additional costs Workload pressures for delivery teams and management Lack of continuous improvement in services and policy making	HR policies and procedures Learning and development offering, including e-learning HR support for managers Communications with employees	Medium
21	People	Pension costs	Changes in pension rules Actuarial assumptions change significantly - longevity, investment returns etc	Significant changes required to long-term financial projections, with little scope to manage additional costs Impact on savings requirements	Reviewed regularly at budget setting Updates from LGSS Pensions and scheme actuary	Low
22	Projects	Projects not delivered to time, quality or cost	Resource pressures Project / programme governance fails Projects poorly planned and executed Political objectives override management advice Unforeseen external factors – regulation, partner / supplier issues	Savings not delivered Additional costs, putting pressure on revenue and capital funding Delays in achieving commercial / investment income Increased management time required Time-limited funding lost, creating budget pressures	Programme office and boards providing support and oversight Quality Assurance Group providing professional challenge Project management training	High

Appendix D

Principal earmarked and specific funds

Fund	Balance at 1 April 2021	Anticipated contributions	Forecast expenditure	Forecast balance at 31 March 2026
Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund	(5,142)	(496)	5,638	0
Sharing Prosperity Fund	(85)	0	85	0
Climate Change Fund	(179)	(200)	379	0
Asset Replacement Fund (R&R)	(1,156)	0	1,156	0
Bereavement Services Trading Account	(923)	(800)	1,723	0
Local Plan Development Fund *	(602)	(750)	1,352	0
A14 Mitigation Fund	(1,500)	0	1,500	0
Cambridge Live Development Plan	(213)	0	213	0
Covid Grants	(1,352)	0	1,352	0
NNDR Additional Income	(31,809)	0	31,809	0
Total	**(42,961)**	**(2,246)**	**45,207**	**0**

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

*The Local Plan Development Fund is used to fund work with South Cambridgeshire District Council on the joint Local Plan.

Appendix E

Our Cambridge – Transformation and recovery programme

Introduction to Our Cambridge

The "Our Cambridge" programme is designed to enable our local communities, the council and our partners to work together to build a sustainable future for Cambridge.

It is about working hand-in-hand to change how we, as a council, do things. It is about building on the assets that exist and what already works well; but also ensuring that, as we adapt to the severe challenges that face us, we consistently put people at the heart what the council does. As much as anything, it is about making "**One Cambridge – Fair For All**" the reality that underpins of all of our work.

The COVID-19 pandemic has shown how we can work differently, find new ways of meeting essential needs and respond rapidly to local challenges. It has also highlighted the terrible impact of inequalities in our society, against the backdrop of a growing global climate emergency. We need to build on these experiences as we shape our shared future.

Our ambition is to create a prosperous and sustainable future where people are able to get the help and support they need, when they need it; where our teams feel valued and part of a council that is investing in that future; and where our financial position enables our ambitions as a council and does not hold them back.

In this context, the Our Cambridge programme will need to:

Apply learning from the past 18 months	Develop a clear and shared vision for Cambridge	Support our response to the climate emergency
Improve outcomes for local people	Tackle poverty	Reduce inequalities
Engage staff and communities in transforming the way we work	Enhance how we collaborate with our partners	Achieve genuine financial sustainability for the council

Overall context – what are we proposing?

The ambitions of the Our Cambridge programme extend to every aspect of our work as a council and the outcomes we deliver, with and for the communities we serve.

This programme is a core part of Cambridge's response to the climate emergency, and to One Cambridge - Fair For All.

We understand that this programme will only be successful – and positive outcomes will only be sustainable – if we face up to the longer-term financial pressures confronting all local authorities in England, including councils like ours.

The COVID-19 pandemic has highlighted how we can adapt rapidly and successfully to meet local needs.

It has also shown a harsh spotlight on the inequalities that exist across our communities and exacerbated pressures on both council expenditure and income,

We recognise that we will need to do things differently in the future if we are to achieve the ambitions that we are setting out. Our Cambridge is our response to the need to invest in a broader, fairer recovery through transforming how we work as staff and communities, as a council, as a city, and as part of the development of our broader region.

Key outcomes – what we want to achieve through this work

The Our Cambridge programme is designed to deliver benefits, across Cambridge, for our **residents** and **customers**, our **communities**, and our **staff** and **partners**. These benefits will fall within three areas, which also support one another:

Customer First	Community Focused	Empowered Staff
Aligning our council resources with the priorities of our communities and our customers, understanding and focussing on the areas of greatest need, and ensuring we demonstrably address existing and new inequalities in our society.		Creating a culture that frees people to work in the most effective way possible, to respond to new opportunities and changing needs, and to focus on the outcomes that deliver the most value to our communities.
An innovative and sustainable model including applying new technology to provide better services and support.	Thriving communities, economic development and a city recovery from Covid building community capacity.	
A more efficient model for delivering services providing a better customer experience, improved outcomes, and meeting all of our customers' needs.	Developing our shared future in partnership with local people, other public sector bodies, our voluntary and community sector, universities and local businesses.	Enabling staff to collaborate across traditional boundaries, to innovate, and to apply an entrepreneurial mindset in improving how we work.

How we will organise ourselves - delivering through our five themes

Customer First | **Community Focused** | **Empowered Staff**

Delivering together

- **We can't deliver these outcomes on our own** and we will need to work with partners around each aspect of the shared vision.
- **At the heart of the vision will be a very different relationship** with each of our communities.
- **This vision and new relationship change how we deliver our services**, building on the assets that exist and what is good, but ensuring that in future we are consistently putting people at the heart of everything we do.
- **To do this sustainably we will need to maximise value** and, wherever appropriate, the income that supports key services and our work.
- **We will need to develop together as an organisation** to do all of this successfully.

Cross-cutting programme themes

Partnerships	Acting as leader and facilitator, bringing partners together around key priorities
Community	Working in true partnership with communities to address inequalities and build capacity
Customer Focused	Consistently putting customers at the heart of how we plan and deliver our services
Entrepreneurial	Developing an 'enterprising', innovative mindset to increase both income and social value
Organisational Change	An organisational and cultural shift to enable us to deliver against these themes

Our Cambridge Conversation: a catalyst for change

At the heart of the development of the Our Cambridge programme, we are proposing wide-ranging engagement through a set of rich and interconnected conversations, delivered through a variety of routes to ensure everyone is able to participate.

The "Cambridge Conversation" will:

- **Provide staff, partners, communities and residents with an opportunity to share their views.** We will focus on creating safe, but honest, spaces for people to share what is working, and what could work better.
- **Spark creativity and ideas about the Council of the future**, building on what we have achieved already, and exploring what is possible.
- **Provide regular "feedback loops"** to enable people to feel a sense of progress and development - providing confidence that every conversation builds on the last, and that no input is 'lost'.
- **Give people confidence in the process** through regular updates and clear and consistent communications.
- **Give a sense that missing one conversation doesn't mean missing "the" conversation** – there are many opportunities to contribute.

*Initially the focus is on **engaging our staff,** to ensure we **make the most of their knowledge and expertise** and that they are able to **shape and influence** the development of 'Our Cambridge'*

Understanding the status quo + Defining our vision for the future → **Our shared plan for developing our organisation**

Benefits summary

Workstream	Benefit
Customer	This theme will ensure our council consistently puts the customer first. This will ensure easier access to services and a joined-up customer journey. It will include enabling more dynamic ways of interacting with us as a council and a continued shift to providing online services for customers who want them, whilst being open for all. Staff will be enabled to work in an agile way to produce a better working experience, to better meet our customers' needs, and to enable effective delivery across all areas
	Support services, and wider strategic services, across our council will be aligned around the "customer first" model, ensuring that the work of these teams delivers the best possible value to the council and our communities, and that staff, as our 'internal customers', also receive a great customer experience from the teams that support them.
	Closer working with system partners will ensure public and VCSE services are aligned and provide the best possible experience for residents who require support from a number of different organisations and agencies. We will look at "coalition" models to deliver services together, and opportunities to share delivery with communities and community interest groups, to create greater alignment around local people's priorities.
	We will have high quality office space which supports staff to work together in the best way possible and make their jobs as easy as possible. Long term shift to 'hybrid' working (between the office and other locations) will provide opportunities for improving collaboration, accessibility and flexibility in how we work and in the quality of life of our workforce.

Benefits summary (continued)

Workstream	Benefit
Partnerships	A shared vision and focus for the city that brings partners and communities to work together, and creates greater connection across all parts of Cambridge's society.
Community	Empowered communities able to shape their future with confidence and to support those in Cambridge most in need. Measurable reductions in inequality across our city.
	A more effective approach to connecting with our communities, engaging everyone including less seldom-heard groups. A dynamic approach to listening to people's priorities and following this with action (including strengthening local decision-making).
	Partnerships which connect people living and working in communities and areas that matter to them. Stronger and more resilient communities and "places" (at a city, district and neighbourhood level) that enable people to thrive in the ways that they choose.
Entrepreneurial	Our commercial services will be realising the best possible social and financial return, generating income which can be reinvested into delivery of the council's priorities.
	The services we deliver by choice will be aligned to our and our communities' priorities, our principles and our values; delivering social value as well as a financial return.
	Major capital projects will be delivered successfully and in doing so, will help us deliver our future vision for a fair and sustainable Cambridge.
Organisational change	Empowered, engaged workforce with the skills, knowledge and confidence to drive a culture of continuous improvement and innovation.
	Decisions are made as efficiently and effectively as possible.

Financial benefits – approach and next steps

The Our Cambridge programme will deliver financial benefits through both cashable and non-cashable savings. These will be achieved through individual projects and through how we work collectively to invest in the future of Cambridge.

Current estimates are based on both "bottom-up" modelling (using data about what we currently do, how this aligns to outcomes and spend) and "top-down" estimates (looking at the opportunities and challenges facing the council as a whole, and how we can best respond to these).

For some projects the full scale of potential financial benefits will not be evident until we have carried out the first phase of the work and we will review these through a series of agreed "gateways" as the programme progresses. This may result in additional income generation or savings not currently included in the business case (though we may also need additional resource to deliver them). Any further savings, and any additional investment, will be subject to a robust process of review and approval including council officers, members, and as appropriate, broader communities and partners.

This business case is a "living" document.

We are continuing to refine our modelling, and there are some uncertainties still needing to be resolved. These include some additional opportunities not yet quantified – for example, financial benefits resulting from major capital projects, changes to fees and charges, and further opportunities to improve demand management.

Potential financial benefits: revenue improvement

Based on a joint review of current income and spend, the range of potential recurrent benefits realisable by 2024/2025 identified to-date are summarised below:

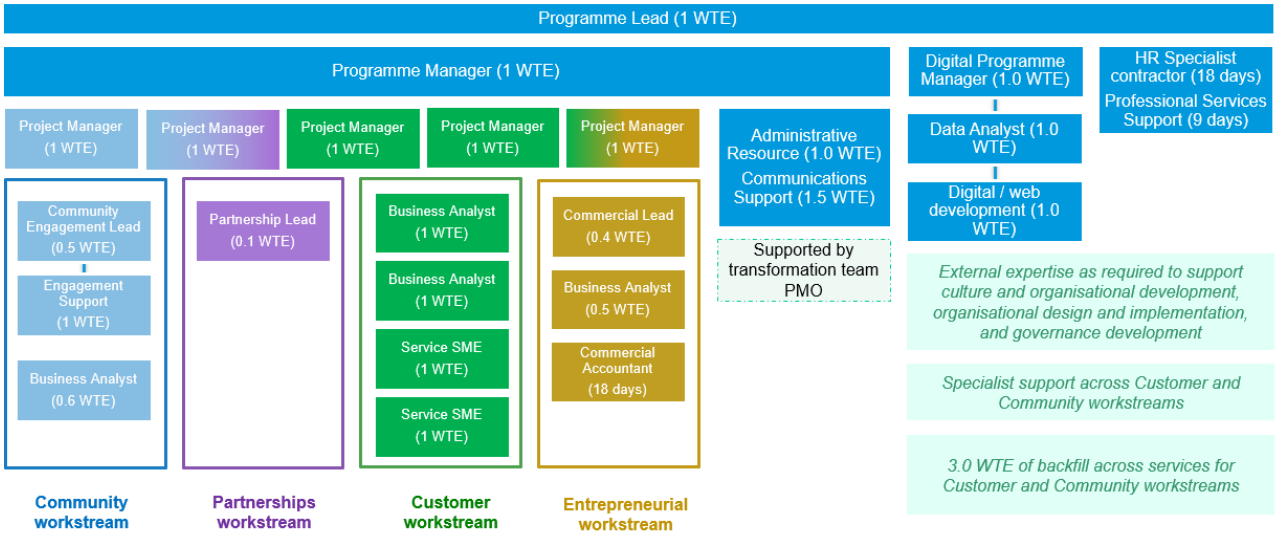
Potential recurrent income growth and revenue savings by workstream	Lower estimate	Mid-point estimate	Higher estimate
Customer	(£1.7m)	(£3.6m)	(£4.9m)
Partnerships	(£0.0m)	(£0.0m)	(£0.0m)
Community	(£0.0m)	(£0.0m)	(£0.0m)
Entrepreneurial	(£0.5m)	(£1.1m)	(£1.7m)
Organisational Change	(£0.0m)	(£0.0m)	(£0.0m)
Total	**(£2.2m)**	**(£4.7m)**	**(£5.6m)**

Programme costs - assumptions

We have developed a set of shared assumptions around costs that underpin the financial model. This programme will be managed by a team that is fully embedded within Cambridge City Council – that is one of the guiding principles behind the 'Our Cambridge' approach

- **We will deliver the programme through a mixed resourcing model** based on:
  - fixed-term contracts and internal secondments to staff programme delivery roles.
  - additional backfilled posts across service areas involved in delivery of Customer and Community projects.
  - support provided where appropriate by externally sourced specialists and consultancy support.
- **Council, secondment and fixed-term contract costs** have been estimated on the 2020/21 mid-spinal point for PO grades:
  - for planning purposes these have been uplifted by 1.5% for 2021/22,
  - with 25% on-costs applied.
- **We have used an averaged day rate for external specialists** based on market rates.
- **Transition costs have been accounted** for as follows:
  - our current planned timeframes would make any reductions in resourcing achievable through natural attrition.
  - this is based on current staff turnover which is estimated at 4% per annum.
  - however, we have included a contingency of 15% of the estimated full-year savings,
  - covering any double-running of service models and any related costs to changes in roles and structures.

Indicative levels of resourcing (2022/23)



Estimated programme staffing by theme

Programme area	Roles	Potential Resourcing (indicative)					
		2021/22 (five months)		2022/23 (full year)		2023/24 (full year)	
		WTE	Total Cost	WTE	Total Cost	WTE	Total Cost
Core Programme Team	Programme director, programme manager, comms, data analyst, PMO support	4.8	£146,000	5.3	£352,000	3.6	£229,000
Community	Project manager, business analyst, , consultancy engagement and facilitation	4.5	£121,000	5.0	£317,000	0.2	£15,000
Customer	Business analysts, project manager, digital/web developer, systems specialists, ICT input, backfill	12.4	£425,000	10.8	£894,000	1.6	£116,000
Entrepreneurial	Business analyst, commercial leads	3.6	£122,000	1.7	£165,000	0.3	£35,000
Organisational development	External specialist support to organisational design, development, communications and engagement	1.0	£46,000	0.7	£62,000	0.0	£0
Partnerships	City vision project lead, project management and engagement support	1.3	£38,000	0.6	£40,000	0.0	£0
	Sub Totals	27.8	£898,000	24.1	£1,830,000	5.8	£395,000
	Total	£3.1m					

Key risks & mitigations (1/2)

Risk	Impact	Mitigation Actions	Unmitigated Risk	Mitigated Risk
1. There is a risk of delay in delivery based on potentially over-ambitious timescales.	Delay will impact benefits realisation and the council's medium term financial outlook, and may undermine confidence in future delivery.	Robust programme and project management, clear and ongoing executive oversight, and effective project resourcing and support to each area.	High probability, High impact	Medium probability, Medium impact
2. There is a risk that proposed changes will negatively impact existing staff and teams.	Changes including to resourcing model may impact current staff morale, recruitment and retention, performance, existing service delivery and the successful introduction of future models.	Dedicated cross-cutting workstream focussing on engaging staff and staff representatives; ring-fenced investment to support staff development, redeployment and training; co-design of the future model with staff, building on a shared focus on delivering better outcomes for Cambridge.	High probability, High impact	Medium probability, Medium impact
3. A failure to engage local people in the programme objectives and aims.	A lack of citizen engagement will impact the design process, the quality of the final model, and may lead to opposition to changes and / or an inability to deliver envisaged benefits.	A focus on "Plain English" communication, genuine co-design (vs. consultation and engagement) around key changes, early identification of quick-wins and sharing of benefits, close working with and through elected members.	Medium probability, High impact	Low probability, High impact
4. Changes lead to changes that worsen rather than tackle inequalities.	A failure to develop changes in a way which supports and engages all communities will lead to longer term dissatisfaction, costs, demand pressures and poorer outcomes.	Co-design process will ensure that seldom-heard voices are effectively engaged in the conversation. Robust equalities impact assessments, acting on findings, will help to prevent unintended consequences from service changes.	Medium probability, High impact	Low probability, Medium impact
5. Failure to engage effectively with partners limits opportunities and benefits.	Inability to agree with partners on the priorities and future model, including for existing shared services, will limit room for innovation and for realising potential shared benefits.	Strong focus on partnership engagement including through the visioning and strategy work; development of clear and transparent partnership governance arrangements, including to manage benefits realisation across the shared services.	Medium probability, High impact	Medium probability, Low impact

Key risks & mitigations (2/2)

Risk	Impact	Mitigation Actions	Unmitigated Risk	Mitigated Risk
6. There is a lack of data to support detailed business case development and / or key assumptions underpinning current financial modelling prove overly optimistic.	Failure to set appropriate expectations impacts confidence in council plans; budgets fail to reflect actual costs leading to unplanned overspends and the need for increased / prolonged requirement to draw on reserves, or lower service standards and quality.	Ongoing, iterative review of assumptions and modelling with finance teams, transformational and operational leads. Regular reviews of actual performance against plan and proactive escalation of potential issues through new programme governance structures. Development of best / worst / mid case scenario and sensitivity modelling with appropriate phasing and contingencies.	High probability, High impact	Medium probability, Medium impact
7. Potential savings fail to be translated into actual reductions in current council spend.	For example, reductions in requirements for individual office working are only cashable if this allows for an existing site or portion of a site to be re-let, sold or re-used in a way which contributes to the financial sustainability of the council.	Assumptions are being developed with relevant officers and teams to ensure that the range of savings and benefits reflect the need for a phased and managed transition. This will be supported by a cross-council benefits management process to ensure cashable gains are appropriately identified, realised, and are not double-counted.	High probability, High impact	Medium probability, Medium impact
8. Lack of clarity around capital and revenue investment requirements impacts the ability to develop a holistic model of costs and benefits for the Our Cambridge programme.	An overstating of benefits due to a failure to offset gross savings with accompanying costs required to maintain them; or a lack of budget to deliver on commitments, including around required capital investment.	Review of the investment requirements in parallel with commencement of project delivery, with a focus on prioritising areas such as around specific capital schemes and requirements which require the most work to develop detailed, evidence-based estimates and plans.	High probability, High impact	Medium probability, Medium impact
9. Inability to staff the required programme roles in the time required to mobilise the programme effectively.	A lack of availability of key staff and / or inability to source appropriately skilled and experienced individuals hampers the ability to ramp-up transformation efforts in line with the required plan for delivery.	A mixed resourcing model based around seconding and backfilling internal staff, sourcing external support on a fixed-term basis, and the use of specialist interims and consultancy partners, to ensure that the programme mobilises in a timely way whilst minimising costs and maximising skills transfer and ownership internally.	Medium probability, High impact	Medium probability, Medium impact

Appendix F

DEPOT RELOCATION

To:
Councillor Mike Davey, Executive Councillor for Finance and Resources
Strategy & Resources Scrutiny Committee [11/10/2021]

Report by:
James Elms, Head of Commercial Services
Tel: 07725 623939 Email: James.Elms@cambridge.gov.uk

Wards affected:
All

Key Decision

1. Executive Summary

The current depot relocation programme has reached two fundamental milestones that require the approval of funding to enable the programme to proceed to meet the required timetable.

a. Land acquisition – requires a commitment to purchase if certain criteria are met. This needs to be in this calendar year
b. The procurement of a supplier to complete the construction phase of the programme – requires a commitment to procure early in Q4 of this financial year

The £10m capital bid is to cover all costs incurred in relocating the depot and consists of land acquisition and associated costs, design, planning, costing and associated costs, construction and associated costs, consultant support

both for the depot build and to support elements of service redesign key to the programme.

This programme will lead only those elements of service redesign that directly affect the overall depot relocation programme, seeking to rationalise processes/delivery models to drive out cost, increase efficiency, reduce carbon impact, looking to minimise land requirements and therefore reducing the capital cost of the depot relocation programme.

It is hoped that the elements of service redesign will also reduce ongoing costs that the Council bears in running those services.

Following a site search, several possible sites have been identified and work is ongoing to consider these further and agree provisional terms

The full cost of the depot relocation has yet to be fully understood. For forecasting purposes, the capital bid for this programme is £10m though this figure is a forecast and may be subject to change either way as the project progresses.

In light of current funding pressures and limits on available capital funding, the Lion Yard shopping centre investment scheme will be removed from the approved capital plan and the funding allocated to that scheme repurposed to depot relocation. It is proposed that a further £1m of funding is allocated from the General Fund Development Reserve and the balance from capital receipts and/or additional borrowing.

2. Recommendations

The Executive Councillor is asked to recommend to Council to:

- Proceed with the depot relocation programme on the basis as set out
- Approve capital funding of £10m for the depot relocation
- Remove the Lion Yard shopping centre investment scheme from the capital plan, reallocating the funding from that scheme to the Depot Relocation programme
- Allocate £1m of funding from the General Fund (GF) Development Reserve to the Depot Relocation programme
- Allocate an additional £3m of capital receipts or borrowing to fund the balance of the scheme
- To grant delegated authority to approve the acquisition of a site to the Strategic Director in consultation with the Executive Councillor for Finance and Resources, Opposition Spokesperson, Head of Property Services and Head of Finance.

3. Background

Why is the Council moving depots?
The current Cowley Road Depot is an interim solution following the move from the long-term operating location at Mill Road and was occupied some 3+ years ago. Cowley Road Depot needs to be vacated by 19th Dec 2023 as the temporary planning consent expires. The site has been allocated as strategic housing infrastructure in the Local Plan (North East Cambridge Area Action Plan (NECAAP)).

Cambridge City Council (CCC) must therefore relocate its current depot facility at Cowley Road and is seeking to provide a comprehensive depot solution at a new location.

The new depot must be able to support strategic and operational service objectives, both now and over the next 25 years.

What is the Core Requirement?
The optimum depot solution is to have a single, strategically placed operating location for Streets and Open Spaces (SoS) and Estate and facilities (E&F) together, with alternative use (or lease exit) of the current E&F facility at 130 Cowley Road until lease expiry.

This approach will support the emerging Transformation and Recovery Programme which is seeking to develop new operating models for Council services and be an enabler to this wider change. Any new depot will need to be cognisant of the new demands associated with population and housing needs across the City.

The current options appraisal is summarised as:

- It is cost efficient to create a single location providing shared service depot facility for SoS and E&F
- It is land efficient to create a single location providing shared service depot facilities for SoS and E&F
- A single location should include smart working space for other CCC staff
- The location for the new depot should be accessible by public transport and have good access into the City
- The location should minimise travel miles incurred by service vehicles to reduce congestion and, while the fleet decarbonize, the carbon impact of travel

Co-location at Waterbeach with the shared refuse collection service has been reviewed as an option, but it presents considerable challenges for SoS and

E&F as it is too remote operationally. Not least it would require the transit of slow-moving vehicles (lawn mowers, street sweepers) along the busy A10 during busy peak hours.

An extensive site search was completed to consider those that might be suitable. This has been reduced to a few key sites that meet requirements in terms of size, location and availability. Discussions are taking place with landowners to try and agree potential terms and cost of acquisition.

Due to the need for the Council to act quickly in the market, delegated authority to approve site acquisition is required.

The forecasted high-level benefits are:

Financial

- Cashable saving by invoking the break clause in the current 130 Cowley Rd space and moving a reshaped operation, following the stores review, to the new depot site co-locating with other services
- Cashable saving / reduced financial burden. A review of waste transfer is currently in flow and is reviewing how to move away from on-site waste transfer to direct waste transfer and replacing the current operating model with a reshaped operation
- Reduced utility costs by use of PV/EV/Grey water harvesting etc
- Providing services with an opportunity to review operations reshaping in more cost-efficient service delivery models

To improve Environmental Sustainability performance of Depot based services

- Council leads by example in reducing consumption of resources, reducing waste,
- Contributes towards the management of Cambridge's streets and open spaces for the benefit of both wildlife and people.
- Waste management that is more environmentally friendly reducing the storage or transportation needs of waste, particularly in relation to green waste.
- More sustainable travel options for personnel travelling to and from work as well greater efficiencies in operational vehicle usage including lower mileage and journey time
- Office space and facilities that meet service needs, have higher occupation levels and therefore efficiently use land space.

Net Zero Carbon

The solution must ultimately be affordable, as part of that affordability test Net Zero Carbon (NZC) options have been defined but require a site and a

design to provide a robust costing. The Council NZC brief provides a clearly defined basis of Environmental Cost Benefit Analysis (ECBA) of NZC options to inform a comparative evaluation.

Risks/Mitigations
With a programme of this size there are a number of risks, for the purposes of this paper planning permission is the key risk

There are potential risks and costs associated with all sites. Planning can be very difficult, in both greenfield and, dependent on location brownfield sites. The risk of remediation cost of contaminated sites from previous usages is higher tends to be greater in brownfield sites.

Of the current sites being reviewed all except one are green-field. These are clearly be more challenging but given the operational need, the cost of land within the urbanised area of Cambridge and the limited land availability green field may be the only option. Site selection will need to balance the use of low-density land use of depot versus maximising land use eg higher density for housing. Green field sites require expectational circumstances to be proven before planning permission is granted.

The Council is working with planning partners to evidence why the site is the size it is, how/if the services have been disaggregated to reduce the footprint, why other sites have been discounted especially any available brown field options, and the design options to minimise impact.

Any acquisition will be subject to planning consent being granted. There are two approaches that the Council is reviewing to mitigate the risk of planning permission being unsuccessful.

Option to purchase (OTP)
Conditional Contract Subject to Planning (CSTP)

OTP the buyer pays the seller money for the exclusive right to purchase the property within a specified term (often 1-2 years to allow for the planning process).

Conditional Contract Subject to Planning (CSTP) requires that if certain conditions are met, the prospective buyer will purchase the Property.

Both require a level of financial commitment from the Council however that level is comparatively small in the low £10ks but considerably reduce the risk to the Council if planning is unsuccessful.

Capital funding for the programme

As set out in the Medium-Term Financial Strategy (MTFS) 2021, unless specific funding is available for a project, capital projects will be funded from capital receipts (where available) or borrowing. A limit of £4.1m of new capital schemes funded from these sources has been set to ensure ongoing affordability of the Council's capital plan.

The Lion Yard shopping centre investment scheme is currently included in the capital plan, with £6m of borrowing allocated to it. This represents the Council's contribution to a development scheme that was to be brought forward by the centre's operator. However, the long leaseholder no longer requires the Council to contribute to this scheme so the funding can be released and repurposed to the Depot Relocation programme.

The GF Development Reserve holds that portion of interest received from loans to the Cambridge Investment Partnership (CIP), which exceeds current deposit rates. The balance on this reserve now totals around £1m. There are no plans for its use. It is therefore proposed to use this to support the programme, thereby reducing the call on the £4.1m capital funding limit.

4. Implications

a) Financial Implications

Financial implications are as included in the report.

b) Staffing Implications

Unknown in detail at this stage however the depot relocating may change the way that staff access the workplace. The implications of this are being worked through with the TUs currently.

c) Equality and Poverty Implications

An EQIA is to be conducted once the design and location are known. Services will be required to complete a service level EQIA

d) Net Zero Carbon, Climate Change and Environmental Implications

Project / Proposal Name or Reference:			Date:	Your Name:	
Depot Relocation			17-Aug-20	James Elms	
1. IMPACT ON CARBON EMISSIONS					
HOW WILL THIS PROJECT/PROPOSAL AFFECT:		CONSIDERATIONS *See guidance below on determining whether negative or positive impacts are High, Medium or Low*	IMPACT? *Use drop down list*	GUIDANCE IF NEGATIVE RATING HAS BEEN AWARDED	NOTE HERE HOW YOU PLAN TO MANAGE AND REDUCE ANY NEGATIVE IMPACTS
1	ENERGY USE	* More energy will be consumed (by CCC or others) = Negative Impact * No extra energy use is involved = Nil Impact * Energy use will be reduced or renewable energy will be used = Positive Impact	High Positive	Consider: - Energy efficiency measures - Renewable energy - Reducing demand for energy	
2	WASTE GENERATION	* More waste will be generated (by CCC or others) = Negative Impact * No waste will be generated = Nil Impact * Less waste will be generated OR amount of waste that is reused/ recycled will be increased = Positive Impact	High Positive	Consider: - Use of recycled goods - Recycling facilities - Reducing/ reusing resources	
3	USE OF TRANSPORT	* CCC or others will need to travel more OR transport goods more often/ further = Negative Impact * No extra transport will be necessary = Nil Impact * The use of transport and/or of fossil fuel-based transport will be reduced = Positive Impact	Low Positive	Consider: - Use of public transport - Reducing need to travel or transport goods - Alternative fuels	
2. IMPACT ON RESILIENCE TO THE EFFECTS OF CLIMATE CHANGE					
HOW WILL THIS PROJECT/PROPOSAL AFFECT THE ABILITY OF CAMBRIDGE CITY TO WITHSTAND:		CONSIDERATIONS *See guidance below on determining whether negative or positive impacts are High, Medium or Low*	IMPACT? *Use drop down list*	GUIDANCE IF NEGATIVE RATING HAS BEEN AWARDED	NOTE HERE HOW YOU PLAN TO MANAGE AND REDUCE ANY NEGATIVE IMPACTS
4	HEATWAVES	* Lack of or reduced shade (e.g. from trees or buildings) & natural ventilation = Negative Impact * No impact on existing levels of shade & ventilation = Nil Impact * Increased/ improved shade & natural ventilation = Positive Impact	High Positive	Greater need for cooling, shade and hydration methods	
5	DROUGHT	* Water use will increase and/or no provision made for water management = Negative Impact * Levels of water use will not be changed = Nil Impact * Provision made for water management, water resources will be protected = Positive Impact	High Positive	Greater need for water management and perhaps reserve supplies	
6	FLOODING	* Levels of surface water run-off will increase, no management of flood risk = Negative Impact * Levels of surface water run-off & flood risk are not affected = Nil Impact * Sustainable drainage measures incorporated, positive steps to reduce & manage flood risk = Positive Impact	High Positive	Consider flood defence mechanisms or alternative arrangements (business continuity)	

e) Procurement Implications

- Land acquisition is exempt from PCR
- Construction procurement will follow the current PCR process being advertised via the Find a Tender Service (FTS).
- All procurements commenced after the end of the BREXIT Transition Period must be advertised on FTS superseding the OJEU (Text).

f) Community Safety Implications

None identified at this stage

5. Consultation and communication considerations

There is currently a communication plan that currently engages directly with staff. A wider comms strategy engaging with the community is in development, drawing off experience gained by Housing and Development (HAD) colleagues. West Suffolk District Council are assisting using their much acclaimed approach to community engagement as a model for ours.

6. Background papers

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

7. Appendices

Nil

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact James Elms, Head of Commercial Services, tel:07725 623939 email: james.elms@cambridge.gov.uk.

APPOINTMENT OF CITY COUNCIL APPOINTMENTS TO THE CONSERVATORS OF THE RIVER CAM

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 2021.

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 2022.

1.4 Legislation requires the seven city council appointments to be made by the Full Council on the recommendation of the Executive Councillor for Open Spaces, Sustainable Food and Community Wellbeing

1.5 A selection meeting is taking place on the day of the Council Agenda publication so the nominated persons will be published to Council in the supplementary Council pack on 20 October.

Accordingly, Council is recommended to:

2.1 Approve the non-councillor appointments to the Conservators of the River Cam commencing 1 January 2022:
(as described in 1.5, recommended appointments to be circulated in the Council supplemental pack 20 October)

2.2 Approve nominations of three City Councillor appointments (two Labour and one Liberal Democrat appointment) to the Conservators of the River Cam commencing 1 January 2022.

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