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Cambridge City Council

Notice of Council

Date: Thursday, 20 October 2022

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, 20 October 2022 at 6.00 pm and I hereby summon you to attend.

Dated 12 October 2022

Yours faithfully

Robert Pollock

Chief Executive

Agenda

1	Minutes	(Pages 9 - 42)
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 2022/23 (Executive Councillor for Housing)	(Pages 43 - 148)
4b	Appointment to Conservators of the River Cam (Executive Councillor Open Spaces, Food Justice	(Pages 149 - 150)

	and Community Development)	
4c	Cambridgeshire and Peterborough Combined Authority-city council appointments (Leader of the Council)	
4d	Council Tax Reduction Local Scheme April 2023-March 2026 (Executive Councillor for Finance, Resources and Transformation)	(Pages 151 - 184)
4e	Treasury Management half yearly report 2022/23 (Executive Councillor for Finance, Resources and Transformation)	(Pages 185 - 208)
4f	General Fund Medium Term Strategy 2022 (Executive Councillor for Finance, Resources and Transformation)	(Pages 209 - 248)
5	To consider the recommendations of Committees for adoption	
5a	Civic Affairs Committee: Amendment to Contract Procedure Rules	(Pages 249 - 256)
5b	Civic Affairs Committee: Review of the Budget Setting Process and Wider Financial Governance Issues	(Pages 257 - 270)
5c	Civic Affairs Committee: Proposal to Increase the current Cambridge Weighting for Employees and Agency Workers	(Pages 271 - 278)
5d	Civic Affairs Committee: Review of the Pensions Discretions Statement	(Pages 279 - 288)
6	To deal with oral questions	
7	To consider the following notices of motion, notice of which has been given by:	
7a	Councillor Bick and Councillor A.Smith - The Future of Local Bus Services	

This Council:

Deplores Stagecoach's plan to withdraw 18 bus services across the county, noting the potential loss of independence and financial cost incurred by those who have relied on them, such as those students left without means of getting to sixth form college and CRC;

Believes that this further underlines the failure of the deregulated and purely commercial bus service in our area;

Supports measures by the CPCA Mayor Nik Johnson to protect these services beyond the end of October, should Stagecoach not be persuaded to rethink;

Calls on the Mayor to accelerate consideration of franchising bus services in our area, in particular noting the way this would complement the draft proposals 'Making Connections' from the Greater Cambridge Partnership, which could enable a longer term transformation of services;

Encourages Cambridge people to participate in the public consultation on the GCP's 'Making Connections' proposals, giving feedback on them to shape progress on the agenda of cutting congestion, improving mobility for all, enhancing our public realm and reducing carbon emissions from transport.

7b Councillor Nethsingha - The cost of living crisis and the impact of Brexit

Council notes

- The devastating impact the recent fiscal event from Chancellor Kwasi Kwarteng has had on costs facing the majority of UK households through prompting a falling pound and and increased interest rates;
- That this sits on top of not only the energy shortage caused by Putin's invasion of Ukraine over which we have limited influence, but also the inflationary effect and the constraints on trade and migration arising from Brexit, which is leaving us all relatively poorer overtime;

This Council calls on MPs of all parties, especially Daniel Zeichner as MP for Cambridge and Keir Starmer as Leader of the Opposition to:

- be clear of that Brexit remains a key and persistent cause of the cost of living crisis which is completely unique to the UK and
- recognise that a closer relationship with the EU, and in particular the restoration of free movement of goods and people is critical to tackling the cost of living crisis and securing sustainable growth, the absence of which disadvantages us all.

7c Councillor Collis and Councillor Carling - Tackling

the Energy and Cost of Living Crisis Fairly

Inadequate action by national government on the energy crisis, and its failure to levy a sizeable energy company windfall tax, places the burden of spiralling energy costs on residents and businesses. The impacts of these failures and inadequacies will be far-reaching, meaning an extremely difficult winter for many and leaving a sizeable debt to pay off in the future. It will exacerbate the damage to jobs and real incomes caused by Government failure to reduce excessive inflation.

As research by the University of York Social Policy Unit projects, 91% of pensioner couples and 90% of couples with 3 children will find themselves soon spending 10% of their income on energy bills, and researchers' projections indicate that three quarters of UK households are likely to fall into food poverty by January 2023.

Cambridge City Council has set out a clear plan at the local level to address fuel poverty across the autumn and winter, including;

- Securing funding from the Integrated Care Partnership (ICP) for a Heating and Health Project, working with South and East Cambridgeshire District Councils to co-produce local solutions supporting residents who will be at risk of health harms due to the cold and cost of living crisis this winter.
- establishing a network of cost-of-living advice hubs, where residents will be able to get advice on how to reduce their fuel bills.
- working with partners across the city to provide warm spaces, for residents who are struggling to heat their homes.
- issuing cost of living micro grants that groups of residents can apply to for support.
- Delivering £6.5m of Sustainable Warmth funding across Cambridgeshire to increase the energy efficiency of homes for the most vulnerable.
- continuing to insulate our council homes, with a further 100 identified for works.
- Making a £10,000 contribution to the Food Poverty Alliance's (FPA) Cambridge Cost of Food and Living Crisis crowd-funding campaign

However, council notes that the burden of intervention is falling disproportionately onto local authorities, which are already hit by those same rising energy costs and inflationary pressures. Following on

from our March 2022 motion on fuel poverty and July motion on the cost of living, the Council calls for a far stronger plan of action from national government and demands that ministers;

1. Undertake a mid-year review and uprate benefits for 2022/23 to account for additional in-year non-energy inflation affecting household costs since the annual review, and not renege on their commitment to pensioners and those on benefits in order to help pay for tax cuts to high earners.

2. Withdraw the selective tax cuts proposed from November apart from the 1p income tax cut, and ensure the tax changes are fair to all.

3. Apply a further windfall tax on energy producing companies, in addition to the modest tax levied in the summer, in line with the tax asked for by council in its March motion.

4. Require OFGEM to review and reduce the electricity price formula to give all energy users a fairer deal, by ending their approach of basing it on the most expensive route to generate electricity, which is currently gas.

A copy of the motion will be sent to the Prime Minister and Chancellor of the Exchequer, and forwarded to our local MPs, asking that they support its proposals and comment in response.

7d Councillor Holloway and Councillor Pounds - Private Rental Sector in Cambridge

The Council Notes

1. That according to research by Savills in 2021, 42% of households in Cambridge live in private rented accommodation.
2. That the strong rental market in Cambridge has led to high rental prices in the city, as displayed by Savills research from Aug 2020-21 where average rental prices increased by 4.1% in a year.
3. The City Council's 2019 review of homelessness and rough sleeping found that one of the most common causes of people becoming homeless in Cambridge were because of the loss of a private rented home.
4. The 2021 Census showed that Cambridge's population has been growing at almost three times the national average during the past decade (17.6% since 2011).
5. According to Government research, '*many low income households may have little choice over which property to rent because of the budget they have available'*. While 1/3 of

privately rented homes in the UK don't meet the government's Decent Homes Standard.

6. Requests to Citizens Advice Bureau regarding help for private tenants are most typically about 'repairs and maintenance', 'rents and other charges' and 'tenancy deposit protection'.

The Council Believes

1. Having a safe, secure and affordable home is vital.
2. That with such a growing population, house prices rising even faster, and without adequate funding for the council and housing associations to build affordable housing, the private rental sector in Cambridge is going to continue growing.
3. Tenants who may have little choice over rental properties may feel reluctant to complain about housing problems because they fear being evicted or are restricted by their budgets.
4. That as a city we should aspire for all residents to be living in safe, legal and adequate homes.
5. That working closely with private renters in Cambridge will allow us to better identify issues which can be addressed collaboratively.

The Council Resolves

1. To convene a Private Renters' Forum to consult with private tenants in the city, including stakeholder groups such as ACORN, Students' Unions and Citizens Advice Bureau.
2. To notify Councillors at an All Member Briefing on plans for the Forum, and ensure information about the forum is shared widely.
3. Through the Forum, work with private renters to discuss how the Council can best support and advocate for private renters in the city.
4. To re-consider the need for a Selective Landlord Licensing Scheme in the light of the 2021 census data when it becomes available.
5. To continue to put high priority on work to ensure that all HMOs in the city are inspected, improved if needed, and licensed.
6. To ensure the relevant information on the Council's website (currently listed here: www.cambridge.gov.uk/private-rented-accommodation) is reviewed and promoted.
7. To look into providing resources in other languages which are spoken in the city.
8. To continue working via the Council's Landlord Steering Group to reach out to landlords in the city and ensure there is always private tenant representation on the Landlord Steering Group, either through ACORN or other local organisations.

8	Written questions No discussion will take place on this item. Members will be asked to note the written questions and answers document as circulated around the Chamber.	
9	Officer Urgent Decision	
9a	Cambridgeshire and Peterborough Combined Authority - Appointment of the Council's Substitute Member	(Pages 289 - 290)

Information for the public

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Should you wish to attend in person, we always ask you to maintain social distancing 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 either virtually or in person, you must contact Democratic Services democratic.services@cambridge.gov.uk by 12 noon two working days before the meeting.

COUNCIL 21 July 2022
6.05 - 11.10 pm

Present: Councillors Ashton, D. Baigent, Bennett, Bick, Bird, Carling, Collis, Copley, Davey, Divkovic, Dryden, Gawthrope Wood, Gilderdale, Hauk, Healy, Herbert, Holloway, Howard, Lee, Nethsingha, Payne, Porrer, Pounds, Scutt, S. Smith, Swift, Thornburrow and Todd-Jones

Also present (virtually) Councillors: McPherson, S.Baigent, A.Smith, Robertson

Councillor Nethsingha left the meeting before consideration of item 22/29/CNL4d

FOR THE INFORMATION OF THE COUNCIL

22/26/CNL Minutes

The minutes of the 26 May 2022 were confirmed as a correct record and signed by the Mayor.

22/27/CNL Mayor's announcements

Commented that it was a privilege to attend so many jubilee events across the city.

Members were reminded that the annual Mayor's Day Out to Great Yarmouth was taking place on Tuesday 16 August and that the Harvest Festival Civic Service would be taking place on Sunday 2 October at 10am at Great St. Mary's Church.

Members observed a minute's silence to mark the passing of former East Chesterton City Councillor Michael Bond.

Member	Item	Interest
Councillor Baigent	All	Member of Cambridge Cycling Campaign
Councillor Davey	22/29/CNLd	Board Member of the Cambridge Investment Partnership
Councillor Bird	22/29/CNLd	Board Member of the Cambridge Investment Partnership

Councillor Thornburrow	22/29/CNLe	City Council Representative on the Conservators of the River Cam
Councillor Nethsingha	22/29/CNLe	Leader of the County Council
Councillor Dryden	22/29/CNLb	Director of Cherry Hinton Community Benefit Society
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Under paragraph 4.2.1 of the Council Procedure Rules, the Mayor used their discretion to alter the order of the agenda items so that item 22/29/CNLd was considered at the end of the meeting. However, for ease of the reader, these minutes will follow the order of the published agenda.

22/28/CNL Public questions time

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

Question 1
At the 2022 Annual Meeting, it was stated that Cambridge City Council is "absolutely committed to delivering on a site" to meet the needs of nomadic Gypsies and Travellers, who currently have no choice but to resort to unauthorised stopping in Cambridge, leading to repeated evictions. This is despite the centuries of historical ties that Gypsies and Travellers have to Cambridge, such as the much-loved Midsummer Fair.

The promise of a site is a significant step forward in this council's commitment to upholding GRT rights. However, vital questions remain unanswered.
- Is this site intended to provide permanent pitches or temporary stopping places?
- What progress has been made in setting up the cross-party group promised by Cllr Healy at the Annual Meeting?
- What steps have been taken by this council to work together with Cambridge County Council and South Cambridgeshire District Council?

Executive Councillor for Equalities, Anti-Poverty and Wellbeing response:

Midsummer Fair had been a fantastic event following the pandemic, which a number of Councillors including the Mayor had attended. The Council had worked with the Showman's Guild to ensure that Midsummer Fair was a welcoming event. Noted that there had been no unauthorised encampments during Midsummer Fair. Had committed during the Council's AGM to the provision of a transient site but was still awaiting the findings of the Gypsy Traveller Accommodation Needs Assessment (GTANA). Once the GTANA was available an assessment of need could be made and reflected in the Local Plan. A cross authority officer working group had been set up which was looking at potential negotiated stopping sites and permanent sites. Would be happy to speak further outside of the meeting.

Supplementary question
The member of the public commented that they did not place a lot of faith in the GTANA in terms of identifying the people passing through as noted that there could be some resistance to participating in the study when unknown officials came on to unauthorised encampment sites. Noted that there were few City Council Officer's speaking with the travelling community themselves. Noted that little or no progress had been made on the provision of a negotiated stopping place over the last 2 years. Expressed concern that the Police Crime Sentencing and Courts Bill had now become law. Questioned what plans were being put in place for the travelling community over the summer period.

Executive Councillor for Equalities, Anti-Poverty and Wellbeing response:
Understood that officers had been meeting with the travelling community although this could be County Council officers as part of the multiagency approach. The GTANA would set out the minimum level of provision required, the Council could decide the more provision was needed than that detailed in the GTANA. The GTANA was a starting point. Regular meetings between the cross authority working group were taking place to look at potential negotiated stopping places.

Question 2
Last week, the consequences of the Police, Crimes, Sentencing and Courts Act (PCSC Act) was demonstrated when multiple vans of riot police were sent to evict a group of Travellers in Milton Keynes. According to news reports, this came despite the known presence of children at the encampment, and the fact that "there was little trouble" from those residing at the site, who left voluntarily. Four vehicles were impounded in this incident, potentially leaving families without homes.

Like Milton Keynes, Cambridge has no transit pitches for authorised stopping. Cambridge City Council has stated that it does not intend to bring criminal proceedings under the PCSC Act against those who stop on council land without authorisation, while refusing to commit to a moratorium on evictions in the absence of adequate authorised stopping provisions.

As this Council stated in its July 2021 'Motion on [the] Policing Bill': "No family willingly stops somewhere they are not welcome." Those who stop on council land without authorisation do so because they have nowhere else to go. This will continue to be the case once they have been evicted, and there is no guarantee that the landowner of their next encampment will take the same moral stance against prosecution. It is therefore not a matter if, but when this council's actions will lead to criminal proceedings under the PCSC Act.

This does not have to be the case. At the 2022 Annual Meeting, Cllr Healy expressed a desire that this council explore options for negotiated stopping in Cambridge. It is increasingly clear that this provision cannot come soon enough.

What steps have been taken towards provision of negotiated stopping in Cambridge? What progress has been made with regards to:
- Working with Cambridgeshire County Council to provide negotiated stopping on Park&Ride sites?
- Working with the Churches Network to provide negotiated stopping on church land?

Executive Councillor for Equalities, Anti-Poverty and Wellbeing response:
The cross-council officer working group was working with other local authorities and the County Council to consider options for negotiated stopping places. Park and Ride sites were being looked at for this purpose. Did not believe that discussions had taken place with the Church's Network and undertook to follow this up.

Executive Councillor for Recovery, Employment and Community Safety response:
Commented that the Council had supported a motion a year ago against the provisions contained within the Police Crime Sentencing and Courts Bill. The ultimate solution would be found by joint working with other local councils looking at permanent stopping sites. Reassured the member of the public that the work at looking to provide stopping places was being undertaken. She was working with the Police and had also brought the issue up with the Police and

Crime Commissioner who had committed to meeting with the Gypsy Roma Traveller Community.

Supplementary Question
Noted that nationally the Police did not support the Police Crime Sentencing and Courts Bill and that this had since passed through Parliament with little opposition or changes. Expressed concerns that the new laws created a criminal offence. Noted that during the summer this was the time that the travelling community required stopping places and that an update on the situation at the next Council meeting in October may be too late.

The Mayor noted that the issue could be discussed with the Executive Councillors in advance of the next council meeting in October.

Question 3
Represented UCU and Justice4CollegeSupervisors to discuss the payment of those who teach undergraduates for the colleges at the University of Cambridge. The Council was a living wage accredited employer, but only 1/31 of the Cambridge Colleges were. Believed that many of the people who provided undergraduate supervision were paid below the living wage and potentially below the minimum wage. It takes only 2 hours and 20 minutes of preparation for one contact hour to go below the living/minimum wage, something Cambridge UCU surveys suggested was prevalent. What actions has the Council taken in the past 3 years to investigate below minimum wage pay by the colleges and what actions will it take going forward?

Executive Councillor for Recovery, Employment and Community Safety response:
The Council was accredited with the living wage and wanted to make Cambridge a living wage place where every organisation and business pays the living wage. Noted that it was an expensive city to live in especially during the cost of living crisis, people often had to spend half of their wages on rent. Sympathised where colleges were not supporting their staff. Had spoken at rallies and the local MP had spoken on this issue. Expressed concern that people were still paid under the living wage and did not have contracts or job security. Noted that the University Unite Branch were working on a campaign for a 20% pay rise. Had spoken with some colleges about the living wage since becoming Executive Councillor. The Living Wage Foundation were going to announce the new living wage earlier in September as a result of the cost of living crisis. Wanted fair wages and Union recognition.

Supplementary question

Wanted to follow up with a question regarding the rate of inflation of the living wage. The rate of inflation used to sit around double digits. The colleges had offered a 4.5% pay rise but felt this was a pay cut in real terms. Had been below inflation since 2009 and were £5 poorer per 1hour contact time. Asked what the living wage inflationary rise would be and this figure could be used for their own campaigning.

Executive Councillor for Recovery, Employment and Community Safety response:
Did not know what the living wage figure would be until the Living Wage Foundation announced it. This was expected in September and was based on a number of factors. Would follow the matter up with the member of the public outside of the meeting.

22/29/CNL To consider the recommendations of the Executive for adoption

4a Housing Revenue Account (HRA) Outturn Report 2021/22 (Executive Councillor for Housing)

Resolved (by 19 votes to 0) to:
Approve carry forward requests of £22,055,000 in HRA and General Fund Housing capital budgets and associated resources from 2021/22 into 2022/23 and beyond to fund re-phased net capital spending, as detailed in appendix D of the officer's report and the associated notes to the appendix.

4b Annual Treasury Management (Outturn) Report 2021/22 (Executive Councillor for Finance, Resources and Transformation)

Resolved (unanimously) to:

i) Approve the report with the Council's actual Prudential and Treasury Indicators for 2021/22.
ii) Approve a loan of £50,000 to Cherry Hinton Community Benefit Society for their contribution to the building costs of the Cherry Hinton Hub. *Subsequent to the committee meeting, the Strategic Project Manager for Community Services reported that the loan was not now being progressed. The Strategy and Resources Committee Minute will also be amended to reflect this.*

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

Resolved (by 22 votes to 0) to:

i. Approve carry forward requests totalling £2,132,920 of revenue funding from 2021/22 to 2022/23, as detailed in Appendix C of the officer's report.
ii. Approve additional budget in 2022/23 of £22k for Arboriculture and £12k for Project Delivery funded from reserves, as detailed in Paragraphs 3.6 and 3.7 in the officer's report.
iii. Approve carry forward requests of £71,909,000 of capital resources from 2021/22 to 2022/23 to fund rephased net capital spending, as detailed in Appendix D of the officer's report.

4d Budget for Land Acquisition (Executive Councillor for Finance, Resources and Transformation)

Council resolved to exclude members of the public from the meeting on the grounds that, if they were present, there would be disclosure to them of information defined as exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Resolved (by 25 votes to 0) to:
Approve a budget of £33.94 million for a loan to the Cambridge Investment Partnership to cover land acquisition for the scheme explained in the officer's confidential report.

4e Appointment to Conservators of the River Cam (Executive Councillor Open Spaces, Food Justice and Community Development)

Resolved (unanimously) to:
Approve the appointment of Councillor Hauk and Councillor Swift as the City Councillor representatives to the Conservators of the River Cam (term ending December 2024).

22/30/CNL To deal with oral questions

Question 1 Councillor Holloway to the Executive Councillor for Housing
Can the Exec Cllr for Housing please give an update on homelessness numbers in the city?

Executive Councillor response
In 2021/22 the number of homeless exceptions was 101, this contrasted with 56 in 2020/21 and 90 in 2019/20. The lower figure in 2020/21 may be due to

covid restrictions. In 2021/22 the number of new lettings to people on the housing needs register was 507, which could be contrasted with 534 in 2020/21 and 541 in 2019/20. During April – June 2022, the Housing Advice Team received 302 enquiries from people needing housing advice. The most common reason that people were contacting housing advance was that their private sector tenancy was ending. The second most common reason was that they were living with a family member / friend who had asked them to leave. These two reasons were the two most common causes for homelessness for the past couple of years. During this period the most common reason was that the private let was coming to end was that the private sector landlord wanted to sell their property. Officers were monitoring this to see whether it was becoming a trend.

Question 2 Councillor Bennett to the Executive Councillor
Cambridge Water has asked all customers to help save water by avoiding using hoses to water plants or clean cars, recycling water wherever possible, and taking shorter showers. It is questionable how many Cambridge residents will either see or respond to this request. The water company maintains that there is no need for a temporary use ban (TUB) in the near future. However, one of their senior staff reported earlier this month that heavy recent use of water has already led to some issues with low water pressure for some customers. The company has stated that they are now taking more water from the environment, which is no doubt contributing to the low levels of water in the Cam and associated chalk streams.
Would the Council work with Cambridge Water to get a TUB implemented as a matter of urgency, since there is no evidence that the water situation will improve in the near future. As we pointed out last year in our response to the consultation on Cambridge Water's Drought Plan, the triggers for implementing TUBs are completely inadequate in this time of rapid global heating.

Executive Councillor response
In preparing a response they re-read the final report from the Water Crisis Forum held in 2019, which was a cross party and cross boundary event which allowed local councillors to ask questions of representatives from Cambridge Water, the Environment Agency, Cam Valley Forum and others. It also involved local groups and school children. The Forum explained how draught plans were activated, how there was increased monitoring across sites, increased water efficiency and meetings with the National Draught group. The responsibility of the water company remains in times of draught. Even if a draught is acknowledged (as in 2019) the water authority obligation is to supply customers with water having regard to the environment. The Water Companies also said at the time that they had a duty not to cause panic

amongst the public. The City Council is not in a situation to be able to insist upon the implementation of measures by the Water Undertaker.

Question 3 Councillor Gawthrope Wood to the Executive Councillor for Open Spaces, Food Justice and Community Development
The learner pool in King's Hedges has been a valuable resource for the North Cambridge community for decades, teaching generations of local children to swim. It closed temporarily during the pandemic, and remains closed. Can the Executive Councillor please give us an update on plans to reopen the pool?

Executive Councillor response
Noted that this was an important issue for people in north Cambridge. There had been issues for GLL in staffing the pool, which meant they had been unable to run the school lesson programme. Successive recruitment rounds had been unsuccessful. The local MP had noted there was a national shortage of swimming teachers in the Commons. Was pleased to report that there had been progress recently. Officers had met with GLL that week. It was hoped that general sessions would open over the summer holidays with a view to lessons starting in September. GLL would have engineers at the pool next week to start filling the pool to test the equipment. Was on track for a partial re-opening over the summer and re-opening for classes from September.

Question 4 Councillor Lee to the Executive Councillor for Planning Policy and Infrastructure
In Queen Edith a 5G phone mast has recently been approved on appeal by the planning inspector. Appreciated that to some extent prior approval means planning has less room for manoeuvre, but this means that telecommunications companies can and do place equipment with little thought and even less consultation. No-one is objecting to the phone mast itself or the need for infrastructure, but the mast dangerously obscures pedestrians using the zebra crossing from drivers, and this ridiculous situation could have been avoided by engagement with the local community including ward councillors who could have proposed a site not even 20m away. This contributes to an unnecessarily fractious relationship between planning, communities and companies. Could the Executive Councillor for Planning and Infrastructure write to the government to outline concerns and push for reform that would require more consultation with communities as to where infrastructure is placed?

Executive Councillor response
Shared Councillor Lee's concerns. With the support of the Cambridgeshire and Peterborough Combined Authority and the Connecting Cambridgeshire

programme, the Shared Planning Service had begun a project seeking to proactively engage with the 5G rollout programme in Cambridgeshire to enable earlier dialogue and reduction in avoidable planning appeals. Expected to be able to report on the programme in the coming months. Would explore within the parameters of the planning regime how early input into the process might be increased. Would write to the appropriate Minister.

Question 5 Councillor Sarah Baigent to the Executive Councillor for Housing
Can the Exec Cllr for Housing please give an update on how many Ukrainian refugees have been housed in the city, and any associated issues?

Executive Councillor response
The total number of Ukrainian people welcomed to the city was 372 as of 20 July, this number was broken down as follows. 357 guests had arrived via the Homes for Ukraine visa scheme and there were 230 host households who were supporting their resettlement in Cambridge city. Was expecting 531 guests over the course of the scheme. 15 people had arrived on the family visa scheme. From the Housing perspective 21 homeless enquiries had been received. There were 13 active homeless applications and 12 were in temporary accommodation. Of the 21 enquiries 6 are from the Homes for Ukraine and 15 were from the Ukraine families scheme. There were 3 households in the designated Ukraine accommodation at Crossways. There was 1 pending re-match to South Cambs and 1 host pending return from holiday. There was concern around homelessness and temporary accommodation pressures. Continued to welcome a number of new guests each week (around 10) on the Homes for Ukraine scheme.

Question 6 Councillor Nethsingha to the Executive Councillor for Open Spaces, Food Justice and Community Development
As many in this Chamber will know, a planning application has been submitted by Queens' College for a major redevelopment of the Owlstone Croft site in Newnham. This site runs next to the Paradise Nature Reserve, which is a hugely important area of our city for biodiversity. I and many residents do not believe that the assessment of the environmental impact that the proposals may have on the Paradise Reserve have been sufficiently carefully assessed, given the importance of the reserve and the delicacy of the environment. Could the Executive Councillor for Environment tell me whether she is aware of the concerns which have been raised about the impact on the reserve, whether she has visited the reserve to see how significant the loss of trees would be? If she has not visited the reserve would she be willing to meet with me and residents of the area to look at the impact of the proposed development.

Executive Councillor response
The application had been considered by the Streets and Open Spaces Team as well as the statutory consultees and the Executive Councillors (it covered 3 x Executive Councillor portfolios) who were fully aware of the development and potential impact. Had been in touch with Friends of the Paradise Nature Reserve and had heard how passionate they and others were about the space, it was a beautiful space and crucial to the city's biodiversity. One of the first things they did as an Executive Councillor was to walk round all the city's local nature reserves as they wanted to understand them better. Had had a meeting arranged with the Friends organisation but unfortunately this had to be cancelled. Had visited the site on several occasions and had considered the impacts.

Question 7 Councillor Divkovic to the Leader
What is your message to the Conservative leadership contestants from Cambridge?

Executive Councillor response
Wanted the contestants to take decisive and effective action to deal with the huge issues being faced including the cost of living crisis, the climate and biodiversity emergencies, the impact of Brexit and the Covid-19 pandemic. Felt the prime minister needed to show real hands on leadership. They needed to listen and value local government. The Council was still waiting to be properly compensated for the additional work taken on during the pandemic, which was on top of years of chronic under-funding. Noted that there should be proper central government funding for a decent pay settlement for council workers who had worked tirelessly during the pandemic.

Question 8 Councillor Copley to the Executive Councillor for Environment, Climate Change and Biodiversity
In the context of Tuesday's record breaking temperatures, we have seen how the deadly temperatures that have been affecting those in the Global South as a direct result of the climate crisis are now directly affecting residents of Cambridge as well.
These impacts are not felt equally across the city - some residents are able to go to air conditioned workplaces or remain relatively cool due to having well insulated homes built to high specifications, and other residents have been exposed to extreme temperatures in their homes due to them not having been built to be resilient to extreme heat.
What work has the city council done to date to assess the climate resilience of existing homes in the city (including council homes) from the risk of

overheating, and to put in places changes to protect residents from extreme heatwaves? As we all know, these will become increasingly common and intense with ongoing climate breakdown.

Executive Councillor response
The Council recognised in addition to reducing carbon emissions, Cambridge needed to ensure it adapts to the impacts of the climate crisis including increased hot summers, overheating, water shortages, draughts and floods. Overheating in homes was a nationwide issue and needed action and significant funding from Government to address it. Building Regulations required an assessment of the level of overheating risk in all new homes. No national level regulations had been developed for existing homes although the Government's independent advisory body – the Committee on Climate Change were calling for this. Overheating in new council homes was considered as part of the design work and was also a consideration as part of the planning process. The council would use government funding to support improvements to private owners and the council was also investing in improvements to its council homes. Some of this work would contribute to climate resilience but further steps were required.

Question 9 Councillor Herbert to the Executive Councillor for Open Spaces, Food Justice and Community Development
Can the Executive Councillor give an update on the management of this year's Midsummer Fair and, in particular, both the clean-up operation and any plans for next year's event?

Executive Councillor response
There were a number of elements in this year's plan. There was a hub at Wesley Church. There were toilets and litter bins on Midsummer Common. There was additional cleaning on Sunday morning, and they thanked the Operations Team for their hard work. There was Police support for traffic enforcement. A rapid response Team was on hand to deal with washing down and deep cleaning as needed. A Licensing Officer was around to deal with the supply and sale of alcohol. The Communications Team managed social media messages. The foot bridge at the Fort St George was closed and there was additional police in the area. The council spent 169 working hours on litter collections over the 4-day period. Costs came to £9246 which was recovered from the Showman's Guild. Would follow up what the additional fee for waste disposal was. Despite the extensive clean-up operation there were several reports about broken glass on the common and extra response teams were sent out to clear it away. As it's an extensive area and without specific locations it was difficult to know where all the glass was, but officers continued

to respond to reports as they came in. The council remined committed to supporting the fair and working with the Gypsy Roma Traveller community and the local community to ensure that next year's fair could be the best that it could be.

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.

Question 10 Councillor Payne to the Executive Councillor for Housing
Can the Exec Cllr update us on the council's actions so far and its future plans to address the backlog of council house repairs and maintenance?

Question 11 Councillor Bick to the Executive Councillor for Finance, Resources and Transformation
Councillor Davey told the BBC last month that there were lessons to be learned from the marketing of Ironworks and Timberworks homes to offshore property investors. What are they?

Question 12 Councillor Thittala to the Executive Councillor for Housing
Can the Exec Cllr for Housing please update us on the current state of progress with a) repairs and b) voids?

Question 13 Councillor Carling to the Executive Councillor for Recovery, Employment and Community Safety
In pre-covid 2019, the Children's Commissioner reported that Cambridge was the fourth worst performing area in the country for young people on Free School Meals. How is the Council supporting young people from disadvantaged backgrounds through education and into the job market?

Question 14 Councillor Howard to the Executive Councillor for Finance, Resources and Transformation
Residents who are not able to pay their council tax on time are sent a reminder, after which they will be sent a court summons via magistrates court (see link below). In the context of a cost of living crisis, and when the threat of legal action is likely to cause immense anxiety, does the Executive Councillor agree that this punitive approach is incorrect, and that the next immediate step should be to make contact with the resident and offer them assistance with the cost of living crisis and / or a payment plan?
Reference: https://www.cambridge.gov.uk/council-tax-reminders-and-recovery-action

Question 15 Councillor Hauk to the Executive Councillor for Open Spaces, Food Justice and Community Development
How are you supporting community development in our new areas around the city such as in my ward of Trumpington?

Question 16 Councillor Porrer to the Executive Councillor for Recovery, Employment and Community Safety
Could the Exec Cllr please update council on progress on purchasing noise cameras to deter the increasing unsafe anti-social behaviour, particularly at night, of scooters, mopeds, motorcycles and cars racing around the city streets, which is causing disruption to so many of our residents across the city.

Question 17 Councillor Pounds to the Executive Councillor for Recovery, Employment and Community Safety
Can the Executive Cllr for Finance and Resources update us on progress relating to the City Council building Council Homes with the Cambridge Investment Partnership

Secondary Questions

Question 1 Councillor Copley to the Executive Councillor for Open Spaces, Food Justice and Community Development

A contract was signed for the Big Wheel on Parker's Piece in 2021, representing privatisation of part of Parker's Piece.

Would the council provide a list consisting of the name of the item about which a contract has been signed, and the park or open space that it relates to for items which fulfil all of:

- Contracts signed between the city council and another body
- Which relate to parks and open spaces owned or managed by the City Council
- Involve the privatisation of all or part of them for greater than 1 week
- That have been signed between the date of the full council meeting where this was approved (ie approved that parks could be treated as assets to raise funds for the City Council) as part of the council budget and today (19th July).

Question 2 Councillor Howard to the Executive Councillor for Planning Policy and Infrastructure

In the context of record breaking temperatures, the positive impact of mature trees on streets in the city has been apparent to anyone fortunate enough to walk under or live near them. In the context of future heatwaves, is the cityscape being modelled from the context of a globally heated world, and tree selection taking place to mean that we have the greatest possible tree canopy cover on roads and streets in the city, when we will need it most?

Question 3 Councillor Bennett to the Executive Councillor for Equalities, Anti-Poverty and Wellbeing

What is the reason for the ongoing delay to the publication of the GTANA (Gypsy/Traveller Accommodation Need Assessment)?

Question 4 Councillor Divkovic to the Executive Councillor for Recovery Employment and Community Safety.

Can the Executive Councillor outline what steps are being taken to reduce cycle crime?

Question 5 Councillor Holloway to the Executive Councillor for Equalities Anti-Poverty and Wellbeing

What is the present situation in relation to our Ukraine programme – what are the numbers of guests welcomed, what support are we providing to guests and hosts and what happens at the end of the 6-month period?

Question 6 Councillor Pounds to the Executive Councillor for Equalities Anti-Poverty and Wellbeing

I've heard that the County council are intending to put the old Mill Road library up for sale shortly, what would be the process for a city council community consultation on this, since it is an asset of community value?

22/31/CNL To consider the following notices of motion, notice of which has been given by:

6a Councillor Robertson - Fireworks and Pets as Prizes
Councillor Collis proposed and Councillor Dryden seconded the following motion:

Effects of Loud Fireworks on Animals

1. Studies have found fireworks to be the most common cause for fear responses in dogs[1], and it is estimated that 45 percent of dogs show signs of fear when they hear
fireworks[2]. A New Zealand survey recorded 79 percent of horses as

either anxious or very anxious around fireworks or over the Guy Fawkes Day period.[3]

2. Although there is limited direct evidence, it is also likely that fireworks and their debris will cause disturbance to wildlife, and are likely to cause suffering or distress, depending on the distance from the explosive and the noise level.
3. The RSPCA believes that a licensing system would help with better enforcement of the law by allowing enforcement bodies to know where licensed events are being held so they can focus on locations and incidents elsewhere.
4. This phobia can be treated (in dogs at least) in the long term but owners need to prepare themselves and their pets sooner, rather than just before the fireworks are let off. There is a need to raise awareness about the impact of fireworks on animals to the wider public to encourage them to be more considerate of those with pets, horses and livestock as well as local wildlife

[1] Blackwell, E., Bradshaw, J., & Casey, R. (2013). Fear responses to noises in domestic dogs: Prevalence, risk
factors and co-occurrence with other fear related behaviour. Applied Animal Behaviour Science 145, 15-25.
[2] Blackwell, E., Casey, R., & Bradshaw, J. (2005). Firework Fears and Phobias in the Domestic Dog. Scientific
Report for the RSPCA, University of Bristol, UK
[3] Gronqvist, G, Rogers, C. & Gee, E. (2016). The Management of Horses during Fireworks in New Zealand.
Animals 6(20).

Pets as prizes

5. That the RSPCA
    a. receives reports of pets given as prizes via fairgrounds, social media and other channels in England – and notes the issue predominantly concerns goldfish
    b. is concerned for the welfare of those animals
    c. recognises that many cases of pets being as prizes may go unreported each year
    d. supports a move to ban the giving of live animals as prizes, in any form.
6. That the city council has an existing policy that does not permit the use of live creatures as prizes at any event including circuses and funfairs on the Council's parks and open spaces,

The Council agrees to:

A. To encourage the organisers of all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people
B. To actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks.
C. To write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays.
D. To encourage local suppliers of fireworks to stock 'quieter' fireworks for public display.
E. To encourage others in Cambridge to also ban the giving of live animals as prizes, in any form.
F. write to the UK Government, urging an outright ban on the giving of live animals as prizes on both public and private land.

Councillor Porrer proposed and Councillor Nethsingha seconded the following amendment to motion (additional text <u>underlined</u>):

This Council notes:

Effects of Loud Fireworks on Animals

1. Studies have found fireworks to be the most common cause for fear responses in dogs[1], and it is estimated that 45 percent of dogs show signs of fear when they hear fireworks[2]. A New Zealand survey recorded 79 percent of horses as either anxious or very anxious around fireworks or over the Guy Fawkes Day period.[3]
2. Although there is limited direct evidence, it is also likely that fireworks and their debris will cause disturbance to wildlife, and are likely to cause suffering or distress,depending on the distance from the explosive and the noise level.
3. The RSPCA believes that a licensing system would help with better enforcement of the law by allowing enforcement bodies to know where licensed events are being held so they can focus on locations and incidents elsewhere.
4. This phobia can be treated (in dogs at least) in the long term but owners need to prepare themselves and their pets sooner, rather than just before the fireworks are let off. There is a need to raise awareness about the impact of fireworks on animals to the wider public to encourage them

to be more considerate of those with pets, horses and livestock as well as local wildlife

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factors and co-occurrence with other fear related behaviour. Applied Animal Behaviour Science 145, 15-25.
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B. To actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks.
C. To write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays.

D. To encourage local suppliers of fireworks to stock 'quieter' fireworks for public display.
E. To investigate the use of fireworks and firework equivalents that reduce carbon release and reduce noise, and to work with Cambridge University and colleges and other stakeholders across the city to share this knowledge to reduce the carbon and acoustic impact of future events.
F. To encourage others in Cambridge to also ban the giving of live animals as prizes, in any form.
G. write to the UK Government, urging an outright ban on the giving of live animals as prizes on both public and private land.

On a show of hands the amendment was lost by 8 votes to 19.

Resolved (unanimously) that:

Effects of Loud Fireworks on Animals

1. Studies have found fireworks to be the most common cause for fear responses in dogs[1], and it is estimated that 45 percent of dogs show signs of fear when they hear fireworks[2]. A New Zealand survey recorded 79 percent of horses as either anxious or very anxious around fireworks or over the Guy Fawkes Day period.[3]
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3. The RSPCA believes that a licensing system would help with better enforcement of the law by allowing enforcement bodies to know where licensed events are being held so they can focus on locations and incidents elsewhere.
4. This phobia can be treated (in dogs at least) in the long term but owners need to prepare themselves and their pets sooner, rather than just before the fireworks are let off. There is a need to raise awareness about the impact of fireworks on animals to the wider public to encourage them to be more considerate of those with pets, horses and livestock as well as local wildlife

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C. To write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays.
D. To encourage local suppliers of fireworks to stock 'quieter' fireworks for public display.
E. To encourage others in Cambridge to also ban the giving of live animals as prizes, in any form.
F. write to the UK Government, urging an outright ban on the giving of live animals as prizes on both public and private land.

6b Councillor Payne - BBC Look East
Councillor Payne proposed and Councillor Nethsingha seconded the following motion:

Cambridge City Council notes the recent announcement by the BBC to cease production of the Look East regional news output from Cambridge and only broadcast a regional news programme based in Norwich.

The 2021 census shows that the East of England has experienced the highest population increase across the English regions and Wales. Cambridge is a key city in the region due to its rapid employment growth.

Reducing BBC Look East's operations to Norwich only will mean vital local stories in Cambridge, which may have significance across the region, may be missed. We believe that effective scrutiny is a key to good democracy and local journalists are a crucial part of this

Cambridge City Council expresses deep concern over the plans and believes that as a growing area our region requires more, not less, investment in local journalism.

Council therefore agrees

1. To ask the Chief Executive to write to the Director General of the BBC to oppose these cuts to local and regional news.
2. To seek support from other local authorities to highlight the growing importance of our region and that more, not less, local journalism should be focussed on the area in general.

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

Cambridge City Council notes the recent announcement by the BBC to cease production of the Look East regional news output from Cambridge and only broadcast a regional news programme based in Norwich.

<u>Council also notes with concern the proposed closure of the BBC News Channel that serves viewers in the UK and the potential impact on the coverage of UK news stories. As well as the loss of an important space on TV where MPs are able to discuss policies and constituency matters, local, regional, and non-metropolitan issues will struggle to find room in future programming, if this closure is allowed to go ahead.</u>

<u>We also note that the BBC has been required to cut its spending by £1bn a year between 2017 and 2022 as a result of a licence fee settlement imposed by the Government and that this has created significant pressures on the BBC.</u>

The 2021 census shows that the East of England has experienced the highest population increase across the English regions and Wales. Cambridge is a key city in the region due to its rapid employment growth.

Reducing BBC Look East's operations to Norwich only will mean vital local stories in Cambridge, which may have significance across the region, may be missed. We believe that effective scrutiny is a key to good democracy and local journalists are a crucial part of this

Cambridge City Council expresses deep concern over the plans and believes that as a growing area our region requires more, not less, investment in local journalism.

Council therefore agrees

1. To ask the Chief Executive to write to the Director General of the BBC to oppose these cuts to local, ~~and~~ regional and national news~~.~~ and expressing support for the Corporation's attempt to achieve a full and sustainable funding settlement in future.

2. To seek support from other local authorities to highlight the growing importance of our region and that more, not less, local journalism should be focussed on the area in general.

On a show of hands the amendment was carried unanimously.

Resolved (unanimously) that:

Cambridge City Council notes the recent announcement by the BBC to cease production of the Look East regional news output from Cambridge and only broadcast a regional news programme based in Norwich.

Council also notes with concern the proposed closure of the BBC News Channel that serves viewers in the UK and the potential impact on the coverage of UK news stories. As well as the loss of an important space on TV where MPs are able to discuss policies and constituency matters, local, regional, and non-metropolitan issues will struggle to find room in future programming, if this closure is allowed to go ahead.

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Cambridge City Council expresses deep concern over the plans and believes that as a growing area our region requires more, not less, investment in local journalism.

Council therefore agrees

1. To ask the Chief Executive to write to the Director General of the BBC to oppose these cuts to local, regional and national news and expressing support for the Corporation's attempt to achieve a full and sustainable funding settlement in future.
2. To seek support from other local authorities to highlight the growing importance of our region and that more, not less, local journalism should be focussed on the area in general.

6c Councillor Howard - Private Renters Charter
Councillor Howard withdraw Motion 6c under Council Procedure Rule 27.

6d Councillor Copley - Rivers, Safe Swimming and Sewage
Councillor Copley proposed and Councillor Howard seconded the following motion:

Background
Cambridge residents are deeply concerned about water quality and the impact of wastewater discharge, including untreated sewage, into the River Cam and its tributaries. Studies by the Cam Valley Forum show that sewage treatment works run by Anglian Water are the greatest source of faecal pathogens in the River Cam[1].

These are a major concern in relation to health of those who come into contact with the water, whether for work or leisure, - swimming in the River is increasingly popular. In addition high levels of nitrate and phosphate and low levels of dissolved oxygen have a major negative impact on the ecological health of the river and streams.

[1] Cam Valley Forum 2022 "Response to the Consultation on the Government's DEFRA Storm Overflow Discharge Reduction Plan"

The main sources of pollution are the numerous small village sewage works that are often totally overloaded and no longer fit for purpose and have failed to prevent sewage pollution of the Cam, Rhee and Granta rivers, upstream and downstream of Cambridge. Releasing sewage into rivers and streams is no longer an emergency-only situation occurring as a result of severe storms, but is a regular occurrence even in 'normal' rainfall.

While Anglian Water have made long term commitments to making progress as set out in the notes, there are no plans in place to address the immediate unacceptable situation.

Motion

This Council resolves to:

1. Recognise the challenges facing our rivers and streams due to the cumulative impact of sewage discharge events.
2. Engage with the Environment Agency as part of the forthcoming water resources management planning exercise (see notes) and seek to ensure that investment in the foul water treatment focuses on reducing discharges from existing treatment works into the rivers and streams in Cambridgeshire.
3. Organise a public meeting to discuss sewage discharge, its impacts on the City and priorities for action, inviting the Chief Executive of Anglian Water plus senior representatives from the Environment Agency and Natural England and South Cambridgeshire.
4. Ask Anglian Water for clear information on all the treatment works that have an impact on the quality of water flowing through Cambridge: whether information is available to assess the impact of the number or duration of sewage discharges into the Cam catchment, and if it does have this information to share it (noting that this can only be requested, not required).

Notes:

1. Anglian Water have stated:

   "We agree that storm overflows are no longer fit for purpose, especially as our climate is changing and extreme weather is more commonplace.

   Cambridge Independent 15 May 2022

2. The company are currently running a consultation and have stated:

   Our draft DWMP indicates that over the next 25 years, investment of up to £3.5 billion is needed to address the future risks highlighted in

our DWMP, as well as fixing some existing problems. And please note, while we await outputs from the Storm Overflow Action Plan this estimate of investment doesn't include the assessment of costs required to meet the new storm overflow targets

3. Anglian Water's draft Drainage and Wastewater Management Plan is currently out for consultation (30 June - 16 September): https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/drainage-wastewater-management-plan/draft-plan/ . Final version to be published Spring 2023. The plan itself is here: https://www.anglianwater.co.uk/siteassets/household/about-us/dwmp-draft.pdf

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

Background

Cambridge residents are deeply concerned about water quality and the impact of wastewater discharge, including untreated sewage, into the River Cam and its tributaries. Studies by the Cam Valley Forum show that sewage treatment works run by Anglian Water are the greatest source of faecal pathogens in the River Cam[1].

These are a major concern in relation to health of those who come into contact with the water, whether for work or leisure, - swimming in the River is increasingly popular. In addition high levels of nitrate and phosphate and low levels of dissolved oxygen have a major negative impact on the ecological health of the river and streams.

The main sources of pollution are the numerous small village sewage works that are often totally overloaded and no longer fit for purpose and have failed to prevent sewage pollution of the Cam, Rhee and Granta rivers, upstream and downstream of Cambridge. Releasing sewage into rivers and streams is no longer an emergency-only situation occurring as a result of severe storms, but is a regular occurrence even in 'normal' rainfall.

While Anglian Water have made long term commitments to making progress as set out in the notes, there are no plans in place to address the immediate unacceptable situation.

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5. Support the chair of the Environment Agency's call to increase the legal accountability of water companies[4] by requesting that the government introduce legal targets for intermediate and ultimately zero discharges, a sewage tax on discharges to contribute to supportive infrastructure, and increased criminal liability of company directors; and encourage Cambridge's local MPs to join us in advocating this.

Notes:

1. Anglian Water have stated:

"We agree that storm overflows are no longer fit for purpose, especially as our climate is changing and extreme weather is more commonplace.

Cambridge Independent 15 May 2022

2. The company are currently running a consultation and have stated:

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4. Environment Agency: Water and Sewerage Companies in England: Environmental Performance Report 2021:
Water and sewerage companies in England: environmental performance report 2021 - GOV.UK (www.gov.uk)

On a show of hands the amendment was carried unanimously.

Resolved (unanimously) that:

Background
Cambridge residents are deeply concerned about water quality and the impact of wastewater discharge, including untreated sewage, into the River Cam and its tributaries. Studies by the Cam Valley Forum show that sewage treatment works run by Anglian Water are the greatest source of faecal pathogens in the River Cam[1].

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The main sources of pollution are the numerous small village sewage works that are often totally overloaded and no longer fit for purpose and have failed to prevent sewage pollution of the Cam, Rhee and Granta rivers, upstream and downstream of Cambridge. Releasing sewage into rivers and streams is no longer an emergency-only situation occurring as a result of severe storms, but is a regular occurrence even in 'normal' rainfall.

While Anglian Water have made long term commitments to making progress as set out in the notes, there are no plans in place to address the immediate unacceptable situation.

Motion

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Cambridge Independent 15 May 2022

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Our draft DWMP indicates that over the next 25 years, investment of up to £3.5 billion is needed to address the future risks highlighted in our DWMP, as well as fixing some existing problems. And please note, while we await outputs from the Storm Overflow Action Plan this estimate of investment doesn't include the assessment of costs required to meet the new storm overflow targets

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4. Environment Agency: Water and Sewerage Companies in England: Environmental Performance Report 2021:
Water and sewerage companies in England: environmental performance report 2021 - GOV.UK (www.gov.uk)

6e Councillor Carling - Cost of Living Emergency
Councillor Carling proposed and Councillor Collis seconded the following motion:

Context:
Our residents are facing a cost-of-living emergency. According to the Office for National Statistics, 88% of adults in the Great Britain reported an increase in their cost of living in May 2022, due to a range of factors including rising inflation, increases in energy prices and government tax rises.

The cost of living has been increasing across the UK since early 2021. in April 2022, inflation reached its highest recorded level, and the ONS estimates that it is now higher than at any time since around 1982, affecting the affordability of goods and services for households. Consumer prices, as measured by the Consumer Prices Index (CPI), were 9.0% higher in April 2022 than a year before. On 5 May, the Bank of England forecasted inflation to peak "at slightly over 10% in 2022 Q4, which would be the highest rate since 1982". and predicted that it would remain above 9% up to and including Q1 2023.

Energy prices are another important driver of inflation , with both household energy tariffs and petrol costs increasing. From April 2021 to April 2022, domestic gas prices increased by 95% and domestic electricity prices by 54%. This is due in part to a return of global gas demand as pandemic restrictions are lifted and lower than normal production of natural gas. On 1 April 2022 the new price cap came into force. The regulator Ofgem announced the cap would increase from its current equivalent annual level of £1,277 per year to £1,971; a 54% increase. As a result, road fuel prices in the UK have increased and energy bills may also rise further. The chief Executive of Ofgem said on 24 May that he expected the price cap to increase to around £2,800 in October 2022, an increase of around 40%.

Food prices have also risen sharply, with incomes and benefits failing to keep pace. According to the British Retail Consortium, food inflation rose to 4.3% in May 2022, up from 3.5% in April, and has now reached its highest since April 2012. Fresh food has been particularly affected by price rises. The ONS has shown that a study of supermarket prices showed that even staple budget items like pasta rose 50% in the year to April 2022.

Alongside price increases, in April 2022, the Government also brought in tax rises, for both income tax and National Insurance contributions (NICs).

Council notes:

- That the Cost-of-Living emergency is a key issue for us as a local authority, against a backdrop of financial factors at national and international level.
- In these increasingly difficult times, there is a for us as a local authority to ensure advice and appropriate support is available to all residents.
- The disproportionate impact of the crisis on low-income households, which will spend a larger proportion of their income than average on energy and food and will therefore be more affected by price increases and tax rises that result in reduced disposable income.
- The work we are currently undertaking as a city council *across all departments* to support the most vulnerable residents, including:
    - increasing our council housing stock, with over 540 new council homes already completed
    - retrofitting our existing council housing stock to help reduce fuel bills and also supporting fuel-poor homeowners with retrofitting initiatives
    - running a Real Living Wage campaign, paying our own staff a Real Living Wage and encouraging employers across the city to do the same
    - providing an extensive range of community grants to organisations supporting residents
    - addressing the digital divide during the pandemic and beyond
    - building on our strong track record of fighting for food justice, including continuing our support for the city's network of food hubs
- That, while many of the economic factors causing the current cost of living crisis are outside of our control as a local authority, it is *essential* that we focus our efforts on providing the assistance we *do* have at our disposal to those residents struggling the most.

Council resolves to:

- Ensure that we continue to take a coordinated approach towards addressing the cost-of-living emergency, alongside working with our partners.
- Set up a dedicated officer working group to address the cost-of-living emergency.
- Address health and fuel inequalities through our health and heating project, which will employ a multi-layered approach that provides targeted support, working closely with community and voluntary sector partners.
- Build food justice and address food insecurity by making Cambridge a Right to Food City. This means that we will:
  - Call on national government to enshrine the right to food in law
  - Write to the Secretary of State *together with the Food Poverty Alliance* asking them to strengthen the National Food Strategy to ensure that it provides support for people struggling to eat in this cost-of-living crisis.
  - Continue our support of the city's food hubs and commit to working with our communities and members of the Food Poverty Alliance to form a vision of what the Right to Food looks like for Cambridge.
- Ensure that council decisions are not disproportionately impacting on residents who are struggling the most, through introducing a socio-economic duty and separately considering socio-economic impacts in all our equality impact assessments.
- Continue campaigning for and championing a real living wage for workers in our city, especially working closely with employers.
- Commit to working with others to ensure that we can harness both the good will and the wealth in our city to benefit all our residents.
- Review our small grants programme to make it easier for local groups supporting those struggling to get funding from our community grants.

Resolved (unanimously) to support the motion.

6f Councillor Bick - Waste Reduction and Recycling Rates
Councillor Bick proposed and Councillor Hauk seconded the following motion:

Noting from the recent report of corporate performance that blue bin recycling rates have decreased over the past year and the proportion of black bin waste has increased, council requests a report to the next Environment & Community Scrutiny committee enabling focused scrutiny of this situation and examination of potential emphases to reverse these trends and get back on track.

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

This council notes;

- That waste and recycling rates have remained remarkably stable over the past two years, despite periods of lockdown with most workers and school children staying at home plus periods of service disruption due to staff shortages.
- That total waste and recyclate per household has reduced over the past four years, from 901.09kg per household in 2018/19 to 879.09 kg per household in 2021/22.
- That the weight of both residual waste and recycling collected has reduced.
- Despite service disruptions to green bin collections the weight of green bin waste has increased.
- ~~Noting from the recent report of corporate performance~~ That blue bin recycling rates have decreased over the past year and the proportion of black bin waste has increased as the weight of residual waste collected has been reduced.
- The waste hierarchy is to reduce, reuse, recycle, recover, dispose.
- Reducing the amount of waste going into the residual bin and then to landfill is a priority of the shared waste service.

Council requests a report to the next Environment & Community Scrutiny committee ~~enabling focused scrutiny of this situation and examination of potential emphases to reverse these trends and get back on track.~~ to consider how this trend in residual waste reduction can be maintained and increased over the coming years.

It was noted that there was a typographical error in bullet point 2 which should read ‘That total waste and recyclate per household has reduced over the past four years, from 901.09kg per household in 2018~~9~~/19 to 879.09 kg per household in 2021/22.

On a show of hands the amendment was carried by 19 votes to 7.

Resolved (by 26 votes to 0) that:

This council notes;

- That waste and recycling rates have remained remarkably stable over the past two years, despite periods of lockdown with most workers and

school children staying at home plus periods of service disruption due to staff shortages.

- That total waste and recyclate per household has reduced over the past four years, from 901.09kg per household in 2019/19 to 879.09 kg per household in 2021/22.
- That the weight of both residual waste and recycling collected has reduced.
- Despite service disruptions to green bin collections the weight of green bin waste has increased.
- That blue bin recycling rates have decreased over the past year and the proportion of black bin waste has increased as the weight of residual waste collected has been reduced.
- The waste hierarchy is to reduce, reuse, recycle, recover, dispose.
- Reducing the amount of waste going into the residual bin and then to landfill is a priority of the shared waste service.

Council requests a report to the next Environment & Community Scrutiny committee to consider how this trend in residual waste reduction can be maintained and increased over the coming years.

22/32/CNL Written questions

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

The meeting ended at 11.10 pm

CHAIR

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HOUSING SCRUTINY COMMITTEE
22 SEPTEMBER 2022
5.30 – 8.54pm

Present: Councillors Thittala Varkey (Chair), S.Baigent, Gawthrope Wood, Holloway, Howard, Lee, Porrer, Pounds, Robertson

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

Executive Councillor for Housing: Councillor Bird

Also present virtually via Teams: Councillor Bennett and Christabella Amiteye

RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR HOUSING COUNCILLOR BIRD)

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 5 votes to 0 the recommendations.

Accordingly, Council is recommended to:

i. Approve proposals for changes in existing housing capital budgets, as introduced in the officer's report at 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 20 October 2022.

ii. Approve proposals for new housing capital budgets, as introduced in the officer's report at 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 20 October 2022.

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.

Item

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2022/23

To:
Councillor Gerri Bird, 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 changes in:

- Financial assumptions as detailed in Appendix B of the document.

- 2022/23 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 20 October 2022.

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 20 October 2022.

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 2022/23 as part of 2022/23 HRA Budget Setting Report, approving a net use of reserves in the year of £1,029,530.

3.2 This figure was amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2021/22 into 2022/23 as part of the closedown process for 2021/22. Following these changes, the increased sum of £13,591,290 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 2022/23 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 The rent increase for 2023/24 is currently subject to a government consultation, with a proposal for a ceiling in rent increase of 5%, as opposed to estimated rent increases of in excess of 10% if CPI plus 1% were to continue to apply for the coming year. The consultation seeks views on 3%, 5% and 7% increases, with 3% incorporated currently into the HRA MTFS for prudency. It should be noted, however, that the difference between each of these levels of rent increase has a significant impact on the financial projections for the HRA and the authority’s ability to invest in new homes or to consider any future investment in retrofit of the existing housing stock. A decision on the level of rent increase will be taken in January 2023, and will need to take account of the impact for both tenants and the delivery of services.

3.6 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 need to bid to Homes England to secure grant under the Continuous Market Engagement process on a scheme by scheme basis, with future grant assumptions based upon experience of successful bids to date.

3.7 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.

3.8 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 2023/24 HRA budget process and preparation of the 2023/24 HRA Budget Setting Report.

(d) Environmental Implications

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

(e) Procurement Implications

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

(f) Community Safety Implications

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

5. Consultation and communication considerations

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

6. Background papers

Background papers used in the preparation of this report:

(a) Housing Revenue Account Mid-Year Financial Review (October 2021)

(b) Housing Revenue Account Budget Setting Report (February 2022)

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.

HSC Final

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

September 2022

2022/23 to 2051/52

Cambridge City Council

Contents

Appendices

Section 1
Introduction and Local Context

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 or policy 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, 2022/23, 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 2023/24 to 2031/32, in the context of the 30-year plan.

This report is being prepared with the longer-term social and financial impacts of the coronavirus pandemic and Russia's invasion of Ukraine still unclear. It is clear however, that we are experiencing an unprecedented increase in costs at the present time, with utility prices, fuel costs, labour rates and materials prices increasing significantly. Inflation is currently running at an all time high, with CPI for July 2022 at 10.1%. This report incorporates changes required to both revenue and capital budgets to accommodate the recent increase in inflation but includes an assumption that these levels will peak by the end of 2022 and will then reduce to return to target levels in the medium-term.

To allow the continued delivery of new homes, it is 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 retains the assumption that the HRA will deliver 1,000 new rented homes over the 10-year period after the Devolution 500+ Programme has concluded. The assumptions currently incorporated have been updated to include the latest cost assumptions and to reflect the experience of early engagement with Homes England as part of the Continuous Market Engagement process in respect of grant levels assumed. The programme now assumes the delivery of a mix of social rented and affordable rented homes with affordable rent levels at both 60% and 80% of market rent. 80% market rents will only apply in respect of homes delivered above the 40% affordable housing planning requirement on any site. The delivery of market homes, or shared ownership housing, on some development sites will still be necessary to demonstrate financial viability, particularly in the current challenging economic climate.

The approach to earmarking resource in the business plan is based upon a number of updated key assumptions, but it should be noted 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 progresses, existing HRA sites, land acquisitions, off the shelf purchase opportunities and joint venture developments are all being explored and brought froward for decision. The specific scheme detail allows 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 build programme.

Timetable

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

Date	Task
2022	
22 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in any recommendations to Council and approves the revenue aspects of the report
20 October	Council considers HRA Medium Term Financial Strategy and approves capital aspects of the report
2023	
24 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
23 February	Council considers HRA Budget Setting Report and approves capital aspects of the 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 1/4/2022	Estimated Stock Numbers as at 1/4/2023
General Housing – Social Rent	6,008	5,928
General Housing – Affordable Rent	479	752
Sheltered Housing	514	522
Supported Housing	17	17
Temporary Housing (Individual Units)	92	98
Temporary Housing (HMO's / EA)	26	26
Miscellaneous Leased Dwellings	19	19
Shared Ownership Dwellings	91	91
Total Dwellings	**7,246**	**7,453**

Property Type	Actual Stock Numbers as at 1/4/2022	Estimated Stock Numbers as at 1/4/2023
Bedsits	94	94
1 Bed	1,751	1,876
2 Bed	2,531	2,616
3 Bed	2,240	2,237
4 Bed	107	107
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	514	514
Total Dwellings	**7,246**	**7,453**

Leasehold Stock

At 1st April 2022, the Council retained the freehold and managed the leases for 1,191 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
2021/22	7,103	(34)	0	0	86	7,155
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
Total		(405)	(267)	0	547	

Section 3
The National Policy Context and External Factors

External Factors

As part of this strategic report, all financial assumptions are reviewed, including taking account of external factors outside of the authority's control and 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 both the coronavirus pandemic and the conflict in Ukraine, 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 2 years has been particularly volatile, with the last 15 months in particular seeing an unprecedented rise in CPI from 1.5% in April 2021 to 10.1% in July 2022. The rate in June 2022, when MTFS initial forecasts were arrived at was 9.4%. Huge inflationary increases have been seen in both utility and fuel prices, alongside steep rises in other operating costs.

The Bank of England's Monetary Policy Report of May 2022 forecasts a level of CPI in quarter 2 of each year at 9.1% for 2022, 6.6% for 2023, 2.1% for 2024 and 1.3% by 2025. In their August 2022 report, quarter 3 inflation is predicted to be 9.9% for 2022, 9.5% for 2023, 2% for 2024 and 0.8% by 2025. The over-arching view is that although inflation is at an all-time high currently and expected to peak at around 10% in quarter 4 of 2022, it will fall over the medium term, and will settle at around, or even below, the target level of 2%.

The Office of Budgetary Responsibility (OBR), in their Economic and Fiscal Outlook in March 2022, forecast an increase in CPI during 2022 to 7.4%, reducing to 4% in 2023, before returning to nearer the target level of 2%, reducing to 1.5% in 2024, and then fluctuating close to the 2% target 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, the longer-term effects of the coronavirus pandemic and the Russia / Ukraine conflict, make it difficult to accurately predict future rates, but taking account of the views of both the Bank of England and the OBR it is considered appropriate to include the assumption that costs will rise by the June 2022 level of CPI (9.4%) for 2023/24, but will ultimately sit at the target level of 2% in the medium term, with this rate adopted from 2024/25 onwards. This will be reviewed again as part of the HRA Budget Setting Report in January 2023.

The assumptions surrounding building maintenance expenditure inflation have historically been derived from a mix of forecasts using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price index and CPI. The broadly external planned maintenance contract, currently with Fosters, is a lump sum priced contract, which adopts CPI as the measure of inflation. The broadly internal planned maintenance contract is currently being retendered, and is a target price contract, using the (BCIS) all in tender price index as the measure of inflation, recognising that prices are fluctuating widely in this industry currently. 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 7.4% by 2023, with forecasts of 2.9%, 4.1%, 3.7% and 3.8% over the following 4 years. Taking an average of these rates of growth for the forecast five years gives rise to an annual increase of 4.4%.

On a similar average basis, the assumptions we are adopting for CPI over the same period are 3.5%, a difference of 0.9%.

Recognising the combination of planned maintenance price increases being driven by CPI and BCIS, 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 average rate of 3.95% (CPI plus 0.45%) has therefore been incorporated into the business plan forecasts for this period, reverting to standard CPI after this,

The pay award from April 2022 is yet to be agreed, but based upon the offer made by the employer, pay inflation has been increased to reflect a pay award of £1,925 per full time equivalent employee for 2022/23 and 3% for 2023/24, before returning to the previous assumption of 2% from 2024/25. The allowance for incremental progression has been retained at 1% per annum, recognising staff retention figures and the number of staff who are currently paid at the top of their pay scale.

Interest Rates

The Housing Revenue Account recovers a proportion of the interest earned on cash balances invested by the authority. The rate of interest assumed for 2022/23 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 was increased to 1.75% in August 2022, the highest it has been in over 10 years. The next review is due on 15 September 2022. The base rate has increased steadily over the past six months, and we are beginning to see a corresponding increase in investment rates, but a sharper increase in borrowing rates.

The actual average rate of interest earned on investments that benefited the HRA for 2021/22 was 0.24%, but the assumption had been retained in the HRA Budget Setting Report that there would be some recovery in rates by 2022/23, with 0.6% assumed. With the base rate at 1% for the first quarter of 2022/23, the average rate earned on investments was approximately 0.5%. With an increase to 1.25% in June 2022, a rate of 0.75% could reasonably be assumed going forward. The HRA Medium Term Financial Strategy has therefore been constructed on the basis that the HRA claws back interest at a blended rate of 0.69% for 2022/23, and 0.75% from

2023/24 on an ongoing basis. A further increase in the base rate to 1.75% was announced in August 2022, but assumptions have not been adjusted again at this stage, as it is unclear how long it will take for higher investment rates to follow the base increase. 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.

A risk to the HRA's ability to borrow is the 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. 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 or financial resource 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 or resource.

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 2022, there has been a significant increase in PWLB lending rates, with the rates at the time of the drafting of the report standing at 3.66%, compared with the rate of 2.5%

assumed in the construction of the HRA Budget Setting Report in January 2022. It should be noted that the PWLB rate is reviewed and can change twice each day, with rates continuing to increase currently.

Subject to having submitted a 30-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 also considers forecasts made by Link, the Council's treasury advisors, who project that PWLB lending rates will fluctuate between 3.5% and 3.7% over the next 2 years.

Based upon current rates and these projections, a revised average rate of 3.46% (3.66% - 0.2%) has been incorporated into any borrowing assumptions from 2022/23 onwards, including the assumption that the Certainty Rate will continue for the medium term at least to assist local authorities in new build delivery.

Right to Buy Sales

In 2021/22, 89 right to buy applications were received, compared with 65 in 2020/21. A total of 22 applications were received in the first 3 months of 2022/23, demonstrating continued steady interest in the scheme.

In 2021/22, 34 applications proceeded to a sale completion, compared with 16 in 2020/21, which was lower as a result of the coronavirus pandemic and associated periods of lockdown. In the first 3 months of 2021/22, 8 sales have completed, indicating that sales for the year may be similar to those in 2021/22.

Predicting future sales, particularly whilst there is still such uncertainty in the economy, is difficult. However, it is considered prudent to increase the assumed sales in 2022/23 to 32, based upon activity in 2021/22 and the first quarter of 2022/23, before returning to the assumption of 25

sales per annum from 2023/24 onwards. There is no guarantee that sales will continue at these levels, particularly with the cost of living increase being experienced currently.

Right to Buy Receipts

At 31 March 2022, the authority held £7,243,745.20 of right to buy receipts under the retention agreement with DLUHC.

The reinvestment of retained right to buy receipts continues to need to be combined with the Devolution Grant, the Council's own resources, or borrowing and can't be invested in replacement dwellings or dwellings receiving any other form of public subsidy. The authority is unable to 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.

Retained right to buy receipts must be reinvested within 5 years, can be used to finance up to 40% of a new rented or shared ownership dwelling. Where used to finance the acquisition of an existing market dwelling a cap applies to ensure that the provision of new homes is prioritised, with a cap at 50% for 2022/23, 40% for 2023/24 and 30% from 2024/25. The first 20 units of delivery in any year will be excluded from the cap.

With the Bank of England base rate now at 1.75%, any penalty interest payable on receipts not re-invested appropriately is payable at a higher rate of 5.75%.

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 March 2026 under the new regulations.

All newly arising receipts are 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.

However, with the level of CPI for July 2022 being 10.1%, the government issued a consultation on 31 August 2022, with proposals to introduce a ceiling or cap on rent increase from April 2023, to avoid social rent increases of in excess of 10%.

The consultation seeks views on:

- the introduction of a ceiling (cap) on social rent increase for 2023/24
- a preferred ceiling at 5%, but with views sought on both 3% and 7% as alternatives
- whether the ceiling should also apply to 2024/25
- whether first lets and re-lets should have the ceiling applied
- whether there should be any exceptions for particular categories of social housing

Pending the outcome of this consultation, the Medium Term Financial Strategy is constructed on the basis of the government's long-term view that CPI will be 2%, plus the 1% uplift allowed for in the rent standard.

A 3% overall rent increase has therefore been incorporated into the business plan assumptions, with the impact of other levels of rent increase explored in later sections of the document.

This significantly impacts the business plan projections, as operational costs are assumed to increase by 9.4% from April 2023, and if income increases do not mirror cost increases, the base financial position for the HRA is fundamentally worse than previously assumed.

The Charter for Social Housing Residents

The Charter for Social Housing Residents aims to rebalance the relationship between social landlords (both local authorities and housing associations) and tenants.

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

- To be and feel safe in your
- To have information from your landlord about the service they provide
- To have any complaints dealt with quickly and fairly
- To be treated with respect
- To be able to speak up and have your voice heard
- To have a good quality home and neighbourhood to live in
- To be supported to be able to own our own home

Following publication of the charter, the Queen's Speech in May 2022 commits to the introduction of legislation to fulfil the commitments of the charter and to improve the regulation of social housing, to strengthen the rights of tenants and ensure better quality, safer homes.

The government has committed to halving the number of non-decent social homes by 2030, requires social housing landlords to install smoke alarms and carbon monoxide alarms by October 2022. The government has also concluded stage 1 of the Decent Homes Standard Review with the expectation that stage 2 will now seek to deliver a refreshed Decent Homes Standard later in 2022.

The Regulator of Social Housing has consulted on the proposed tenant satisfaction measures to both inform regulation and help tenants hold their landlords to account.

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

Welfare Reforms

Universal Credit

New tenants, and existing tenants who have a change in circumstances, now need to apply for Universal Credit, unless in temporary or supported accommodation. Tenants in temporary, specified or supported accommodation continue to receive Housing Benefit for their housing costs.

The authority had 2,049 HRA tenants identified as claiming Universal Credit at the end of July 2022, based upon accounts that have been flagged in the Housing Management Information System. This will not be 100% accurate as the data is reliant upon the authority being notified by the tenant that they are in receipt of Universal Credit or have ceased to be eligible, or by the DWP, who requires landlords to validate the sums being stated in a new or re-assessed claim.

Between now and 31 December 2024, a process of managed migration will begin to move the remaining Housing Benefit claimants to Universal Credit, with completion of the transition for all by 31 March 2025.

Other Benefit Changes

The Benefit Cap continues to impact residents, with some claimants receiving short term Discretionary Housing Payments (DHPs) to support them until they are able to gain employment or improve their financial 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 £22,340 for 2022/23 to provide financial support and incentive to assist tenants 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.

Support for Vulnerable People

Cambridge City Council expects to continue to be engaged by the County Council for the delivery of tenure neutral support services to older people across the city as a whole, with a new contract anticipated to be in place from September 2022. The contract sum is currently £183,600 per annum.

Section 4

Revenue Resources – Rent and Other Income

Rent Arrears and Bad Debt Provision

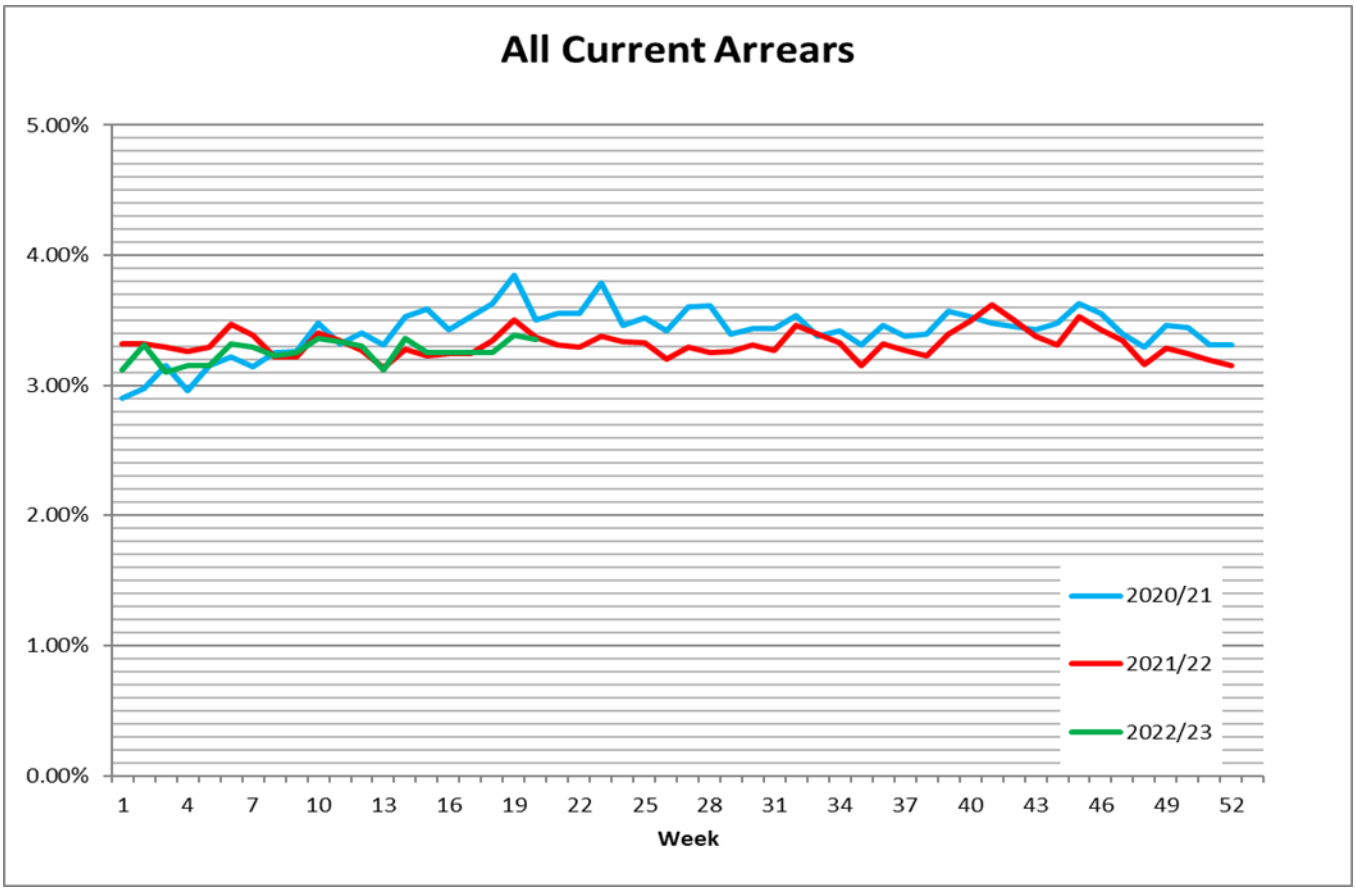
Rent collection performance was more than maintained during 2021/22 despite the challenging economic climate, with 99.5% of the value of rent raised in year, collected in the year, compared with 98.9% in the previous year.

As a result of rent not collected however, arrears overall still increased during 2021/22, with current tenant arrears of just over £1.3 million by 31 March 2022 and former tenant debt of just over £1.1 million. 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)
31/3/2018	£779,904	1.96%	£871,620
31/3/2019	£776,961	1.93%	£932,156
31/3/2020	£1,091,161	2.70%	£915,885
31/3/2021	£1,374,167	3.30%	£925,982
31/3/2022	£1,337,622	3.14%	£1,121,082

It is positive to see that current tenant arrears reduced marginally during 2021/22, from £1.37 million to £1.34 million, despite the challenging financial circumstances that many of our tenants are facing.

The position in respect of current arrears has however, seen a small increase in the first 5 months of 2022/23, with an increase of £122,151 in arrears by August 2022, equivalent in percentage terms to 3.3% of rent due. If the monetary increase were to continue along the same trajectory throughout the year, an increase of £289,000 could be experienced by March 2023.



The Income Management Team continue to work proactively with tenants and financial support providers to mitigate the impact of the current economic situation for both the tenants themselves and the authority, ensuring that tenants are aware of all financial support available to them. 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 months as a result of changes in circumstances.

Former tenant arrears increased significantly over the 12 months to 31/3/2022, with former arrears totalling £1.1 million at the end of this period. An officer was employed on a 12 month fixed term contract from April 2022, dedicated to recovering, or failing that, writing off, former tenant debt. The officer is now proactively chasing and writing off former tenant debt dependent upon the circumstances, with more debt considered for write off in the first 3 months of 2022/23 than the whole of 2021/22. Writing off obvious bad debt then allows a focus on recovery of more of the doubtful debt.

At 31 March 2022 the total provision for bad debt stood at £1,965,939.96 representing 81% of the total debt outstanding.

The annual contribution to the bad debt provision for 2022/23, based on 1.5% of rent due, was set at £622,920 in the HRA budget approved in January 2022. The assumption has been reviewed as part of this iteration of the business plan taking account of the current economic situation and 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 2022/23 and beyond. This will be reviewed again as part of the HRA Budget setting Report in January 2023.

Void Levels

The value of rent not collected as a direct result of void dwellings in 2021/22 was £656,205, representing a void loss of 1.67%, compared with £613,999 in 2020/21, representing a void loss of 1.58%.

The value of rent lost through void dwellings during 2021/22 was marginally higher than in 2020/21 and was higher than the 1.32% target for 2021/22, recognised as part of the 2022/23 HRA Budget Setting Report of January 2022.

Some of the key contributors to the higher void levels in 2021/22 were refurbished units at Ditchburn Place, where the coronavirus pandemic halted occupation due to the vulnerable nature of the client group (£11,000), homes vacated on approved development sites (£63,000), 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 (£14,000), homes acquired for rough sleepers, which required works prior to first let (£17,000) and units held vacant as a result of fire damage to a block of flats (£36,000).

If the impact of the irregular void transactions (detailed above) are removed from the statistics, the void performance in general voids for 2021/22 would have been 1.31%, which is higher than anticipated. A backlog of void works during 2021/22 contributed to this, with a decision to externalise some of the work to facilitate catching up, taking some time to mobilise.

Void performance deteriorated in the first quarter of 2022/23, with a gross void loss of 2.65%. This does however still include the impact of our redevelopment programme, with units being vacated at Aylesborough Close, Princess and Hanover Court and Fanshawe Road. General voids are however also proving problematic, with properties being returned in very poor condition, resulting in both increased costs and prolonged void periods, which also results in loss of rental income. As a result of this, it is recommended to adjust the assumption in general voids for the current year to 2%, assuming some recovery during the year in our general voids performance, whilst retaining the longer-term assumption of 1% in the business plan from 2023/24 onwards.

Rent Setting

Social Rents

Local authority social 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 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 moved to a position where rents could 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. However, with the marked increase in

CPI during the last 6 months, government intend to intervene and have issued a consultation on the introduction of a rent ceiling, as outlined earlier in this report.

The consultation seeks views on 3%, 5% and 7% increases for 2023/24, with a 3% increase currently incorporated into the base assumptions of the HRA business plan for prudency. The table below summarises the financial impact on the business plan of a variety of rent increase levels and includes the impact for both social rents and affordable rents as they are subject to the same rent controls.

Rent Increase	Average Weekly Social Rent Value Increase	Average Weekly Affordable Rent Value Increase	Borrowing Required over the 30 Year Business Plan
0%	£0.00	£0.00	£804 million
3%	£3.22	£4.69	£699 million
5%	£5.36	£7.82	£630 million
7%	£7.50	£10.95	£566 million
11.1% (CPI plus 1%)	£11.90	£17.36	£469 million

It is evident from the table above that a single year decision on the level of rent increase makes a significant difference to the level of borrowing required, and therefore the authority's ability to deliver new homes or consider any future investment in retrofit of the existing housing stock.

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 2022/23 across the general housing stock was £110.44, with the average actual rent charged being £107.15. By April 2022, 35.5% of the social rented housing stock was being charged at target rent levels, compared with 31.3% 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 £1,145,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement of 2012, where convergence was assumed.

Affordable Rents

In respect of affordable rented homes for existing tenants, the same inflation rates apply as do for socially rented homes, with these also monitored by the Regulator for Social Housing, There is 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 combine both the rent and non-discretionary service charges levied for any property.

There were 479 new build properties charged at the higher 'affordable rent' levels, on 1st April 2022 and 22 affordable shared ownership homes.

Following a decision at Housing Scrutiny Committee in June 2022, the authority will now operate 3 levels of affordable rent.

The earlier delivered affordable rented housing was based on the Local Housing Allowance, but under local policy has been capped at below this level since the Local Housing Allowance was subject to a second annual increase in response to the coronavirus pandemic in March 2020, with an inflated version of the pre-COVID rates adopted to maintain affordability.

For newer schemes, affordable rents will be set at 60% (or the Local Housing Allowance level if this is lower) or 80% of market rent depending upon the nature of the scheme and the proportion of affordable housing being delivered on the site. For schemes with approval, the new rent levels to be charged were confirmed in the report presented to Housing Scrutiny Committee in June 2022. When future schemes are brought forward for approval, the proposed rent levels will be set out within each report, or a delegation to officers will be sought to set them if details are not known.

The table below confirms the current average rent levels charged or assumed in financial modelling:

Property Size	2022/23 Published LHA Rate (not adopted by CCC unless lower than a 60% rent)	2020/21 Pre-COVID LHA rate inflated by 1.5% and 4.1% Used by CCC for 2022/23	Indicative Programme Average 2022/23 Rents at 60% of Market Rent	Indicative Programme Average 2022/23 Rents at 80% of Market Rent
Shared Room	97.00	86.53	N/A	N/A
1 Bed	178.36	143.69	159.46	214.81
2 Bed	195.62	165.26	18128	247.67
3 Bed	218.63	192.04	205.89	281.44
4 Bed	299.18	256.16	246.33	336.16

The HRA Rent Setting Policy, updated for the changes agreed at Housing Scrutiny Committee in June 2022, is appended to this report at **Appendix L.**

Section 5
Detailed Review of Revenue Budgets and Reserves Impact

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 or the conflict in the Ukraine.

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, devolution funding and Homes England Grant can't be used for this purpose.

The impact on HRA reserves for 2021/22, and 2022/23 to date is shown in the table below:

Budgeted or Actual Use of / (Contribution to) HRA Reserves	2021/22 £'000	2022/23 £'000
Budgeted Changes in HRA Reserves		
Opening General HRA Reserves	**(18,420)**	**(19,590)**
Original Budget (Approved in February)	6,397	1,029
Carry Forwards (Approved in June)	7,598	12,562
MTFS Mid-Year Review (Approved in September)	367	(117)
Budget Setting Report Revised Budget (February)	(263)	-
Estimated Closing General HRA Reserves	**(4,321)**	**(6,116)**

Actual Changes in HRA Reserves		
Opening General HRA Reserves	**(18,420)**	**(19,590)**
Prior Year Audit Adjustment	0	-
Actual Outturn variance for the Year (Reported in June 2022)	(1,170)	-
Contribution from Ear-Marked Reserves	0	-
Actual Closing General HRA Reserves	**(19,590)**	**-**

The original budget for 2022/23 approved a net call on general reserves of £1,029,530, and also incorporated use of £4,941,510 previously set-aside for potential debt repayment or re-investment, to allow a total revenue contribution to fund capital expenditure of £14,610,590 for the year. After approval of carry forwards, the use of sums previously set aside for potential debt repayment or re-investment rises to £14,704,510, with a total revenue contribution to fund capital expenditure of £35,541,190.

This iteration of the business plan includes changes in:

- estimated dwelling and garage rental income for 2022/23
- interest due for the year based upon revised cash balance assumptions
- interest paid based upon the latest borrowing assumptions
- the level of depreciation assumed to be chargeable to the HRA
- the bad debt provision required for the year, based upon the latest estimates
- the level of revenue funding of capital for the year, based upon capital projections
- reallocation of resource identified to respond to an increase in stock numbers
- resource to respond to unavoidable pressures
- budgets to recognise an increase in inflation

The final general HRA reserves position reported for 31 March 2022 was £19,590,023. The revised projection of the use of general reserves in the current year (2022/23) now indicates that there is expected to be a net call on reserves of £13,474,180, which would leave a balance of £6,115,843 at 31st March 2023.

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.

2022/23 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 and operational 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 2022/23 onwards Is now being formally allocated as follows:

- £50,000 increase in the void repair budget recognising the increased turnover in the existing housing stock which delivering of new homes generates
- Asbestos Surveyor (Estates and Facilities) 37 hours per week £54,440 – to allow continuation of what has previously been a fixed term post
- Assistant Housing Officer (Temporary Housing) 37 hours per week £40,520 – to respond to the significant increase in the number of temporary housing unts held in the HRA
- Temporary Housing Service Charges – an increase in service charges of £25,440 would partially offset the costs of the additional Assistant Housing Officer

The resource already incorporated into the HRA budget from 2022/23 onwards will be vired to allow these proposals to be implemented.

2022/23 Mid-Year Budget Changes and Inflation 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. This year, consideration has also been given to the unprecedented rise in inflation and the impact which this is expected to have for the HRA.

An element of funding (£155,640) was ear-marked in the HRA from 2022/23 to meet the increased cost of inflation. This has been reviewed as part of the HRA Medium Term Financial Strategy process, taking into account up to date assumptions for the increases in gas, electricity and fuel prices, and to recognise the current pay offer from the employer. The anticipated ongoing financial impact of these increases is £318,710 per annum. As a result, an additional sum of £163,070 has been incorporated into the HRA budget from 2023/24 onwards as part of this report, with the full impact for 2022/23 mitigated by anticipated underspending elsewhere.

There are 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 2022/23 as part of the mid-year strategic review include:

- Recognition of a reduction in rental income of £834,730 due to delays in the handover of new homes, a far quicker decant of tenanted homes at Princess and Hanover Court than anticipated with little opportunity to use the homes for temporary housing and an increase in general voids across the city, with the condition of homes being far poorer than experienced previously.

- A reduction of £3,270 in the contribution to the bad debt provision for 2022/23.

- Recognition of an unavoidable increase of £18,800 in the cost of the Housing Ombudsman Service from 2022/23 onwards.

- Recognition that reduced income of £42,900 in respect of garages will be realised from 2022/23 due to demolition of the garages in East Road following storm damage. The loss is partially offset by some occupants relocating and new garages and parking spaces being added to stock when new homes are handed over to the Council.

- Extension of the Tenancy Auditor post until the end of March 2023, recognising that a report will be presented to January 2023 Housing Scrutiny Committee with recommendations for this role for the future, and if continuation is proposed, a bid will be incorporated into the 2023/24 budget process. The cost of the contract extension (£3,800) can be met within existing budgets in 2022/23.

- An increase in the level of capitalised administration costs associated with the right to buy process (£44,530), based upon the cost capitalised in 2021/22 and recognising the anticipated increase in sales in 2022/23.

- Inclusion of a second Regeneration and Decant Support Officer in the establishment (£23,270 in 2022/23, rising to £46,540 for a full year from 2023/24), recognising the increase in re-development schemes being brought forward. This cost will be offset by a reduction in the level of H.D.A capital fees charged against the schemes in question, from 2% to 1.5%.

- Increase of £16,250 in the budget for revenue property valuations, recognising the need to obtain market valuations to be able to both set, and annually review 60% and 80% market rents.

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

- Transfer of £150,000 of Estate Investment Scheme funding from capital to revenue to allow funding of revenue related estate-based projects.

- A reduction of £150,000 in the level of Direct Revenue Financing of capital expenditure in recognition of the changes to the Estate Investment Scheme funding above.

- A reduction in depreciation of £674,450 based upon the latest stock projections and depreciable asset values and remaining useful lives.

- An increase of £79,020 in the anticipated interest received on cash balances for 2022/23, with balances held higher due to underspending in 2021/22 combined with early receipt of the Devolution Grant funding from DLUHC and the Combined Authority.

- A reduction of £251,790 in the budget for interest payable by the HRA, recognising a reduced need to borrow as a result of capital re-phasing.

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, with an ongoing programme of inspections carried out to increase the breadth and quality of this data to help inform strategic decision making.

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 2022 at just under 98%, compared with 96% achieving the desired standard at 31 March 2021. There were 158 properties that were considered to be non-decent, in addition to 1,405 refusals, where tenants had exercised their right to decline the work being completed and where these are therefore not reported in the statistics.

Stock Investment

The HRA has a 5-Year Asset Management Strategy, which was approved in autumn 2019.

From a delivery perspective, around 60% of 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 after that time. This procurement exercise is underway with tenders having been evaluated and award of the contract now taking place. The initial period of the contract with Fosters runs until September 2022, with an option to extend for a further 3 years currently in the process of being agreed, with an end date of September 2025. A significant amount of work, around 40%, is procured via one-off contracts, and this includes large structural works projects, some estate improvement 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 was on hold for much of 2020/21 due to COVID-19. Surveys resumed in July 2021, and we continue to deliver the programme that takes account of footpath surveys, void properties 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 were being carried out in a number of areas. Some of the schemes have been deferred or amended as a result of pending decisions about the long-term future of the sites – Hanover and Princess Court and Davy Road have been removed from the current tender for Structural & Associated Works. Tenders are being assessed and moderated over the next two weeks. Then the details of the winning contractor and the tender costs will be passed to Home Ownership to issue the S20 Notice. It is anticipated that works will start on site

	by late September and hope to complete by Christmas. A brief for works at Bermuda Terrace flats is being developed. Balcony and brickwork repairs at Nicholson Way, Walker Court and Hanson Court are designed and will start on site in 2022/23.
Reduce the electrical inspection cycle to five years in line with best practice	All properties are to be inspected on a 5 year cycle and arrangements have been put in place to achieve this over the next 24 months.
Implementation of "Orchard Asset" asset management software – including development of the compliance and energy modules	Implementation project in progress with target completion by December 2022.
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	The Risk and Compliance team now lead in this area, The asbestos compliance module is still being implemented with assistance from Housing IT Team. Asbestos Analyst is to start 01/08/2022 and will start the review of all communal re-inspections
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 re-procured, with new contractor Ventro (Passive Fire Protection Specialists) appointed in February 2022. 919 doors inspected to date across the Council. HRA properties completed include all temporary

	and sheltered accommodation. General needs purpose-built blocks of flats has started and will continue to be the focus for the remainder of the programme.
Review maintenance requirements for flat roofs and sheds replacement and repair	A programme has been identified and implemented from April 2021. There are 88 shed roof replacements and 10 flat roof replacements to houses / flats on the 2022/23 programme for Foster this year.
Develop a replacement programme 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. A full survey of communal lighting is underway with a plan to replace all communal lighting with LED lighting, starting in 2022/23.

Following changes to fire risk regulations, dwellings continue to have heat and smoke detection upgrades during 2022/23. We are still experiencing access issues to complete this work. Where there is "no access" work will be added to future planned work programmes.

Following receipt of structural surveys and fire risk reports in respect of the blocks of flats at Kingsway, Princess and Hanover Court, a decision was taken to remove all gas supplied to these blocks, replacing both heating and cooking sources where gas was previously utilised by a small number of the residents, both tenants and leaseholders. The cookers have now been replaced by new electric cookers for all residents who had gas cookers. Detection and solenoid shut off valves have been installed where there are still gas heating systems. Replacement of these heating systems had been placed on hold while decisions on the longer term future of the blocks are made.

Following consultation with residents, a decision was taken in January 2022 to begin the decant of the blocks at Princess and Hanover Court, with a more detailed options appraisal to be presented to Housing Scrutiny Committee as part of this committee cycle. The options appraisal has explored options to either refurbish or demolish and re-develop the scheme.

Following this, and the associated decision to continue to let the block at Kingsway, £1,200,000 was retained in 2022/23 to undertake required fire compartmentalisation works at Kingsway, with £650,000 deferred until 2025/26 for further fire safety works there if required. The fire alarm installation works at Kingsway are commencing in August 2022 and the compartmentation trial works at Kingsway have been programmed to commence at the beginning of September. Once the trials have been completed the results will be assessed with the compartmentation works to the remaining flats at Kingsway being undertaken during the latter part of 2022/23.

Following a programme of structural surveys of flat blocks in 2021/22, some work has been completed at Hazelwood an Molewood Close, and further work will be delivered in South Arbury and Coleridge between September 2022 and January 2023, once a current procurement process has concluded and contracts have been awarded. We are procuring a structural engineer consultancy framework which will be utilised to undertake structural monitoring of blocks where structural works have been completed.

The Council remains 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.

Net Zero Retrofit Pilot Project

Following approval last year of £5,000,000 for a net zero pilot project and receipt of the final Fielden and Mawson Report in 2021, a Net Zero Retrofit Project Officer has recently been appointed. Due to delays in recruiting a permanent member of staff to deliver the project, design works have been delayed and we expect works to start on site in 2023. Initial resident engagement commenced in July 2022 and property selection is now underway. A detailed design has been produced on an example property in Ross Street (where the pilot project is likely to take place) and we are in the process of tendering for an architect to fully design the project for the 50 Council homes.

The objectives for this funding are to allow the authority to prove whether the estimated costs in the Fielden and Mawson report are achievable, to allow time to lobby government and

other bodies, backed by real evidence, in an attempt to secure external investment and to 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. Whilst we are unlikely to have procured the works contractor before summer 2023, market research is currently being conducted to determine the costs for different measures and we are conducting trials of the measures that are likely to form part of the final design. More informed pricing for individual measures is expected to be available in early 2023.

Therefore, expenditure of £500,000 is anticipated this financial year in undertaking full design works and trials, with the balance of £4,500,000 now being required in 2023/24 when the construction phase is now due to start. Budget has been re-phased as part of this HRA Medium Financial Strategy Report.

Energy Works

Offices are in the process of appointing a contractor to deliver energy efficiency works under the planned works programme and expect to deliver 80 properties with external wall insulation and solar pv, where suitable, in 2022/23. In addition, we will continue with loft insulation upgrades and cavity wall insulation, extraction and re-fill, to other properties.

Despite being unsuccessful in Wave 1, the authority is intending to apply for Social Housing Decarbonisation Fund Wave 2 grant funding, with applications due to open in late August 2022. The value of the grant bid will not be quantified until the bid process is opened, and the criteria is clear. If successful these funds will be available to deliver energy efficiency works (cavity wall insulation, external wall insulation and low carbon heating) to HRA properties from March 2023.

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 2022.
- Re-phasing of expenditure anticipated to take place in 2021/22, into 2022/23 and beyond, as approved in June / July 2022.
- 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.
- Review of decent homes backlog funding, following update of the 30-year investment plan, and allocation of the 2022/23 sum to specific workstreams.
- Remove the budget of £679,000 ear-marked in 2022/23 for decent homes works to new build dwellings and adjust the sums held in future years, recognising that all properties bult up to 1/4/2022 have now been incorporated into the asset management 30-year investment plan review above.
- Re-phasing of £4,500,000 of resource from 2022/23 into 2023/24 to allow delivery of the pilot programme of 50 full house retrofits to Net Zero Carbon or as near as can be achieved.
- Adjust inflation budgets to recognise that the review of the 30-year investment plan has re-based contract prices at today's price.

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 is 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 2021/22, the HRA acquired nine properties on the open market to accommodate rough sleepers, partly funded using grant from Homes England, and seven properties on sites where redevelopment was either approved or potentially possible.

Acquisitions or disposals in 2022/23 to date include:

Acquisition / Disposal	Comment	Status
1 Bed Flat *	Purchase of a 1 bed flat in Kings Hedges ward for rough sleepers	Complete
1 Bed Flat *	Purchase of a 1 bed flat in Abbey ward for rough sleepers	Complete
1 Bed Flat *	Purchase of a 1 bed flat in Petersfield ward for rough sleepers	Complete
3 Bed House	Purchase of a 3 bed house in the Abbey ward for potential future development	Complete
2 further existing market dwellings *	Purchase of a further two 1 bed homes on the open market to house rough sleepers as part of the DLUHC Next Steps Programme, with grant funding awarded.	Grant awarded and acquisitions in progress
8 x 1 Bed Flats	Purchase of 8 self-contained flats for use as sheltered housing	In progress

* The authority was awarded Rough Sleeper Accommodation Programme grant funding of £1,730,000 in 2021/22, which required the use of £1,901,000 of HRA resource to acquire a minimum of 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 acquisition programme has slipped in part into 2022/23, with 2 homes now left to acquire.

New Build

Delivery Approach

The Housing Development Agency manage the delivery of all new homes in the HRA, with a commitment to deliver affordable, sustainable homes, which meet tenant expectations.

The Devolution 500 Programme is now well progressed and is being followed by a commitment to delivering a net 1,000 new homes in the period from 2022 to 2032, subject to receipt of Homes England grant funding. Bids to Homes England are being submitted on a scheme-by-scheme basis, as part of the continuous market engagement process.

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 £373,920 for 2022/23. The proposed level of H.D.A fees for schemes approved from September 2022 onwards are:

- HRA housing schemes delivered using CIP – 2% (1.5% if fee reduced to fund Decant Officer)
- HRA housing schemes delivered by H.D.A directly – 3%
- HRA S106 or other acquisitions – 1.5%
- Optional 1% can be added to each of the above if scheme includes re-development, community or commercial aspects

Potential new build schemes are identified, initial feasibility work is carried out, the site is formally identified as a scheme for consideration, detailed feasibility work and formal consultation is carried out and a costed scheme is presented to Housing Scrutiny Committee for formal consideration and approval. 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. Revised scheme costs are incorporated into the Capital investment Plan as part of the HRA Budget Setting Report or HRA Medium Term Financial Strategy as each scheme progresses.

Future New Build

Funding to deliver the 1,000 new council rented homes programme has previously been incorporated into the financial forecasts, using a number of key assumptions. This iteration of the HRA Business Plan updates these assumptions in line with the latest site feasibility work and cost information,

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

- 1,011 net additional council rented (social rent and 60% of market rent) homes delivered over the 10 years from 2022
- 427 affordable rented homes at 80% of market rent, replacing the previous proposal to deliver rent to buy and shared ownership housing
- Delivery of the target net new council rented homes assumes the need to demolish and re-provide 337 existing properties as part of site regeneration schemes
- To deliver the net new council rented homes in mixed and balanced communities, 769 market homes will also be delivered by developers on the identified sites
- 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 £3,290 per square metre, which assumes building to Passivhaus or equivalent performance standards informed by up to date valuations, This assumes that building to Passivhaus standard or similar may be deliverable on all sites

- Inflation in build costs incorporated at 4.7% per annum for the life of the programme
- Homes England grant of £64,517 per unit across all affordable tenures, recognising that not all units will be eligible for grant, particularly where a larger proportion of market sale or replacement units are proposed.
- Retained right to buy receipts continue to be available for re-investment at the assumed rate of approximately £3,500,000 per annum but can't be appropriately reinvested in addition to Homes England Grant, and instead will be utilised for some sites which are ineligible for grant or where grant is not awarded. This sum assumes continued sales at the rate of 25 per annum to generate this resource.
- Borrowing has been assumed at the higher rate of 3.46%, based upon the PWLB rate at the time of writing this report and projections made by Link, our treasury advisors.
- Investment profile is spread across the 10-year programme based upon indicative delivery timescales, which are subject to change
- 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 £508,000,000 of borrowing in the HRA over the next 10 years of the plan.

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 using Passivhaus principles 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, recognising that the level of grant funding of £100,000 per unit previously assumed, is not feasible for Homes England. 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 housing provided, to reduce build standards or to reduce the number of council rented homes delivered overall. The authority is investigating opportunities for additional infrastructure funding to aid delivery of the programme.

The need for the HRA to borrow significant sums of money over the next 10 years will require a review of borrowing options. Currently, the PWLB still offers a marginally reduced rate for lending to local authorities, but this rate may change significantly before the end of the 10-year programme. The authority now needs to actively explore 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 external borrowing is currently anticipated is now 2023/24.

New Build Schemes Completed – Devolution 500 Programme

At the time of writing this report 197 new homes had been completed as part of the Devolution 500 Programme, with a net gain of 166 council rented homes.

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

Scheme	Total Social Housing / SO Units	Gain in Social Housing Units	Percentage Social Housing on Site
Uphall Road	2	2	100%
Nuns Way/Cameron Road	7	7	100%
Wiles Close	3	3	100%
Ditchburn Place	2	2	100%
Queensmeadow	2	2	100%
Anstey Way	56	29	100%
Colville Road Garages	3	3	100%
Gunhild Way	2	2	100%
Wulfstan Way	3	3	100%
Markham Close	5	5	100%
Ventress Close	15	13	100%
Akeman Street	14	12	100%
Mill Road	55	55	50%
Cromwell Road	28	28	40%
Total	**197**	**166**	

New Build Schemes On Site

Sites where work is in progress 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:

Devolution 500 Programme

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	Rent Basis
Mill Road	63 (55 taken)	63 (55 taken)	24,965,630	(7,489,690)	(17,475,940)	Inflated Old LHA
Cromwell Road	90 (28 taken)	90 (28 taken)	24,865,800	(5,997,920)	(17,141,400)	Inflated Old LHA
Colville Road II	67	47	14,467,580	(2,743,430)	(6,343,880)	Inflated Old LHA
Meadows and Buchan	106	106	25,929,000	(7,778,700)	(8,626,120)	Inflated Old LHA
Campkin Road	75	50	18,063,260	(3,243,930)	(7,949,970)	Inflated Old LHA
Clerk Maxwell	14	14	3,046,760	(914,030)	(2,132,730)	Inflated Old LHA
Total	**415**	**370**				

New 1,000 Homes Programme

Scheme	Approved Indicative Social Housing Units	Gain in Affordable Housing Units	Latest Budget Approved / for Approval	RTB Receipt / Sales Receipt Funding	Homes England Grant	Rent Basis
Histon Road	10	10	1,978,000	(224,680)	0	60%
L2	75	75	17,727,000	0	(4,830,000)	30 Social Rent / 45 80%
Fen Road	12	12	4,015,000	0	(1,077,000)	Social Rent
Total	**97**	**97**				

New Build Schemes in the Pipeline

There are a number of sites which have scheme specific approval, but at the time of writing this report, were not on site.

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.

Devolution 500 Programme

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	Rent Basis
Tedder Way	1	1	506,000	(151,800)	0	60%
Kendal Way	1	1	524,000	(157,200)	0	60%
Total	**2**	**2**				

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 Grant	Rent Basis
Colville Road III	48	32	12,681,000	0	(2,144,000)	32 Social Rent / 16 80%
Ditton Fields	6	6	1,944,000	0	(534,000)	Social Rent
Aragon Close	7	7	2,103,000	0	(413,000)*	80%
Sackville Close	7	7	2,121,000	0	(413,000)*	80%
Borrowdale	3	3	1,044,000	0	(258,000)	Social Rent
Aylesborough Close	70	37	19,030,000	0	(2,100,000)*	41 Social Rent / 29 80%

Scheme	Approved / Indicative Affordable Housing Units	Gain in Affordable Housing Units	Latest Budget for Approval	RTB Receipt and Sales Receipt Funding	Homes England Grant	Rent Basis
St Thomas's Road	8	8	2,953,000	(614,000)	(560,000)*	60%
Paget Road	4	4	1,421,000	0	(300,000)*	2 Social Rent / 2 80%
Fanshawe Road	93	71	28,587.000	0	(5,509,000)*	44 Social Rent / 49 80%
Princess and Hanover Court	82	0	28,610,000	0**	0	Social Rent
Total	**328**	**175**				

*Homes England Grant is assumed, but no grant has yet been secured.

** The anticipated land receipt to the HRA for the element of land transferred to deliver market housing is currently netted off against the costs until details have been finalised.

Grant from the European Regional Development Fund (ERDF) through Eastern New Energy was previously assumed for the net zero carbon pilot schemes at St Thomas's Road and Paget Road. Unfortunately, a decision has been taken by Eastern New Energy to place hold on any grant awards for their own business reasons, and as a result of this, no funding will be available to Cambridge City Council. The schemes will instead be targeted for delivery to Passivhaus to standards.

A budget has been ear-marked for the costs for the potential redevelopment of Princess and Hanover Court, should redevelopment be the recommended option when the scheme specific report is presented to Housing Scrutiny Committee, as this would be the option carrying the highest cost. This report will be presented to a future Housing Scrutiny Committee.

The table below summarises changes to either approved budgets, and or anticipated numbers of units, for schemes in the current programme, with the funding for L2 increased recognising that the HRA will now acquire all 75 unts, the budget at Colville III being increased as a result of an increase in labour and materials costs and the budgets for Fen Road, Ditton

Fields, Borrowdale, Aragon Close and Sackville Close being adjusted to reflect the latest cost estimates as approved for 3 of these sites at Housing Scrutiny Committee in June 2022. The budgets for St Thomas's Road and Paget Road have been reviewed recognising a recommendation to reduce the number of units at Paget Road, and to acquire, modify and sell on an adjacent dwelling at St Thomas's Road, providing appropriate access to the proposed development. The revised cost for Paget Road also considers building to net zero carbon standards using the latest tendered costs, and the assumption of receiving ERDF grant has been removed from both schemes. The budget for Fanshawe Road has been adjusted to reflect updated cost for buying out the leasehold flats on the site, which was understated initially.

Scheme	Previous Budget Approval	Original Estimated Units	Latest Budget Approval Request	Revised Estimated Units
L2	6,207,000	30	17,727,000	75
Colville Road III	12,649,000	48	12,681,000	48
Fen Road	3,931,000	12	4,015,000	12
Ditton Fields	2,061,000	6	1,944,000	6
Borrowdale	914,000	3	1,044,000	3
Aragon Close	1,988,000	7	2,103,000	7
Sackville Close	1,988,000	7	2,121,000	7
St Thomas's Road	2,105,000	8	2,953,000	8
Paget Road	1,842,000	7	1,421,000	4
Fanshawe Road	27,937,000	93	28,587,000	93

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

Scheme	Site Type	Status	Potential New Build Units
Tedder Way	In-fill	Planning submitted	1
Kendal Way	In-fill	Planning approved	1
Colville Road III	Existing HRA Housing	Planning approved	48
Ditton Fields	Land Acquisition	Planning approved	6
Aragon Close	Existing HRA Garages	Planning submitted	7
Sackville Close	Existing HRA Garages	Planning submitted	7
Borrowdale	Existing HRA Garages	Planning approved	3
Aylesborough Close	Existing HRA Housing	Planning submitted	70
St Thomas's Road	Existing HRA Garages	Pre-planning	8
Paget Road	Existing HRA Garages	Pre-planning	4
Fanshawe Road	Existing HRA Housing	Pre-planning	93
Princess and Hanover Court	Existing HRA Housing	Options appraisal in progress	82

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, with a decision expected in October 2022.

Kendal Way

This scheme will deliver a large, mobility adapted 3 bedroom house to meet an identified need on the housing register. Start on site is anticipated by January 2023.

Colville Road III

This site comprised 16 HRA properties, 2 leasehold flats and 4 shops. The development will deliver 48 new or replacement homes alongside the reprovision of the commercial space.

Vacant possession has been secured and the temporary commercial provision is now in place.

The commercial property 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. Costs have increased significantly since the original budgets were approved, with increased materials and labour prices as a result of exit from the European Union and the Russia / Ukraine conflict. Both the commercial and residential budgets need to be amended as part of the Medium-Term Strategy process.

Ditton Fields

This site was acquired by the HRA in 2020/21 and is a garden in-fill site. The scheme will provide 6 new homes. Planning approval has been granted and start on site is anticipated in September 2022.

Aragon and Sackville Close

The two sites at Aragon and Sackville Close comprise existing HRA garage and parking bay provision, with an anticipated 12 new homes to be provided across both sites. Both schemes await planning approval, with decisions anticipated in October 2022.

Borrowdale

This former council garage site will deliver 3 two bedroom homes, following granting of planning approval. Garage tenants are currently being relocated and start on site is anticipated in October 2022.

Aylesborough Close

This scheme comprises the redevelopment of 33 existing tenanted and 3 leasehold properties, to deliver an anticipated 70 new homes. Submission has been made to seek planning approval for a pilot Passivhaus flatted development, with a decision anticipated in October 2022. At the time of writing this report, 7 tenants remain to be relocated and 1 leasehold property is still to be re-acquired.

St Thomas's Road

This is an existing HRA garage and in-fill site, which involves the demolition of 20 garages. The original proposals indicated the delivery of 8 homes, but this is currently being reviewed as part of the design work. This scheme was originally anticipated to be delivered to net zero carbon standards, with grant funding from the European Regional Development Fund (ERDF). Unfortunately, the funding was not secured by our identified partner, and as a result the budget for the scheme will also need to be reviewed. At this stage the budget has only been amended to reflect the need to acquire, modify and sell on an adjacent dwelling to secure appropriate access for the development. Further amendment may be required following the scheme review and detailed design work.

Paget Road

This is an existing HRA garage and in-fill site, which involves the demolition of 34 garages. While the original proposals indicated the delivery of 7 homes, design work now indicates that 4 larger family homes can be provided on the site. This scheme was originally anticipated to be delivered to net zero carbon standards, with grant funding from the European Regional development Fund (ERDF). Unfortunately, the funding was not secured by our identified partner, and as a result the budget for the scheme is being reviewed as part of this report, recognising both the change in scheme composition and the increase in both material and labour prices.

Fanshawe Road

This is an existing HRA site, which involves the demolition of 32 properties (22 tenanted and 10 leasehold) and 39 garages, with a view to delivering 93 new homes. It is anticipated that planning submission will be made in December 2022, with relocation of tenants and buy out of leasehold flats taking place currently. At the time of writing this report, 3 tenanted homes had been vacated, but no leasehold flats had been bought back, although 2 were in process.

Princess and Hanover Court

Resource of £14,552,000 was approved in January 2022 to allow the relocation of tenants and the buy back of leasehold flats at both Princess Court and Hanover Court in anticipation of a detailed options appraisal for the site. A detailed options appraisal is in process, and whilst the appraisal is being concluded, funds have been ear-marked in the Housing Capital Investment Programme, to allow for the highest cost option, which would be redevelopment, with the HRA securing a replacement 82 unts at social rent, and the balance of units delivered being for market sale. The HRA would receive a capital receipt for the land upon which the market units would be built, which has been netted off against the anticipated costs of the social housing. A report will be presented to a future Housing Scrutiny Committee with final recommendations. At the time of writing this report, 22 tenant relocations had taken place and 2 leasehold flats had been bought back.

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, 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 cost for the net 1,000 new homes in line with the latest cost assumptions and funding in line with anticipated Homes England grant applications. Future right to buy receipts have not been allocated to specific schemes at this stage but are anticipated to be utilised where grant bids are unsuccessful or new homes are on sites not eligible for grant.
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 2022.
- Re-phasing of expenditure anticipated to take place in 2021/22 into 2022/23 and beyond, as approved in June / July 2022.
- Increase of £11,520,000 in the budget for the purchase of homes on the development site at L2, recognising that the HRA will now acquire all 75 homes on the site, as approved at Housing Scrutiny Committee in June 2022.
- Increase in the budgets for Fen Road and Borrowdale and a reduction in the budget for Ditton Fields, based upon the latest cost assumptions, as approved at Housing Scrutiny Committee in June 2022, and resulting in a net increase of £97,000.
- Re-allocation of new build budget of £28,587,000 between the unallocated / generic new build budget and the scheme specific budget for Fanshawe Road, following approval of the scheme at Housing Scrutiny Committee in June 2022, but also recognising an increase of £650,000 in respect of the cost of buy backs, which was previously understated.
- Increase of £32,000 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.
- Revision of the budgets for Aragon Close and Sackville Close, with increase of £115,000 and £133,000 respectively, recognising both increased labour and material prices.
- Revision of the budgets for St Thomas's Road and Paget Road, with an increase of £848,000 in respect of St Thomas's Road recognising the need to acquire an adjacent dwelling which will be modified to allow site access and then sold on. The budget for Paget Road is reduced by £421,000, recognising an increase in

costs, but also a reduction in the number of units to be delivered on the site. Neither scheme will now benefit from ERDF grant.

- Reallocation of the budget of £14,552,000 for securing vacant possession at Princes and Hanover Court from the acquisitions budget, and a further net £14,058,000 from the 1,000 homes programme budget to allow redevelopment if this is the recommended option.
- Update to the resource incorporated to facilitate the 1,000 New Homes Programme, in line with the latest cost and grant assumptions.
- An increase of £1,416,000 in the acquisition budget to allow for the acquisition of an existing building which would provide 8 self-contained sheltered housing units.
- Adjust inflation budgets to recognise that the individual scheme budgets have been adjusted for any in year cost increases.
- 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, and borrowing requirements.

Section 8
Summary and Conclusions

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 up-to-date intelligence and information, utilising historical information, externally available data and 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 base revenue budget position for the HRA for the period between 2022/23 and 2031/32, 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 Budget Strategy

The Budget Process

The HRA budget for 2023/24 will incorporate any changes proposed and agreed as part of this iteration of the business plan. The Council recently commissioned an independent review of the budget process and associated governance issues, and Strategy and Resources approved a number of recommendations in July 2022, following this review.

The recommendations include:

- consider moving to a more typical budget setting process, aligning processes and decision making for the General Fund and HRA where possible
- review current political management arrangements
- clarify roles of government, members and officers
- provide a wider context for members of the local government sector
- review and simplify delegation and virement rules and produce a summary for budget holders
- review the timeline and process for reports to formal member meetings to reduce time taken
- limit officer input into the opposition budget process to a high level assessment of feasibility, lawfulness and accuracy
- review the budget bid process to exclude bids not generated by the leading group or to set a minimum value
- develop an annual communication strategy to underpin the budget process

Some changes will be implemented for the 2023/24 budget process, but others need a review of the constitution and governance arrangement and so will not be implement until the following year.

Development of the Budget Strategy

The HRA faces significant challenges, with inflation in costs expected to far outweigh increases in income and interest rates in respect of borrowing having increased significantly over recent months. Increased investment is anticipated in the existing housing stock in respect of both health and safety and fire safety works, and the commitment to significantly improve the sustainability of the dwellings by 2030 is an area where additional resource will be required.

For 2022/23 the HRA Medium Term Financial Strategy incorporates changes in the anticipated dwelling and garage rental income for the current year as a result of increased voids, decants for redevelopment and delays in the delivery of new homes and in the case of garages, demolition of a number to for safety reasons or facilitate development. The update also

includes changes in the contribution to the bad debt provision, anticipated interest earned in year from a revenue perspective, anticipated interest paid on borrowing and in depreciation of the housing stock, alongside some changes in operational budgets.

Changes have been incorporated in the Housing Capital Programme, recognising delays in both the new build delivery programme and in investment in the existing housing stock, but also updating the sums ear-marked for the 1,000 homes programme to take account of updated assumptions.

Updating the assumptions for the HRA business plan for future years has resulted in a significantly poorer outlook than in previous years, The changes in assumptions include an increase in inflation causing an increase in all costs both revenue and capital, a significant increase in the rate of interest for borrowing, an anticipated cap on rent increases for 2023/34, and a reduction in the level of grant funding we might receive from Homes England for the delivery of new homes,

The borrowing requirement in future years in order to deliver the 1,000 new council rented homes has increased significantly, with an estimated £508,000,000 required over the next ten years and £699,000,000 over the life of the plan. 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, but at a lower level than previously assumed. Failure to secure grant will require a significant review of both the proposed development programme and the HRA business plan.

The HRA needs to be able to clearly demonstrate that it can support any borrowing, with borrowing 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 still been excluded currently, as the business plan is unable to support the level of borrowing that would be required without an additional future revenue stream.

As borrowing is required, borrowing routes need to explored in detail. If the HRA is to deliver the 1,000 net new council rented homes, taking account of the latest changes in assumptions,

there will no longer be the ability to set-aside resource to repay any of the self-financing debt and all borrowing will need to be re-financed at maturity, materially impacting the financial forecasts for the HRA and driving the need to identify savings in future iterations of the business plan.

With the current pressure on the HRA finances, and the aspiration to deliver a net 1,000 new council rented homes, this report proposes retention of a budget strategy where efficiency savings are sought at a level to create a strategic investment fund to meet the cost of any unavoidable revenue pressures or bids for resource in new areas. This will ensue that the HRA doesn't increase its base costs at a time when there is so much financial uncertainty.

The alternative option would be to set an efficiency savings target at a level above the proposed strategic investment fund, to generate net ongoing savings in the HRA, to reduce the overall need to borrow. This approach is not proposed for 2023/24 as there are a number of key areas of the HRA that are facing pressure currently, in terms of the need to meet updated statutory, health and safety, compliance and regulatory requirements. The outcome of the corporate transformation programme, and its impact for the HRA is also an uncertainty at this stage.

The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2023/24 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, it is recommended that an efficiency target is retained for 2023/24 as in previous years, with a corresponding strategic investment fund.

The continued inclusion of an efficiency savings target equivalent to 4% of general management and repairs administration expenditure (now £180,000 per annum) efficiency target is retained. This allows resource to be identified for strategic reinvestment in other areas of the housing service. The authority will need to review and evaluate its position again for

2024/25 onwards, once the longer-term impacts on the economy, and any potential recovery are clearer.

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

As part of the 2023/24 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.

The position for the HRA will be reviewed again as part of the January 2023 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 the aspiration to improve levels of energy efficiency being key.

It is likely that a net savings position may need to be sought from 2024/25 onwards, but by this point it is hoped that the economic outlook will be clearer, and the corporate transformation programme will have presented recommendations for change.

HRA MTFS Conclusions

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

As a result of high cost inflation estimates In the medium-term, costs are predicted to increase at significantly higher rates than rent income is expected to go up by, with rent increases being imposed at a time when tenants are facing multiple cost of living increases. It is also clear that if the authority is to deliver 1,000 net new council rented homes, significantly more borrowing will be required, and at a higher interest rate than previously anticipated.

Although the HRA can just about support the interest payments on this borrowing, there will be absolutely no ability to set-aside any resource for the repayment of the principal sums of this, or the original self-financing, borrowing, with a requirement to-re-finance all borrowing at maturity. The HRA will also be susceptible to any adverse changes in other business planning assumptions, further inflationary increases, interest rate increases, increases in rent arrears and bad debts, increases in statutory expenditure, such as decent homes.

Detailed exploration of the borrowing options is key, to identify whether lower interest rates can be achieved by securing finance from anywhere other than the PWLB.

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 phase 2 of the government review of the decent home's standard (Decent Homes 2) concludes later this year, with a refreshed standard anticipated.

There is currently sufficient resource (borrowing) incorporated into the financial assumptions to match fund retained right to buy receipts with the 60% of additional investment required, to avoid the need to return receipts to central government, with payment of penalty interest at CPI plus 4%. 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.

One of the biggest challenges the authority faces, is demonstrating financial viability of new build schemes, with grant rates being lower than previously hoped, particularly when coupled with the significant increase in borrowing rates.

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 2024/25, followed by increases at CPI plus 0.5%, being one of the critical assumptions included. The rent increase for 2023/24 has currently been assumed to be capped by government, with an assumed increase of 3% incorporated currently for prudency. The ceiling on rent increases for 2023/24 is

currently subject to consultation and the level at which rents are finally set for the coming year will have a material effect on the future of the HRA business plan and the authority's ability to invest in new homes or to consider retrofit of any of the exiting housing stock.

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 2,050 residents are now thought to be claiming Universal Credit, approximately 2,300 are still in receipt of Housing Benefit, although the latter will include pensionable age tenants, sheltered and temporary housing residents.

The inclusion of an efficiency target, offset by a corresponding strategic reinvestment fund is still considered to be a prudent approach for 2023/24 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.

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 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 level of borrowing anticipated can just be supported with the current assumptions being made, but not redeemed in any way, and any net savings would help to mitigate this position. With the degree of uncertainty in the economy currently, the anticipated changes that will come through the Social Housing Charter and Decent Homes 2 and the stage at which the corporate transformation project is at, seeking significant net savings for 2023/24 is not

considered an appropriate approach. This will, however. be reviewed going forward once commitments are clearer.

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 Leaders 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 DLUHC 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 with, and to provide cover against unforeseen events / pressures.

Risk Area & Issue arising	Controls / Mitigation Action
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 Business plan assumption that all borrowing is re-financed at the end each borrowing term can't be supported	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 review of key parameters whist the long-term impact of the coronavirus pandemic is still uncertain. Business plan revenue is reviewed annually, housing stock is maintained to decent standards, with an asset management strategy in place.
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
Rent and service charge arrears increase, and bad debt rises, as a direct result of the Welfare Benefit Reforms or the Coronavirus pandemic	• Council seeks to influence national settlements and legislative changes through response to formal consultation • 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)	**9.4% for 2023/24, returning to 2% from 2024/25**	**General inflation on expenditure included at 9.4% for 2023/24, with 2% ongoing per Bank of England and OBR forecasts.**	**Amended**
Capital and Planned Repairs Inflation	**3.95% for 5 years, then revert to CPI. 4.7% for new build**	**Based upon the mix of BCIS and CPI forecasts for next 5 years, using averages over this period. Reverts to CPI after 5 years. Adopt 4.7% for new build based upon industry projections.**	**Amended**
Debt Repayment	**No debt repayment assumed**	**Assumes surplus is re-invested in income generating assets, but with borrowing rates resulting in ability to support interest payments only.**	**Amended**
Pay Inflation	**1% Pay Progression & Pay Inflation at £1,925 for 2022/23, 3%, then 2%**	**Assume allowance for increments at 1% and cost of living pay inflation at £1,925 for 2022/23, 3% for 2023/24, 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	**3% for 2023/24, then CPI plus 1% for 1 year from 2024/25, then CPI plus 0.5% for 5 years**	**Assume a cap at 3% for 2023/24, then rent increases of up to CPI plus 1% for 1 final year in 2024/25, reverting to inflation plus 0.5% for 5 years after this, then CPI. Assume CPI in preceding September is as above, but recognising cap for 2023/24.**	**Amended**
Affordable Rent Review Inflation	**3% for 2023/24, then CPI plus 1% for 1 year from 2024/25, then CPI**	**Affordable rents to be reviewed annually in line with rent guidance, ensuring that they do not breach the Local Housing Allowance, 60% or 80% of market rent, depending upon the tenure.**	**Amended**
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained

Key Area	Assumption	Comment	Status
External Lending Interest Rate	**0.69% for 2022/23, then 0.75%**	**Interest rates based on latest market projections, recognising that the HRA will benefit from low risk investments only**	**Amended**
Internal Lending Interest Rate	**0.69% for 2022/23, then 0.75%**	**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	**3.46%**	**Assumes additional borrowing using PWLB projected rates generated by Link, with certainty rate applied.**	**Amended**
Internal Borrowing Interest Rate	**3.46%**	**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	**32 in 2022/23, then 25 sales ongoing**	**Activity has begun to recover, increase assumption for 2022/23, but retain previous assumption of 25 sales annually from 2023/24 ongoing.**	**Amended**
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for one receipts included, and ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	**2% for 2022/23, then 1% ongoing**	**Assume increased general void rate of 2% for 2022/23, then ongoing void rate of 1% from 2023/24, recognising current void performance.**	**Amended**
Bad Debts	1.5% from 2022/23 ongoing	Bad debt 1.5% ongoing reflecting the requirement to collect 100% of rent directly through Universal Credit.	Retained
Savings Target	£180,000 (4% of general and repairs administrative expenditure)	Retain an efficiency target, now at £180,000 from 2022/23 for 5 years. Allows strategic reinvestment or alternatively a response to pressure from national housing policy change.	Retained

Key Area	Assumption	Comment	Status
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Strategic Investment Fund	£180,000	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

Year End Date for Receipt	Retained 1-4-1 Receipt Value (Per Annum)	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)	Further New Build Spend Required by Deadline (Cumulative)	Retained 1-4-1 Receipt Extinguished (Cumulative) receipts	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)
31/03/2017	6,772,295.12	19,908,434.35	66,361,447.83	31/03/2022	109,235,760.54	0.00	37,058,159.43	-
31/03/2018	6,701,883.54	26,610,317.89	83,116,156.68	31/03/2023		0.00		-
31/03/2019	3,535,325.69	30,145,643.58	91,954,470.91	31/03/2024		0.00		-
31/03/2020	3,345,892.15	33,491,535.73	100,319,201.28	31/03/2025		0.00		-
31/03/2021	2,457,228.82	35,948,764.55	106,462,273.33	31/03/2026		0.00		-
31/03/2022	4,065,708.84	40,014,473.39	116,626,545.43	31/03/2027		7,390,784.89		2,956,313.96

Based upon current projections, the existing balance of retained right to buy receipts is forecast to be re-invested in full by the end of 2023/24, well before the deadline of 31/3/2027 (see Appendix F).

Appendix D

2022/23 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2022/23 Budget (£)	Budget Amendment in 2023/24 Budget (£)	Comment
Budgeted use of / (contribution to) HRA Reserves pre MTFS		**13,591,290**		
HRA General and Special Management				
Increased staffing in Temporary Housing	Employment of an additional Assistant Housing Officer, recognising the increase in stock numbers	0	0	Funding already incorporated into the HRA business plan
Increased cost of Housing Ombudsman	The statutory subscription to the Housing Ombudsman Service has increased significantly from 2022/23	18,800	18,800	Built into base for future years
Increased property valuations	To set and review rents at 60% and 80% of market rent, regular valuations will be required	16,250	16,250	Built into base for future years
		23,270	46.540	
Total HRA General and Special Management		**58,320**		
HRA Repairs				
Increase staffing in Estates and Facilities	Continued employment of the Asbestos Surveyor, where this post has previously been fixed term	0	0	Funding already incorporated into the HRA business plan
Increased void costs	An increase in both the volume and complexity of voids will require additional resource in 2022/23, but with the assumption this can be managed for future years	0	0	Funding already incorporated into the HRA business plan
Estate Investment Scheme	Transfer of funding from the capital budget of the EIS Scheme to revenue to allow funding of revenue-related projects	150,000	0	
Total HRA Repairs		**150,000**		
HRA Summary Account				

Area of Income / Expenditure	Description	Budget Amendment in 2022/23 Budget (£)	Budget Amendment in 2023/24 Budget (£)	Comment
Bad Debt Provision	Reduction in bad debt provision based on latest assumptions	(3,270)	0	One-off additional contribution
Rent Income	Reduction in rental income for 2022/23 due to delays in new build handover, increased voids and accelerated decants	834,730	Incorporated into base assumptions	Built into base for future years
Service Charge Income	Increased income in temporary housing die to increased units	0	0	Income already incorporated into the HRA business plan
Garage Rent	Reduction in garage rent recognising garages demolished in 2021/22 for redevelopment and in early 2022/23 for structural reasons	42,900	Incorporated into base assumptions	Built into base for future years
Dwelling Depreciation	Reduction in the estimated level of depreciation based upon a review of remaining useful asset lives	(674,450)	Incorporated into base assumptions	Built into base for future years
RTB capitalisation	The sum that can be capitalised in respect of administrative costs will be higher due to an increase in sales and an increase in the fixed sts element of the calculation	(44,530)	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	The HRA will receive a higher interest receipt as a result of higher cash balances due to underspending in 2021/22.	(79,020)	One-off loss	Impact built into base for future years
Interest paid on Borrowing	Reduction in interest paid, with assumed borrowing in 2022/23 now at a higher interest rate, but with a lower level of borrowing need	(251,790)	Incorporated into base assumptions	Built into base for future years
Direct Revenue Financing (DRF) of capital	A reduction in DRF recognising the transfer of Este Investment Scheme funding from capital to revenue	(150,000)	0	One-Off
Increased Inflation	Following a review of the inflation held centrally in the HRA from 2022/23, an increase is required from	0	163,070	Built into base for future years

Area of Income / Expenditure	Description	Budget Amendment in 2022/23 Budget (£)	Budget Amendment in 2023/24 Budget (£)	Comment
	2023/24 to meet cost increases in year			
Total HRA Summary		**(325,430)**		
Revised use of / (contribution to) HRA Reserves post MTFS		**13,474,180**		

Appendix E

2022/23 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Total Housing Capital Plan Expenditure pre HRA MTFS	**116,391**	**71,105**	**151,617**	**196,782**	**238,446**
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	600	(55)	143	628	(724)
Bathrooms	624	12	400	(26)	(477)
Central Heating / Boilers	0	(350)	423	(429)	(375)
Insulation / Energy Efficiency / Wall Finishes	0	(67)	(114)	(211)	522
Energy Efficiency Pilot / Retrofit	0	0	0	0	0
External Doors	600	14	72	(16)	(27)
PVCU Windows	0	546	219	407	(576)
Wall Structure	2,600	(880)	(17)	263	(178)
Roof Covering (including chimneys)	0	29	1,311	(405)	(635)
Electrical / Wiring	0	26	58	(216)	53
Other Health and Safety Works	0	0	50	0	(3)
Decent Homes Backlog	(4,424)	903	903	903	903
Decent Homes Planned Maintenance Contractor Overheads	0	30	279	(1)	(265)
Transfer Estate Investment Scheme funding to revenue	(150)	0	0	0	0
Re-phase retrofit pilot energy works funding	(4,500)	4,500	0	0	0
Decent Homes New Build Allocation	(679)	(126)	(22)	105	15
Re-profile other investment in HRA stock budget based upon latest stock numbers, contract prices and stock condition data:					
Communal Electrical Installations / Fire Systems / Communal Lighting	0	(57)	0	0	0
Communal Entrance / Enclosure Doors + Glazing	0	0	0	24	(24)
Communal Areas Floor Coverings	0	(77)	0	0	0
Lifts and Door Entry Systems	0	47	(10)	47	(75)
Estate Investment Scheme	0	(199)	199	0	0

Area of Expenditure And Change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	0	27	20	7	(11)
New Build					
Re-phase budget for Tedder Way	(278)	278	0	0	0
Re-phase budget for Kendal Way	(297)	297	0	0	0
Rephase budget for Colville Road II	(283)	78	205	0	0
Re-phase budget for Meadows and Buchan	(2,534)	1,162	1,372	0	0
Re-phase budget for Campkin Road	(759)	759	0	0	0
Increase budget for L2 per HSC decision to acquire the entire scheme	5,071	6,449	0	0	0
Rephase and increase budget for Colville Road III	(2,350)	2,014	368	0	0
Increase budget for Fen Road	0	84	0	0	0
Reduce budget for Ditton Fields	0	(117)	0	0	0
Re-phase and increase budget for Aragon Close	(420)	535	0	0	0
Re-phase nd increase budget for Sackville Close	(473)	606	0	0	0
Increase budget for Borrowdale	0	130	0	0	0
Re-phase budget for Aylesborough Close	(2,982)	186	2,796	0	0
Re-phase and increase budget for St Thomas's Road	848	0	0	0	0
Re-phase ad reduce budget for Paget Road	(576)	155	0	0	0
Allocate budget for Fanshawe Road from 1,000 homes budget allowing increased decant costs	3,825	6,788	7,764	7,764	2,446
Allocate budget for buy backs and decant at Princess and Hanover Court from general acquisitions budget and for redevelopment from the 1,000 homes programme budget	5,548	9,968	1,914	6,658	4,409
Reallocate ear-marked funds for Princess and Hanover to specific scheme budget	(8,888)	(5,664)	0	0	0
Increase in acquisitions budget to allow a strategic acquisition	1,416	0	0	0	0
Re-allocation of 1,000 homes budget in line with changes to scheme specific approvals and update of sums for latest programme assumptions	(12,573)	(832)	(81,254)	(119,491)	(143,793)
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	(601)	2,721	1,834	190	(2,274)
Total Housing Capital Plan Expenditure post HRA MTFS	**94,756**	**101,025**	**90,530**	**92,983**	**97,357**

Appendix F

New Build Investment Cashflow

New Build / Re-Development Scheme	2022/23 £'0000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000
New Build / Acquisition / Re-Development Cash Expenditure										
Anstey Way	63	0	0	0	0	0	0	0	0	0
Tedder Way	154	319	0	0	0	0	0	0	0	0
Kendal Way	145	338	0	0	0	0	0	0	0	0
Akeman Street	62	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	2,258	0	0	0	0	0	0	0	0	0
Cromwell Road	3,213	378	0	0	0	0	0	0	0	0
Colville Road II	5,669	194	205	0	0	0	0	0	0	0
Meadows and Buchan Street	8,020	10,055	4,397	0	0	0	0	0	0	0
Clerk Maxwell Road	2,717	0	0	0	0	0	0	0	0	0
Campkin Road	7,537	1,760	0	0	0	0	0	0	0	0
L2	8,279	7,563	0	0	0	0	0	0	0	0
Colville Road III	4,421	6,925	613	0	0	0	0	0	0	0
Histon Road	1,674	0	0	0	0	0	0	0	0	0
Fen Road	2,693	1,077	0	0	0	0	0	0	0	0
Ditton Walk	1,335	531	0	0	0	0	0	0	0	0
Aragon Close	574	1,475	0	0	0	0	0	0	0	0
Sackville Close	580	1,546	0	0	0	0	0	0	0	0
Borrowdale	505	475	0	0	0	0	0	0	0	0
Aylesborough Close	1,650	10,910	6,166	0	0	0	0	0	0	0
St Thomas's Road	1,587	1,333	0	0	0	0	0	0	0	0

New Build / Re-Development Scheme	2022/23 £'0000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000
Paget Road	70	1,321	0	0	0	0	0	0	0	0
Fanshawe Road	3,825	6,788	7,764	7,764	2,446	0	0	0	0	0
Princess and Hanover	5,548	9,968	1,914	6,658	4,409	113	0	0	0	0
Acquisition or New Build (Unallocated)	2,444	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	1,735	11,275	41,632	46,836	56,376	45,101	41,632	46,836	39,897	15,612
Rough Sleeper Acquisitions	1,550	0	0	0	0	0	0	0	0	0
Total New Build/ Re-Development Expenditure	**68,308**	**74,231**	**62,691**	**61,258**	**63,231**	**45,214**	**41,632**	**46,836**	**39,897**	**15,612**
New Build Devolution Grant Funding / DLUHC Rough Sleeper Next Steps Grant Funding / Assumed Homes England Grant										
Anstey Way	(23)	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(1,581)	0	0	0	0	0	0	0	0	0
Cromwell Road	(2,249)	0	0	0	0	0	0	0	0	0
Colville Road II	(2,784)	(95)	0	0	0	0	0	0	0	0
Meadows and Buchan Street	(4,474)	(1,400)	0	0	0	0	0	0	0	0
Clerk Maxwell Road	(1,902)	0	0	0	0	0	0	0	0	0
Campkin Road	(3,464)	(770)	0	0	0	0	0	0	0	0
L2	(2,415)	(2,415)	0	0	0	0	0	0	0	0
Colville Road III	(1,072)	(1,072)	0	0	0	0	0	0	0	0
Fen Road	(539)	(539)	0	0	0	0	0	0	0	0
Ditton Walk	(267)	(267)	0	0	0	0	0	0	0	0
Aragon Close	(207)	(207)	0	0	0	0	0	0	0	0
Sackville Close	(207)	(207)	0	0	0	0	0	0	0	0
Borrowdale	(129)	(129)	0	0	0	0	0	0	0	0
Aylesborough Close	(1,050)	0	(1,050)	0	0	0	0	0	0	0
St Thomas's Road	(280)	0	(280)	0	0	0	0	0	0	0
Paget Road	(150)	(150)	0	0	0	0	0	0	0	0
Fanshawe Road	0	(2,754)	0	(2,754)	0	0	0	0	0	0

New Build / Re-Development Scheme	2022/23 £'0000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000
Rough Sleeper Acquisitions	(704)	0	0	0	0	0	0	0	0	0
1,000 New Build Programme	0	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)
Total New Build / Re-Development Funding	**(23,495)**	**(12,443)**	**(3,769)**	**(5,193)**	**(2,439)**	**(2,439)**	**(2,439)**	**(2,439)**	**(2,439)**	**(2,439)**
Use of Retained Right to Buy Funding										
Anstey Way	(10)	0	0	0	0	0	0	0	0	0
Tedder Way	(46)	(96)	0	0	0	0	0	0	0	0
Kendal Way	(44)	(101)	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	(677)	0	0	0	0	0	0	0	0	0
Cromwell Road	(321)	(38)	0	0	0	0	0	0	0	0
Colville Road II	(1,193)	(41)	(43)	0	0	0	0	0	0	0
Meadows and Buchan Street	(2,406)	(3,017)	(1,319)	0	0	0	0	0	0	0
Clerk Maxwell Road	(815)	0	0	0	0	0	0	0	0	0
Campkin Road	(1,484)	(352)	0	0	0	0	0	0	0	0
Histon Road	(167)	0	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	(3,396)	(3,464)	(3,533)	(3,604)	(3,676)	(3,749)	(3,824)
Total Use of Retained Right to Buy Funding	**(7,164)**	**(3,644)**	**(1,362)**	**(3,396)**	**(3,464)**	**(3,533)**	**(3,604)**	**(3,676)**	**(3,749)**	**(3,824)**
Total to be funded from HRA Resources (DRF & MRR) and Sales Receipts	**37,649**	**(1,910)**	**(6,221)**	**(9,337)**	**(11,235)**	**(10,296)**	**(14,914)**	**(22,736)**	**(30,723)**	**(5,471)**
Total HRA Borrowing	**0**	**60,054**	**63,781**	**62,006**	**68,563**	**49,539**	**50,503**	**63,457**	**64,432**	**14,820**

Appendix G (1)

HRA Summary Forecast 2022/23 to 2026/27

Description	2022/23 £0	2023/24 £0	2024/25 £0	2025/26 £0	2026/27 £0
Income					
Rental Income (Dwellings)	(40,479,190)	(44,133,950)	(47,205,080)	(50,660,570)	(53,325,470)
Rental Income (Other)	(1,303,520)	(1,329,590)	(1,356,180)	(1,383,310)	(1,410,970)
Service Charges	(3,389,820)	(3,690,750)	(3,760,800)	(3,832,250)	(3,905,130)
Contribution towards Expenditure	(566,360)	(619,600)	(631,980)	(644,630)	(657,520)
Other Income	(508,540)	(546,390)	(557,320)	(568,460)	(579,830)
Total Income	**(46,247,430)**	**(50,320,280)**	**(53,511,360)**	**(57,089,220)**	**(59,878,920)**
Expenditure					
Supervision & Management - General	5,505,390	5,919,190	6,142,630	6,397,040	6,600,220
Supervision & Management - Special	3,673,550	3,980,220	4,071,860	4,165,680	4,261,750
Repairs & Maintenance	9,414,360	8,959,800	9,425,880	9,904,180	10,316,640
Depreciation – t/f to Major Repairs Res.	10,469,290	11,986,170	12,660,170	13,570,300	14,327,140
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	2,794,180	2,986,220	3,090,100	3,201,130	3,301,840
Total Expenditure	**31,856,770**	**33,831,600**	**35,390,640**	**37,238,330**	**38,807,590**
Net Cost of HRA Services	**(14,390,660)**	**(16,488,680)**	**(18,120,720)**	**(19,850,890)**	**(21,071,330)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(300,270)	(146,940)	(145,400)	(153,070)	(152,140)
HRA (Surplus) / Deficit for the Year	**(14,690,930)**	**(16,635,620)**	**(18,266,120)**	**(20,003,960)**	**(21,223,470)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,478,430	8,545,250	10,688,420	12,859,750	15,122,940
Housing Set Aside	0	0	0	0	0
Appropriation from Ear-Marked Reserve	(14,704,510)	0	0	0	0
Direct Revenue Financing of Capital	35,391,190	10,210,690	7,453,830	7,205,570	6,953,420
(Surplus) / Deficit for Year	**13,474,180**	**2,120,320**	**(123,870)**	**61,360**	**852,890**
Balance b/f	(19,590,023)	(6,115,843)	(3,995,523)	(4,119,393)	(4,058,033)
Total Balance c/f	**(6,115,843)**	**(3,995,523)**	**(4,119,393)**	**(4,058,033)**	**(3,205,143)**

Appendix G (2)

HRA 10 Year Summary Forecast 2022/23 to 2031/32

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
Rental Income (Dwellings)	(40,479)	(44,134)	(47,205)	(50,661)	(53,325)	(56,230)	(59,228)	(61,968)	(64,585)	(67,281)
Rental Income (Other)	(1,304)	(1,329)	(1,356)	(1,383)	(1,411)	(1,439)	(1,468)	(1,498)	(1,527)	(1,558)
Service Charges	(3,390)	(3,691)	(3,761)	(3,832)	(3,905)	(3,979)	(4,059)	(4,140)	(4,223)	(4,308)
Contribution towards Expenditure	(566)	(620)	(632)	(645)	(658)	(671)	(684)	(698)	(712)	(726)
Other Income	(509)	(546)	(557)	(568)	(580)	(591)	(603)	(615)	(628)	(640)
Total Income	**(46,248)**	**(50,320)**	**(53,511)**	**(57,089)**	**(59,879)**	**(62,910)**	**(66,042)**	**(68,919)**	**(71,675)**	**(74,513)**
Expenditure										
Supervision & Management - General	5,505	5,919	6,143	6,397	6,600	6,835	7,051	7,273	7,501	7,735
Supervision & Management - Special	3,674	3,980	4,072	4,166	4,262	4,360	4,461	4,564	4,670	4,778
Repairs & Maintenance	9,415	8,960	9,426	9,904	10,317	10,963	11,192	11,709	12,210	12,686
Depreciation – to Major Repairs Res.	10,469	11,986	12,660	13,570	14,327	14,779	15,409	15,904	16,421	16,951
Debt Management Expenditure	0	0	0	0	0	0	0	0	0	0
Other Expenditure	2,794	2,986	3,090	3,201	3,302	3,408	3,516	3,623	3,729	3,838
Total Expenditure	**31,857**	**33,831**	**35,391**	**37,238**	**38,808**	**40,345**	**41,629**	**43,073**	**44,531**	**45,988**
Net Cost of HRA Services	**(14,391)**	**(16,489)**	**(18,120)**	**(19,851)**	**(21,071)**	**(22,565)**	**(24,413)**	**(25,846)**	**(27,144)**	**(28,525)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account										
Interest Receivable	(300)	(147)	(145)	(153)	(152)	(152)	(154)	(157)	(160)	(163)
(Surplus) / Deficit on the HRA for the Year	**(14,691)**	**(16,636)**	**(18,265)**	**(20,004)**	**(21,223)**	**(22,717)**	**(24,567)**	**(26,003)**	**(27,304)**	**(28,688)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance										
Loan Interest	7,478	8,545	10,688	12,860	15,123	17,184	18,915	20,874	23,080	24,490

Housing Set Aside	0	0	0	0	0	0	0	0	0	0
Appropriation from Ear-Marked Reserve	(14,704)	0	0	0	0	0	0	0	0	0
Direct Revenue Financing of Capital	35,391	10,211	7,454	7,205	6,953	5,530	5,587	5,028	4,158	4,281
(Surplus) / Deficit for Year	**13,474**	**2,120**	**(123)**	**61**	**853**	**(3)**	**(65)**	**(101)**	**(66)**	**83**
Balance b/f	(19,590)	(6,116)	(3,996)	(4,119)	(4,058)	(3,205)	(3,208)	(3,273)	(3,374)	(3,440)
Total Balance c/f	**(6,116)**	**(3,996)**	**(4,119)**	**(4,058)**	**(3,205)**	**(3,208)**	**(3,273)**	**(3,374)**	**(3,440)**	**(3,357)**

Appendix H

Housing Capital Investment Plan (10 Year Detailed Investment Plan)

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Housing Capital Spend										
Disabled Facilities Grants	705	705	705	705	705	705	705	705	705	705
Private Sector Housing Grants and Loans	195	195	195	195	195	195	195	195	195	195
Total General Fund Housing Capital Spend	**900**	**900**	**900**	**900**	**900**	**900**	**900**	**900**	**900**	**900**
HRA Capital Spend										
Decent Homes										
Kitchens	865	528	682	1,350	659	1,300	1,187	1,553	3,127	1,341
Bathrooms	800	138	560	586	132	53	328	964	823	53
Central Heating / Boilers	2,912	1,730	2,265	1,750	2,337	1,456	1,641	3,015	2,946	2,955
Insulation / Energy Efficiency / Wall Finishes	2,039	620	541	357	946	176	1,126	725	798	959
Energy Efficiency Pilot / Retrofit	1,500	4,500	0	0	0	0	0	0	0	0
External Doors	1,058	24	94	80	49	18	66	242	289	51
PVCU Windows	1,021	783	987	945	373	316	1,099	772	885	787
Wall Structure	2,824	19	2	266	92	529	687	1,177	965	557
External Painting	371	357	357	357	357	357	707	357	357	357
Roof Structure	425	300	300	300	300	300	300	300	300	300
Roof Covering (including chimneys)	1,079	676	1,993	1,582	1,010	1,120	879	432	1,747	561
Electrical / Wiring	255	334	392	179	258	4	19	399	2,823	118

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sulphate Attacks	102	102	102	102	102	102	102	102	102	102
HHSRS Contingency	278	500	300	100	100	100	100	100	100	100
Other Health and Safety Works	50	50	50	0	0	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	505	505	505	505	505	505	505	505	505	360
Decent Homes Backlog	0	5,327	5,327	5,327	5,327	4,593	4,593	4,593	4,593	0
Decent Homes Planned Maintenance Contractor Overheads	1,853	678	948	875	739	641	910	1,119	1,683	906
Decent Homes New Build Allocation	0	1,101	1,787	2,355	2,723	3,305	3,705	4,121	4,551	4,997
Total Decent Homes	**17,937**	**18,272**	**17,192**	**17,016**	**16,009**	**14,875**	**17,954**	**20,476**	**26,594**	**14,504**
Other Spend on HRA Stock										
Garage Improvements	167	100	100	100	100	100	100	100	100	100
Asbestos Removal	23	50	50	50	50	50	50	50	50	50
Disabled Adaptations	1,008	808	808	808	808	808	808	808	808	808
Communal Areas Uplift	100	100	100	100	100	100	100	100	100	100
Communal Electrical Installations / Fire Systems / Communal Lighting	350	150	150	150	150	150	150	150	150	150
Communal Entrance / Enclosure Doors + Glazing	521	121	121	145	121	121	121	121	152	121
Fire Prevention / Fire Safety Works	2,122	50	50	700	50	50	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	262	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	49	47	28	75	0	0	0	0	28	0
Estate Investment Scheme	1,850	1,000	199	0	0	0	0	0	0	0
Capitalised Officer Fees - Other HRA Stock Spend	141	114	114	114	114	114	114	114	114	114

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	380	303	212	198	187	187	188	188	194	187
Total Other Spend on HRA stock	**7,073**	**3,168**	**2,257**	**2,765**	**2,005**	**2,005**	**2,006**	**2,006**	**2,071**	**2,005**
HRA New Build / Re-Development										
Anstey Way	63	0	0	0	0	0	0	0	0	0
Tedder Way	154	319	0	0	0	0	0	0	0	0
Kendal Way	145	338	0	0	0	0	0	0	0	0
Akeman Street	62	0	0	0	0	0	0	0	0	0
Mill Road (Phase I and II)	2,258	0	0	0	0	0	0	0	0	0
Cromwell Road	3,213	378	0	0	0	0	0	0	0	0
Colville Road Phase II	5,669	194	205	0	0	0	0	0	0	0
Meadows and Buchan Street	8,020	10,055	4,397	0	0	0	0	0	0	0
Clerk Maxwell Road	2,717	0	0	0	0	0	0	0	0	0
Campkin Road	7,537	1,760	0	0	0	0	0	0	0	0
Histon Road	1,674	0	0	0	0	0	0	0	0	0
L2	8,279	7,563	0	0	0	0	0	0	0	0
Colville Road Phase III	4,421	6,925	613	0	0	0	0	0	0	0
Fen Road	2,693	1,077	0	0	0	0	0	0	0	0
Ditton Fields	1,335	531	0	0	0	0	0	0	0	0
Aragon Close	574	1,475	0	0	0	0	0	0	0	0
Sackville Close	580	1,546	0	0	0	0	0	0	0	0
Borrowdale	505	475	0	0	0	0	0	0	0	0
Aylesborough Close	1,650	10,910	6,166	0	0	0	0	0	0	0
St Thomas's Road	1,587	1,333	0	0	0	0	0	0	0	0
Paget Road	70	1,321	0	0	0	0	0	0	0	0

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fanshawe Road	3,825	6,788	7,764	7,764	2,446	0	0	0	0	0
Princess and Hanover	5,548	9,968	1,914	6,658	4,409	113	0	0	0	0
Acquisition and Decant (Incl. for New Build)	2,444	0	0	0	0	0	0	0	0	0
1,000 New Build Programme (Unallocated)	1,735	11,275	41,632	46,836	56,376	45,101	41,632	46,836	39,897	15,612
Rough Sleeper Acquisitions	1,550	0	0	0	0	0	0	0	0	0
Total HRA New Build	**68,308**	**74,231**	**62,691**	**61,258**	**63,231**	**45,214**	**41,632**	**46,836**	**39,897**	**15,612**
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	119	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	69	30	30	30	30	30	30	30	30	30
Estate Service Van	50	0	0	0	0	0	0	0	0	0
Total Other HRA Capital Spend	**538**	**330**	**330**	**330**	**330**	**330**	**330**	**330**	**330**	**330**
Total HRA Capital Spend	**93,856**	**96,001**	**82,470**	**81,369**	**81,575**	**62,424**	**61,922**	**69,648**	**68,892**	**32,451**
Total Housing Capital Spend at Base Year Prices	**94,756**	**96,901**	**83,370**	**82,269**	**82,475**	**63,324**	**62,822**	**70,548**	**69,792**	**33,351**
Inflation Allowance and Stock Reduction Adjustment for Future Years	0	4,124	7,160	10,714	14,882	14,163	16,443	21,739	23,248	10,866
Total Inflated Housing Capital Spend	**94,756**	**101,025**	**90,530**	**92,983**	**97,357**	**77,487**	**79,265**	**92,287**	**93,040**	**44,217**

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Capital Resources										
Right to Buy Receipts	(488)	(493)	(498)	(503)	(508)	(513)	(518)	(523)	(529)	(534)
Other Capital Receipts (Land & Dwellings, incl. Market, Rent to Buy and SO Sales)	0	(614)	0	(104)	(98)	(149)	(201)	(254)	(308)	(363)
Major Repairs Reserve	(21,435)	(12,562)	(12,660)	(13,570)	(14,327)	(14,779)	(15,409)	(15,904)	(16,421)	(16,951)
Direct Revenue Financing of Capital	(35,391)	(10,211)	(7,454)	(7,206)	(6,953)	(5,530)	(5,587)	(5,028)	(4,158)	(4,280)
Devolution Grant / Homes England Grant (assumed)	(23,495)	(12,443)	(3,769)	(5,193)	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)	(2,439)
Disabled Facilities Grant	(705)	(705)	(705)	(705)	(705)	(705)	(705)	(705)	(705)	(705)
Other Capital Resources (Grants / Shared Ownership Re-Sale / R&R Funding)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
Retained Right to Buy Receipts	(7,164)	(3,644)	(1,362)	(3,396)	(3,464)	(3,533)	(3,604)	(3,676)	(3,749)	(3,824)
Prudential Borrowing	0	(60,053)	(63,782)	(62,006)	(68,563)	(49,539)	(50,502)	(63,458)	(64,431)	(14,821)
Total Housing Capital Resources	**(88,978)**	**(101,025)**	**(90,530)**	**(92,983)**	**(97,357)**	**(77,487)**	**(79,265)**	**(92,287)**	**(93,040)**	**(44,217)**
Net (Surplus) / Deficit of Resources	5,778	0	0	0	0	0	0	0	0	0
Capital Balances b/f	**(6,346)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**
Use of / (Contribution to) Balances in Year	5,777	0	0	0	0	0	0	0	0	0
Capital Balances c/f	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**	**(569)**
Other Capital Balances (Opening Balance 1/4/2022)										

Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	(11,541)	Utilised in future years to fund investment in the housing stock								
Retained 1-4-1 Right to Buy Receipts	(7,244)	Utilised in 2022/23 above								
Right to Buy Receipts for Debt Redemption	(11,215)	Retained for future debt repayment								
Devolution Grant	(18,742)	Utilised in 2022/23 and 2023/24 above								
Total Other Capital Balances	**(48,742)**									

Appendix I

HRA Earmarked & Specific Revenue Funds (£'000)

Repairs & Renewals

	Opening Balance	Contributions	Expenditure to June	Current Balance
General Management	(702.1)	(71.1)	0.0	(773.2)
Special Services	(1,323.8)	(150.3)	19.6	(1,454.5)
Repairs and Maintenance	(586.2)	(49.3)	0.0	(635.5)
Total	**(2,612.1)**	**(270.7)**	**19.6**	**(2,863.2)**

Tenants Survey

	Opening Balance	Contributions	Expenditure to June	Current Balance
Tenants Survey	(34.7)	(6.5)	0.0	(41.2)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to June	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 June	Current Balance
Debt Set-Aside	(11,215.4)	0.0)	0.0	(11,215.4)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to June	Current Balance
MRR	(11,540.7)	0.0	0.0	(11,540.7)

Appendix J

Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	Capped at 3% for 2023/24, then CPI plus 1% for 1 further year from 2024/25, followed by CPI plus 0.5% for 5 years, then CPI	No confirmation from government, for the 2023/24 rent review, but also 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 £52 million during the life of the plan and interest payments by £20 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 2023/24.	Borrowing increases by £93 million during the life of the plan, with £58 million bad debt and £41 million in additional interest payments.
Cost of HRA New Build 1,000 Programme	Homes England Grant assumed for all eligible affordable tenures	Assume that the authority fails to secure Homes England Grant to support the delivery of new homes	Borrowing increases by £78 million during the life of the plan and interest payments increase by £48 million.
General Inflation	CPI assumed to be 9.4% for 2023/24, then 2% ongoing from 2024/25	Assume that the current high levels of inflation do not return to 2% within 12 months, with CPI at 7% and 4% before returning to 2% from 2026/27.	Borrowing increases by £40 million during the life of the plan.
Extend new build	1,000 net council rented homes delivered over 10 years	Assume delivery is far slower and is spread over a 20 year period	Borrowing increases by £78 million during the life of the plan and interest payments increase by £35 million.

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 and Interest Rates
Future uncertainty exists in the borrowing route 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. Interest rates are currently rising, and it is difficult to predict where they will settle. 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 begun to recover, following a reduction in activity in 2020/21 as a result of the coronavirus pandemic. Indications are that renewed interest is being sustained but uncertainty in the economy, and particularly the current increased cost of living, may impact future sales. It is impossible to predict this accurately.
Right to Buy Retention Agreement
Resource retained in respect of 1-4-1 receipts must be appropriately re-invested to avoid payment of an interest penalty, currently at the rate CPI pls 4%, so 13.4%. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty in the medium-term, so no interest payments are assumed in the business plan.
Inflation
It is difficult to predict the longer-term position in respect of inflation, which is currently incredibly high. The longer-term impact of the conflict In Ukraine in respect of both fuel and utility prices is also unclear at this time. The government is committed to bringing down inflation levels, but it is impossible to predict how long this will take and how effective any measures introduced to achieve this will be.
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 still being experienced as a result of labour and materials shortages.
Welfare Reforms
The ongoing impact for the authority of the full local rollout of Universal Credit is still uncertain, but with expectations that we may see a significant increase in arrears levels.

Housing Revenue Account – Revenue Uncertainties

Housing White Paper and Repairs Legislation

The Social Housing Charter is anticipated to result in law being passed within the next 12 months, with the introduction of an inspection regime. The need for a review of legislation surrounding the decency and maintenance standards of social housing stock was identified as part of the charter, and we await the details of additional works that may e required.

National Rent Policy

The national rent policy, with what was previously rent guidance, now being legislation, removes local control over the setting of rent levels. Although the rent standard states increase of up to CPI plus 1% for two further years, it is anticipated that a cap may be imposed for 2023/24 due to the unprecedented level of inflation currently. There is also no indication what will be imposed from April 2025.

Housing Revenue Account - Capital Uncertainties

Sulphate Attack

Funding of £1.1m is still incorporated into the Housing Capital Programme to tackle sulphate attack in 98 potentially affected properties. Following a risk assessment, this allows works to be carried out, if required, and only when properties become void. 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

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

Right to Buy Sales and Retained Right to Buy Receipts

Under the agreement with DLUHC, 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 is still working through the implications of changes to fire safety and building safety regulations, which 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. The need to evidence that these costs are robust is being addressed by carrying out pilot programmes locally and the authority is exploring funding mechanisms to support this investment. The ability to deliver this level of investment without financial support is limited.

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.

Housing Revenue Account Appendix L

Rent Setting Policy

1 Introduction

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

2 Policy Statement

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

The Council will set rents following consideration of the Regulator of Social Housing's 'Rent Standard', in the context of both local housing demand and Cambridge's pressured housing market.

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

3 Policy Objectives

The objectives of the rent setting policy are:

- To consider, and respond locally, to Government guidance and Regulator of Social Housing requirements on setting rents for social housing
- To identify how Cambridge City Council will set rents for general, sheltered and supported housing properties, both social rented ad affordable rented
- To identify how Cambridge City Council will set rents for shared ownership properties
- To identify how Cambridge City Council will set rents for new build properties
- To identify how Cambridge City Council will set rents for garages and parking spaces

- To identify the process for providing statutory notice to tenants of proposed changes in rent levels

4 Background

Rent restructuring was introduced with effect from April 2002, with the aim of introducing consistency in the calculation of social rent across local authorities and other Registered Providers (RP's), ensuring that social rents were more affordable, fairer and less confusing for all tenants.

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

Alternatively, registered providers can deliver affordable rented homes, with rents set at up to 80% of market rent, but with the need to 'pay due regard' to the Local Housing Allowance.

The Government 'Policy statement on rents for social housing' document and the Regulator of Social Housing's 'Rent Standard' set outs the approach to calculating both social and affordable rent.

The Greater Cambridge Housing Strategy and associated Affordable Rents Policy set out local expectations for setting rents for social housing.

5 Detailed Implementation

Social Rent

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

- 70% based on the average county-level manual earnings compared with the national average manual earnings;

- 30% based on the January 1999 property valuation of an individual property, compared with the national average value of a social housing property;

- An additional 'weighting' based on the number bedrooms in the property.
- A weekly rent cap based upon the number of bedrooms in the property.

Historic low rents will be moved to target rent restructured rents only when a property becomes void unless the Regulator of Social Housing introduces further flexibility in the rent standard.

Consideration will be given to properties set at affordable rent levels that remain unlet for an extensive period of time to be reduced to social rents where any funding conditions allow this.

Affordable Rent

Government guidelines requires Cambridge City Council to consider rent levels of up to a maximum of 80% of market rent (inclusive of service charges) for any new affordable rented properties.

The Greater Cambridge Housing Strategy and associated Affordable Rents Policy requires affordable rents, inclusive of eligible property related service charges, in Cambridge to be set at 60% of market rent or the prevailing Local Housing Allowance rate, whichever is the lower.

Exceptions to this exist in specific circumstances, ie; where the up-front investment in the dwelling is higher due to sustainable build standards, but where for the tenant 'the overall affordability of the home, in terms of issues such as fuel costs and repair & maintenance of heating systems will be sufficiently reduced so that it is cost neutral to tenants.

The Council will comply with the Greater Cambridge Housing Strategy Affordable Rent Setting Policy in respect of the delivery of policy compliant housing (ie; 25% affordable housing on sites of 11 to 14 units and 40% affordable housing on sites of 15 units or more) when setting rents in the Housing Revenue Account stock, unless such an exception can clearly be demonstrated.

6 Annual Rent Review and Re-Let

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

Annual rent increases (or decreases) will comprise, in line with the Rent Standard, an adjustment to reflect the change in prices between one year and the next, with up to inflation plus 1.0%

applied across all properties (based on the consumer price index (CPI) inflation rate for the preceding September). This is applicable from April 2020, for at least 5 years, unless otherwise directed by government or the Regulator of Social Housing.

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

Rent will be due on each Monday during the rent year, raised on rent accounts across 52 or 53 weeks depending upon the number of Mondays in the rent year.

Where homes are re-let during the year, social rented homes will routinely be re-let at target rent restructured rent plus service charges. Affordable rented homes are required to be re-let at no more than 80% of market rent (60% to ensure continued compliance with the local rent setting policy), with the need to demonstrate this either through separate 'red book' valuation or by using a desktop review of market rent levels where sufficient market comparables are held by the authority.

7 General Needs, Sheltered and Supported Housing

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

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

8 Shared Ownership Housing

Rents for shared ownership properties will be amended in line with the requirements of each lease.

Social Rented Shared Ownership

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

Rents will be increased (or decreased) in line with the Rent Standard as far as possible within the terms of the lease, with a maximum increase of inflation (CPI at the preceding September) plus 1.0% for a minimum of 5 years from April 2020, unless otherwise directed by government or the Regulator of Social Housing.

In the event that the authority re-acquires the whole shared ownership dwelling, rents in respect of void properties will be set at target rent levels before the property is re-sold or let as rented accommodation.

Affordable Rent Shared Ownership

Shared ownership properties built since 2012 have been sold using a Homes England Shared Ownership Model Lease, where the 20% discount for the repair liability does not apply.

The initial rent charge will not exceed 3% of the capital value of the unsold equity, with providers encouraged to set rents at no more than 2.75% on average. The resident will have purchased a proportion of the property, and pays rent based upon the percentage of the property still owned by the Council.

Rents will be increased (or decreased) in line with the terms of the lease, with a maximum increase of inflation (RPI for a month specified in the lease) plus 0.5%

Rents in respect of properties that change ownership will remain at the rent level of the property prior to the acquisition transaction and will still be subject to any rent review that may fall due.

In the event that the authority re-acquires the whole shared ownership dwelling, rents in respect of void properties will be set to not exceed 3% of the capital value of the unsold equity, with providers encouraged to set rents at no more than 2.75%. If converted to rented

accommodation, rents will be set at 60% of market rent or the Local Housing Allowance, whichever is lower.

Any shared ownership homes built using grant funding from the 2021-26 Homes England Grant Programme will be sold using the new Homes England Shared Ownership Model Lease, which includes, amongst other things, the repair liability falling to the lessor for the first 10 years of ownership.

9 New Build Affordable Housing

In respect of new build housing, consideration will be given to rent levels in the context of the financial viability of the initial investment, with both social rents and affordable rents considered, where applicable.

Where new homes are delivered at social rents, the authority will obtain a market value for the property, discounted back to January 1999 levels, to allow the calculation of a social rent using the rent restructuring formula. The rent restructured target rent will be applied, with any service charges then added to this. The 5% flexibility may be applied if considered appropriate, and if approved for the scheme in question.

Where homes are delivered at affordable rents, with funding through either Homes England Grant or Retained Right to Buy Receipts currently making this possible, a market rental valuation will be sought. Rents will then be set at 60% of market rent, or the prevailing Local Housing Allowance level if this is lower, for planning policy compliant housing delivery. Rents can be set at 80% of market rent if unts are being delivered above the planning requirement. This rent is inclusive of eligible service charges.

This policy allows for planning compliant new build homes to be routinely delivered with rents at up to 60% of market rent levels, but recognises that there may be exceptions, dependent upon scheme cost, sustainability levels of the build and scheme viability, where there may be a case to set rents higher, and at up to 80% of market rent inclusive of service charge. Any exceptions will be clearly articulated throughout the scheme approval process.

10 Garages and Parking Spaces

Rent levels for garages and parking spaces will be in line with each year's Garage Charging Structure which will be reviewed annually as part of the budget process and set according to demand.

A variable charging structure will apply, with higher rents payable for garages or parking spaces located within a high demand or high value area. Any new garages or parking spaces will be assessed by the Strategic Director who has delegated authority to designate a standard or high demand / value area.

An additional premium for non-city residents / commuters and business / commercial lets may be added in line with the charging structure approved.

VAT will be applied to all private garages, ie; garages or parking spaces let to those who are either not housing tenants of Cambridge City Council or are tenants where the garage is being used for storage under a previous charging structure.

11 Monitoring

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

12 Review of the Rent Setting Policy

The Rent Setting Policy will be reviewed by officers every 3 to 5 years, or as otherwise required to allow for changes to national or other local policy, with any changes being presented to Housing Scrutiny Committee for debate, and then approval by the Executive Councillor for Housing.

Policy Date September 2022

Review Date January 2025

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APPOINTMENT TO THE CONSERVATORS OF THE RIVER CAM - EXECUTIVE COUNCILLOR FOR OPEN SPACES, FOOD JUSTICE AND COMMUNITY DEVELOPMENT

1.1 Councillor Bick has given notification of a change from the current appointee Councillor Hauk to Councillor Levien. The current other City Councillor appointees are Councillors Swift and Thornburrow. Unlike other changes to councillor representation on council committees which can be done by notice from the Group Leader to the Chief Executive, there is specific legislation relating to the Conservancy of the River Cam which requires any city council appointment to the Conservancy to be made by the Full Council.

Accordingly, Council is recommended to:

Appoint Councillor Levien to the Conservators of the River Cam (term ending December 2024 for all city council appointees).

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STRATEGY & RESOURCES SCRUTINY COMMITTEE 10 October 2022
5.00 - 8.50 pm

Present: Councillors Robertson (Chair), Bennett, Bick, Herbert, Payne, Smart, S. Smith and Sweeney

Executive Councillor: Davey (Executive Councillor for Finance, Resources and Transformation)

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

Council Tax Reduction Local Scheme April 2023-March 2026

Proposals for the Local Council Tax Scheme were presented and agreed by the Executive Councillor on 11 July 2022. Public consultation concluded on 18 September 2022 (Annex A of the attached report) and which broadly agreed with the proposals. The Strategy and Resources Scrutiny Committee considered and approved the proposals unanimously.

Accordingly, Council is recommended to:

(i) continue with the current Council Tax Reduction scheme (to include annual uprating in line with housing benefit rates) for working age claimants who are not in receipt of Universal Credit.
(ii) reset the non-dependant deduction rates for both working-age schemes for 1 year from 1 April 2023 and to uprate by September CPI figures thereafter.
(iii) continue with an earnings based banded local Council Tax Reduction scheme for Universal Credit claimants and to have fixed non-dependant deductions for these claims.
(iv) reset the earned income bands and contribution amounts set out in 4.03 Table 1 for 1 year from 1 April 2023 and to uprate by September CPI figures thereafter.
(v) align non-dependant deductions so the rules for application are the same for all schemes (prescribed Pensioner scheme and the two Local Schemes, one for Universal Credit households and one for non-Universal Credit households)
(vi) not introduce a minimum contribution towards Council Tax for households on Local Council Tax Reduction.

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LOCAL COUNCIL TAX REDUCTION SCHEME

To:
Councillor Mike Davey, Executive Councillor for Finance, Resources and Transformation and Non Statutory Deputy Leader
Strategy & Resources Scrutiny Committee 10/10/2022

Report by:
Naomi Armstrong, Benefits Manager
Tel: 01223 - 457752 Email: naomi.armstrong@cambridge.gov.uk

Wards affected:
All

Key Decision

1. Executive Summary

1.01 Draft recommendations (listed below) for the Local Council Tax Scheme were presented and agreed at Strategy and Resources Committee 11 July 2022 and moved to public consultation which concluded on 18 September 2022 and is detailed in Annex A.

1.02 The consultation responses have broadly agreed with the proposals.

2. Recommendations

2.01 The Executive Councillor is recommended to put to Council on 20 October 2022 that:

- To continue with the current Council Tax Reduction scheme (to include annual uprating in line with housing benefit rates) for working age claimants who are not in receipt of Universal Credit.

- To reset the non-dependant deduction rates for both working-age schemes for 1 year from 1 April 2023 and to uprate by September CPI figures thereafter.
- To continue with an earnings based banded local Council Tax Reduction scheme for Universal Credit claimants and to have fixed non-dependant deductions for these claims.
- To reset the earned income bands and contribution amounts set out in 4.03 Table 1 for 1 year from 1 April 2023 and to uprate by September CPI figures thereafter.
- To align non-dependant deductions so the rules for application are the same for all schemes (prescribed Pensioner scheme and the two Local Schemes, one for Universal Credit households and one for non-Universal Credit households)
- To not introduce a minimum contribution towards Council Tax for households on Local Council Tax Reduction.

3. Background

3.01 From April 2020, the council has been operating three schemes:

- Prescribed Pensioner Scheme– this is defined by central government and Local Authorities are not able to change this.
- Non-Universal Credit – for working age applicants based on pre 2013 Council Tax Benefit framework and uses annual uprating of allowances and premiums. This works well with housing benefit as they use the same regulations and allowances and premiums.
- Universal Credit – for working age applicants on Universal Credit. Uses data from Department for Work and Pensions (DWP) to create a claim and uses date on household and income including earnings. This scheme works well with Universal Credit claims and provides clarification and stability of entitlement despite fluctuating Universal Credit amounts. Applicants are asked to pay a contribution towards their Council Tax.

3.02 The two working age schemes have worked well side by side and migration from non-Universal Credit to Universal Credit schemes is easy by utilising the data from DWP.

3.03 New Universal Credit applicants who express an interest in claiming Council Tax Reduction will automatically have their claim for Council Tax Reduction backdated to their Universal Credit claim using the DWP data feed

as well as using the household and income information to calculate their contribution to Council Tax.

3.04 Universal Credit itself can change monthly due to earnings; the banded scheme flattens out the number of changes providing stability and clarity for the applicant.

3.05 Since the start of the Universal Credit banded scheme in April 2020, there have been no challenges or complaints on its design or application and the proposal is to continue with two working age schemes:

- banded scheme for Universal Credit households
- non-banded for non-Universal credit

4. Proposals

Universal Credit Scheme

i. Income Bands

4.01 Since 2020, the income bands and the amount of the contributions have been uprated by the September CPI rate. During Covid and the cost-of-living increases, CPI has become a less reliable figure for uprating which may cause the increase in contributions where wages have not kept pace with CPI. The proposals are for a reset of both the bands and the contributions based on national minimum wage and to keep costs of the scheme broadly within the same cash envelope.

4.02 Responses from the consultation include:

- It should include CPI, but ideally a double lock of income and CPI (selecting between them to pick the lowest amount due from people with low incomes)
- Inflation is very high at the moment and large discount may be unaffordable
- I'd rather they grew in proportion to Council Tax levels.
- The CPI is completely out of touch with realistic finances of everyday people.
- Common sense to have a strategy and pricing that relates to a none-political scale.
- i am assuming this would mean people would have to pay more each year?
- costs are rising massively, universal credit/council tax should reflect the greater costs households have to bear.

4.03 By moving away from CPI for one year will address some of the above. Using the Council Tax increase is difficult as this is not known until a few days before the bills are produced so will not provide clarity for claimants. Following a reset of band parameters and contribution levels for 2023, the proposal is to reintroduce uprating by CPI from 2024.

Table 1 – Draft bands and contributions. These will be revised post consultation and with more up to date modelling figures.

Weekly Earnings Ranges	**Amount of contribution towards Council Tax per week**
earnings less than £77.00	Zero contribution
earnings £77.00 to £140.59	£6.09 contribution
earnings £140.60 to £210.89	£13.52 contribution
earnings £210.90 to £281.19	£20.55 contribution
earnings £281.20 to £351.49	£35.22 contribution
earnings £351.50 to £657.55	£52.08 contribution
£657.56 and above	full contribution

4.04 It is proposed to use similar, reasonably broad earnings bands, as to create too many increases the likelihood of moving from band to band when relatively small changes in earnings happen which then leads to rebilling and uncertainty of entitlement.

4.05 The current scheme encourages increasing hours for workers at the bottom or the middle of each band as this will not change their Council Tax Reduction entitlement.

4.06 From the consultation, the biggest number of respondents thought the bands were about right with comments below:

- Too many people get reductions in council tax. How about pensioners!
- While broadly positive, I have two concerns: first, as someone in a fortunate position with good income, I am not sure I fully appreciate if the bands are set well, or should be adjusted. I would look for guidance from others on that. Second, I think some of these steps show an increase comparable to the minimum hourly wage. It would be preferable for a more gradual scheme so that extra earnings never lead to lower income after tax. I guess that is too complex to implement in this situation?
- I think it's important to minimize work and uncertainty here. Maybe giving people a grace period before they have to 'declare' a change in income would help? I am thinking of weekly-paid employees who might earn more in a five-week month, for example.
- If what you are suggesting is that Earnings of £657.56 and above: Make a Full contribution of monthly council tax payments, then this is wrong and appears that you have not wholly taken on the increasing costs of living. I live in social housing (rent increases every year) this comes to £430 pm. How do you expect someone to afford to pay full contribution given that there are other bills to pay on top of this? They wouldn't even be able to afford to eat! It would be another example of the divide between rich and poor in Cambridge!
- i’m not sure the money is spent wisely by the council
- As previously stated would like to get more detailed information as did not understood completely.
- There shouldn't be so many bands. Fair taxing for everyone please. (council tax for house owners and council tax for tenants)

- Those who rely on Universal Credit really should be rated as low as it is possible to be, balancing this with a little more from a lot more households in the middle and upper llevels
- The cost of living crisis is making it impossible for people on low incomes to survive
- I think the bands seem. to offer a good option of contributions versus not having to recalculate too often.
- No idea how the Universal credits work.
- Families with Single person earning are struggling for example i need to pay 200pounds per month and take care of my wife and Daughter
- We got rid of lower bands years ago which didn't benefit poorer people, restoring them would be a fairer thing for society.
- I have read the information about this but I'm not sure what you are referring to
- Bands set based on what type of accommodation it is, owned or rented
- People should be encouraged to work.

4.07 The bands have been set to reflect current minimum wages.

4.08 Introducing a delay in applying earnings changes would be difficult to administer and having bandings does ignore most small changes totally.

4.09 The earnings figures are net weekly earnings, so the top income of £657.56 represents a take home pay of £34,193 pa or £2,849 per month. Universal Credit includes elements towards the cost of housing in its calculation so if there is no rent as the property is owned, the Universal Credit will reflect this.

ii. Non-dependent deductions

4.10 Having a flat rate of deduction for other adults living in the property for the Universal Credit scheme has worked well, applicants are clear on what other people in the household need to contribute towards the Council Tax and respondents agreed on the principle of non-dependant deductions in both schemes.

4.11 The initial rate of contribution was £6.50 and with CPI applied for 2021 and 2022, is now £6.73.

4.12 The proposal is to reset this to £6.70 from 2023 and to reintroduce uprating by CPI from 2024.

4.13 For non-Universal Credit scheme, non-dependant rules will mirror those for housing benefit, so they are in step.

4.14 There is also a proposal to introduce non-dependant deductions for pensioner adults living with a working age household as this aligns with the

non-Universal Credit Local Scheme and also with the Prescribed scheme for pensioners and the majority of respondents agreed with this.

4.15 Pensioners on Pension Credit or if they have a disability income, will not be asked to contribute.

4.16 Currently, there are 23 Working Age claims where there is a pensioner non-dependant. Five have Pension Credit Guarantee Credit so will not have a deduction and 14 have disability incomes so will not have a deduction. This leaves four 4 potentially affected from April 2023.

iii. 100% Liability

4.17 Currently both the Universal Credit and non-Universal Credit Local Schemes are based on 100% of the Council Tax liability.

4.18 Many other Local Authorities have schemes based on less than 100% liability, meaning the charge-payer must make a contribution towards their Council Tax irrespective of their income unless they fall into a vulnerable group (as defined by the Local Authority). These are either a fixed amount or a percentage of the Council Tax liability.

4.19 This approach may make a scheme marginally more affordable to a Council but can place additional burdens on households, especially at present with cost of living increases putting pressure on low income households.

4.20 Modelling based on a £2 per week minimum payment would reduce total Council tax Reduction spend for all preceptors by just over £70,000 but save Cambridge City Council approximately £7,000 (based on current precepts). Adding £2 per week would create a debt of £104 even if they would otherwise be entitled to maximum support due to very low incomes.

4.21 These amounts are not small for households and are very costly to collect for billing authorities. It is therefore felt that the imposition of either a percentage or flat rate contribution would not support vulnerable households, nor would it deliver significant savings for the authority due to high collection costs.

4.22 Over half of respondents agreed that calculation of entitlement to Council Tax Reduction should continue to be based on 100% of liability.

Non-Universal Credit Scheme

4.23 The mechanism based on Council Tax Benefit continues with annual uprating of incomes in line with housing benefit allowances, premiums and increases in social security benefits.

4.24 This has also worked well since it was introduced in 2013 and works very well with the legacy benefits such as Tax Credits, Income Support, Employment and Support Allowance and Job Seekers Allowance for instance.

4.25 Respondents to the consultation thought this may add to confusion but we have not had any negative comments since the introduction of the Universal credit council tax Reduction Scheme in April 2020 and the impact of migration to Universal Credit is highly automated reducing.

Implications

a) Financial Implications

5.1 In the first year of Local Council Tax (2013/14), central government funding for Council tax Reduction was cut by 10% compared to what had been paid to councils the year before under Council Tax Benefit.

5.2 From April 2014, funding for Council tax Reduction was included in the annual central government grant, meaning it is no longer separately identifiable.

5.3 Costs fall to local preceptors and are based on their percentage of the Council Tax levied. Cambridge City Council's share of the cost is currently approximately 10.5%.

5.4 Since April 2013, not only has there has been the rollout of Universal Credit but also the Coronavirus pandemic and a cost-of-living crisis, all of which causes problems for forecasting. The table below shows the total Council Tax Reduction awards per financial year, broken down by Pensioner, Working Age Universal Credit and Working Age non-Universal Credit. Alongside each year is the percentage increase in Council Tax liability which has a direct impact on the amount of Council

Tax Reduction as the higher the liability, the more an award generally is.

Table 1

Year	Pensioner £m	Pensioner Accounts	Working Age £m	Working Age Accounts	UC £m	UC Accounts	Total CTR £m	Average Annual Award
2018/2019	2.1	2440	4.36	5657			6.46	£798
2019/2020	2.1	2320	4.52	5626			6.62	£833
2020/2021*	2.2	2248	3.24	3887	2.5	3281	7.94	£843
2021/2022	2.2	2216	2.86	2947	2.96	2777	8.02	£1,010
2022/2023	2.31	1978	2.71	2217	3.17	3246	8.19	£1,101

*2020-2021 Central government announced the CTR Hardship Fund in response to the pandemic. Cambridge City allocation was £291,000 and reduced the total CTR from £8.23m to £7.94m and kept average awards down by about £150.

5.5 On 1 April 2020, claims started to move from Working Age Council Tax Reduction accounts to Universal Credit Council Tax Reduction accounts and will continue to move over until the full migration by DWP from legacy benefits to Universal Credit which is due to complete in March 2025.

a) Staffing Implications

5.6 A fundamental service review of Revenues and Benefits concluded in 2021-2022, resulting of an overall reduction in staff by one third. One of the overriding enablers of this review was the introduction of the Universal Credit banded scheme as it is highly automated, allowing for the Universal Credit claim to automatically create a claim for Council Tax Reduction and for over 65% of all changes to be processed by the system.

5.7 To revert to a scheme where applicants need to claim themselves and to provide significant amount of evidence both at the point of claiming and for changes in circumstances will require a service review to increase staffing.

b) Equality and Poverty Implications

5.8 An Equality Impact Assessment will be undertaken as part of the consultation review. (to follow)

c) Net Zero Carbon, Climate Change and Environmental Implications

5.9 None.

d) Procurement Implications

5.10 None.

e) Community Safety Implications

5.11 None.

Consultation and communication considerations

6.1 Consultation period from 26 July 2022 to 18 September 2022 with the following groups:

i) All current working age Council Tax Reduction recipients.
ii) Partnership meetings with Cambridge Citizen's Advice Department for Work and Pensions
iii) Financial inclusion organisations and third sector organisations.
iv) Engagement with internal stakeholders.
v) A sample of 500 Council Tax payers, including those not receiving Council Tax Reduction.
vi) Council Tax Precepting Authorities.
vii) Groups representing those with protected characteristics.
viii) Media exposure including City Council publications.

6.2 Details of the consultation questions and the 56 responses received are at Annex A.

6.3 The consultation explained that this is a review of the two working age schemes (Universal Credit and non-Universal Credit) and does not extend to the prescribed Pensioner scheme.

6.4 The proposals were:

i) Maintain the non-Universal Credit scheme as it currently is for households who are not claiming Universal Credit, with annual uprating of allowances and premiums in line with September CPI. There is no proposal to move them to the Universal Credit banded scheme or to introduce a separate banded scheme for these households.
ii) Maintain a banded scheme for Universal Credit households.

iii) Reset the earnings bands and contribution levels for the Universal Credit Local Scheme.
iv) Reset the non-dependant contribution levels for the Universal Credit Local Scheme.
v) Align non-dependant contributions for pensioners across all Council Tax Reduction Schemes.
vi) Whether the Council should seek a minimum contribution amount or percentage amount for both working age Local Schemes.

Background papers

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

Appendices

8.1 Annex A – Consultation Responses

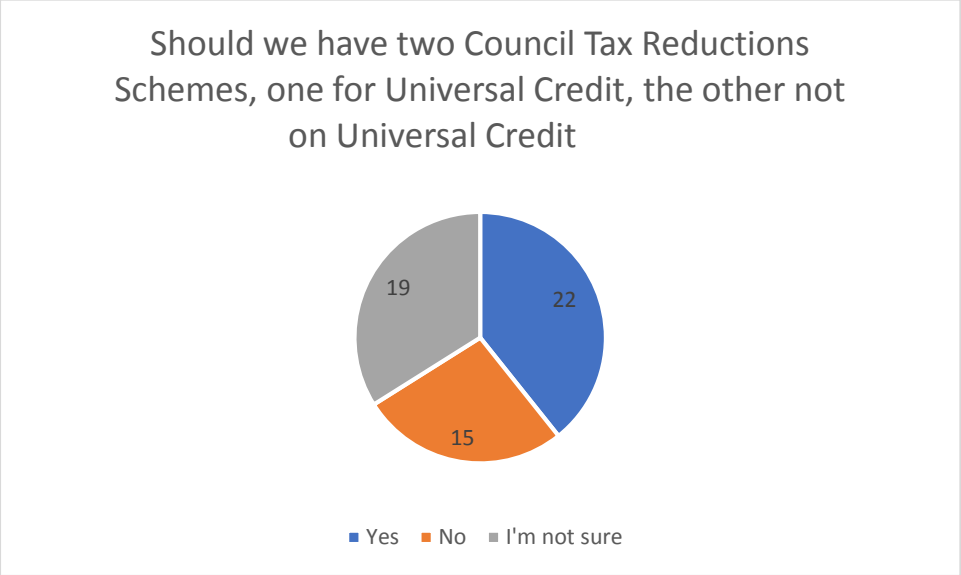
8.2 Annex B – Equality Impact Assessment – to follow

Inspection of papers

9.1 To inspect the background papers or if you have a query on the report please contact Naomi Armstrong, Benefits Manager, tel: 01223 - 457752, email: naomi.armstrong@cambridge.gov.uk.

Annex A – Consultation Responses

Should we continue to have two Council Tax Reduction schemes for working-age people, one for households that receive Universal Credit and one for households that receive 'legacy' benefits?



Comments:

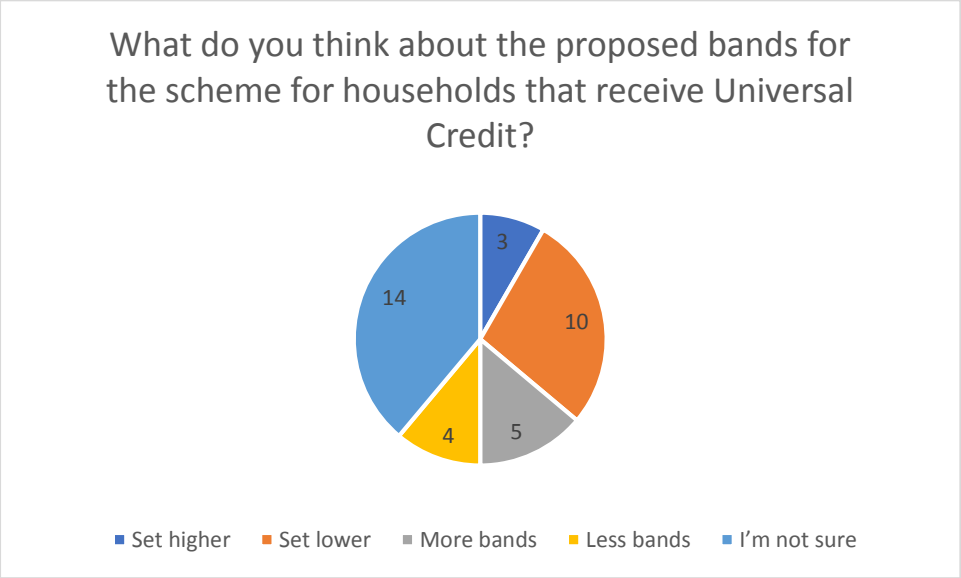
- All council tax categories should be reviewed.
- I strongly support the council providing significant support for people and households on low incomes, including having £0 due at the lowest level. I am unclear if that is best implemented by one scheme or by two schemes. I would have preferred this survey include comments / recommendations from campaign groups highlight pros / cons of alternatives so I can make a more informed comment.
- No
- Not know wot that is I esa and pjp
- i don't know what legacy benefits means
- A single system would be easier to implement and understand.
- Everyone should be treated equally
- Have not understood completely and would like to have more of explanation.
- Generally I found the council tax unfairly banded. Some houses with 4 bedroom tenant is paying less council tax than a 3 bed room house. Since we receive same services would it be not better to tax every househould the same. Either by number people living in it or each house. I believe the council tax should be equally shared by the owner and tenant. It is very unfair to dumb it to the tenant. Since the owner is benefitting from the house price increase. Stop penalising working class people with for higher council tax. (Stop taxing so much, council tax, payslip tax, vat tax, food tax, petrol tax,

stamp duty tax, road tax, car tax and on an on...) The house owners should also participate in council tax maybe 50%. Why does the tenant has to pay all the council tax bill?

- I believe simplification is the best option so one system would seem sensible
- There will be many people in low paid work who will be struggling and need help due to cost of living issues
- People who work are underprivileged work should be encouraged
- No idea what legacy benefits is..... this would imply to me that people are on benefits forever, surely the idea is to get people off benefits and working. Assume this is those with genuine disabilities.
- I have recently moved to this Country and Area. i was not given the Council Tax rebate just because i got my house on the 9th April. which seems unfair.
- I struggle to understand this as I have no experience of Universal Credit.
- The most fair system should be applied for all.
- Your arguments are reasonable
- Maybe some reductions not depending on received benefits
- Pensionable age
- Heavy burden for working people, good to have council tax reduction
- no
- Everyone should pay the same.

Annex A – Consultation Responses

What do you think about the proposed bands for the scheme for households that receive Universal Credit?



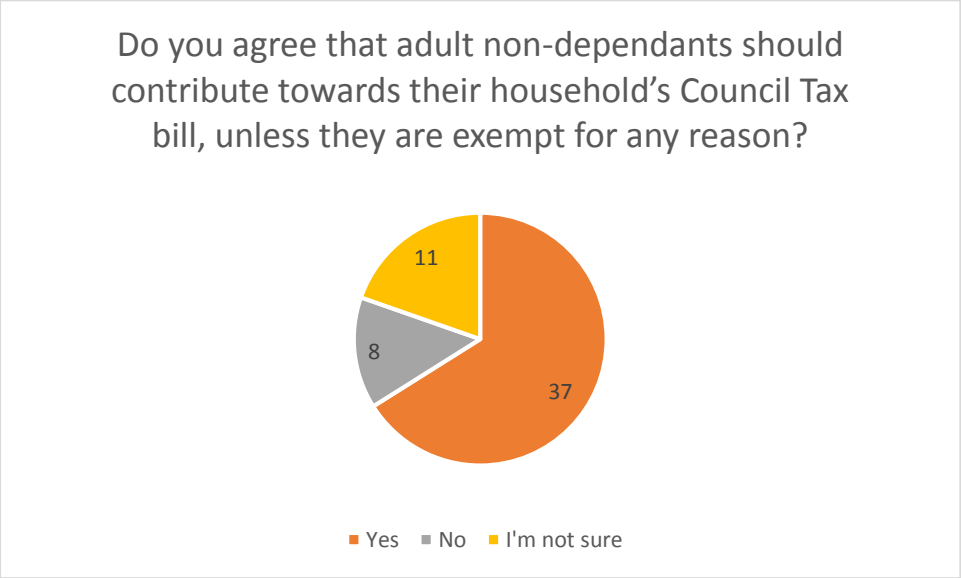
Comments:

- Too many people get reductions in council tax. How about pensioners!
- While broadly positive, I have two concerns: first, as someone in a fortunate position with good income, I am not sure I fully appreciate if the bands are set well, or should be adjusted. I would look for guidance from others on that. Second, I think some of these steps show an increase comparable to the minimum hourly wage. It would be preferable for a more gradual scheme so that extra earnings never lead to lower income after tax. I guess that is too complex to implement in this situation?
- I think it's important to minimize work and uncertainty here. Maybe giving people a grace period before they have to 'declare' a change in income would help? I am thinking of weekly-paid employees who might earn more in a five-week month, for example.
- If what you are suggesting is that Earnings of £657.56 and above: Make a Full contribution of monthly council tax payments, then this is wrong and appears that you have not wholly taken on the increasing costs of living. I live in social housing (rent increases every year) this comes to £430 pm. How do you expect someone to afford to pay full contribution given that there are other bills to pay on top of this? They wouldn't even be able to afford to eat! It would be another example of the divide between rich and poor in Cambridge!
- i'm not sure the money is spent wisely by the council
- No

- As previously stated would like to get more detailed information as did not understood completely.
- There shouldn't be so many bands. Fair taxing for everyone please. (council tax for house owners and council tax for tenants)
- Those who rely on Universal Credit really should be rated as low as it is possible to be, balancing this with a little more from a lot more households in the middle and upper llevels
- The cost of living crisis is making it impossible for people on low incomes to survive
- I think the bands seem. to offer a good option of contributions versus not having to recalculate too often.
- No idea how the Universal credits work.
- Families with Single person earning are struggling for example i need to pay 200pounds per month and take care of my wife and Daughter
- We got rid of lower bands years ago which didn't benefit poorer people, restoring them would be a fairer thing for society.
- I have read the information about this but I'm not sure what you are referring to
- Bands set based on what type of accommodation it is, owned or rented.
- no
- People should be encouraged to work.

Annex A – Consultation Responses

Do you agree that adult non-dependants should contribute towards their household's Council Tax bill, unless they are exempt for any reason?

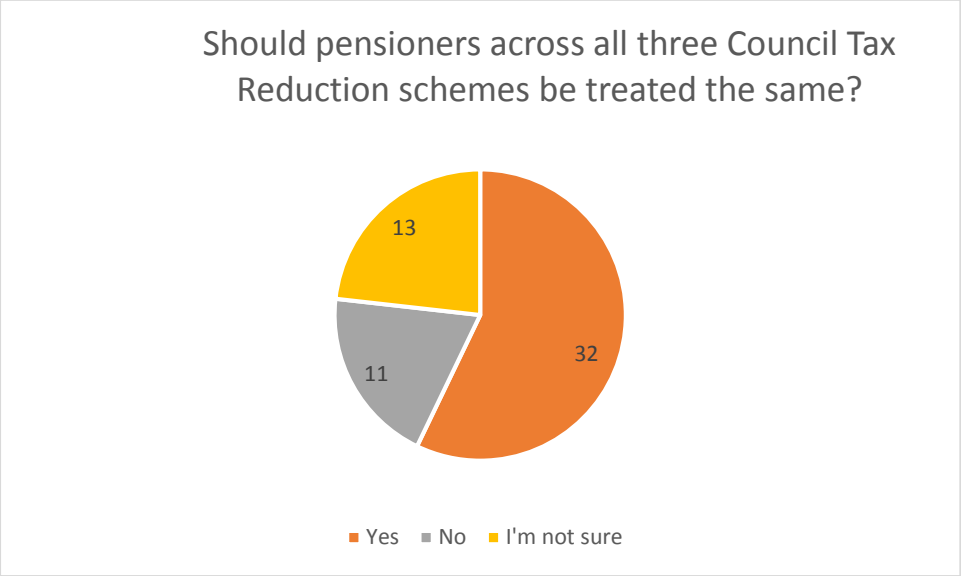


Comments:

- The concern I have is that this is very difficult to enforce, so it becomes a tax on the honest.
- No
- They receive the same service as other residents
- Any adult non-dependant leaving in a household should participate as they should have job, except if exempt.
- The Adlut non-dependants still benefit from the services, and should/must expect to contribute to the services provided.
- Where ND's have no deduction applied to CTR/HB if they are on ESA + the support group, i think this should be the same for UC CTR when ND's are on UC including the LCWRA as this is the same benefit. However, i believe on the UC CTR scheme we still deduct a ND unless the claimant/ND is in receipt of PIP.
- if they are non-dependant, they are working? So yes they should.
- i am not aware of adult non-dependants
- I'm not sure what is meant by contribute, would this be a increase in the overall amount, or allowing reductions when there is only one working person in a household, so the same discount would be applied if only one person occupies a property.
- I am concerned about the impact on non-dependent pensioners who slightly miss criteria for additional benefit eg. Pension credit.

- Whoever is capable of in economic condition should contribute to help those in need of help.
- no

Should pensioners across all three Council Tax Reduction schemes be treated the same? Currently, pensioners in a household that receives Universal Credit do not contribute towards Council Tax, but otherwise they do.



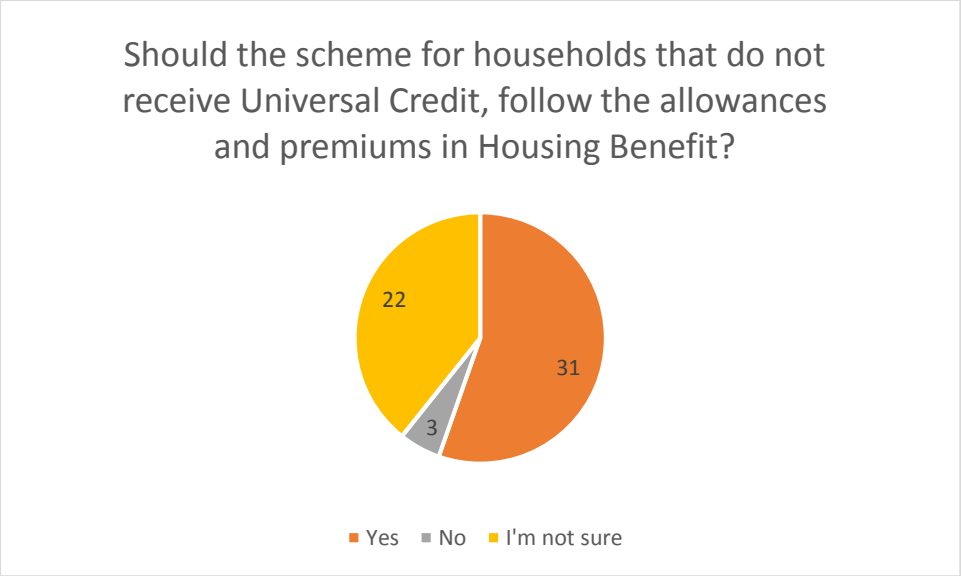
Comments:

- why should pensioners pay Council Tax. They have done it for so long and struggle with all the other costs.
- As a principle I would look for equitable treatment of people with similar income, irrespective of the kinds of benefit they are due.
- The system should be fair and consistent for all pensioners.
- we should all be equal
- No
- Extra help is always a good policy and as long is granted to who needs/apply for it that is not always the case, and, not to who wants it but does not try to/does anything to deserve it. nything
- If the question wouldn't be so complicated formulated, I could answer it correctly.
- Appreciating that this calls for considerable adjustment, - if you are in receipt of a bigger income, then it is only right that you pay accordingly
- It is unfair if different schemes do different things
- Many pensioners are comfortably off hence able and often willing to contribute to council financing
- I think they shoudl be treated the same as UC where they have the ND deduction as a flat rate otherwise tenants get confused with differing rules.....

they are already confused by the fact their UC comes from DWP and their CTR comes from the council and their child benefit comes from HMRC, their rent is paid to their landlord but then sometimes its short, one month ctax is low the next its high! Lets give them some more simplicity and have the same rules as UC!

- Makes little sense to give credit on the one hand and at the same time tax said credit, when tax exemption is a benefit targeting the same group. But the argument for this survey is these two benefits "did not work well together". Policy makers should know better.
- It should depend on their income - some have huge pensions, some don't...
- All pensioners should receive a discount
- I don't have enough information to judge.
- No.

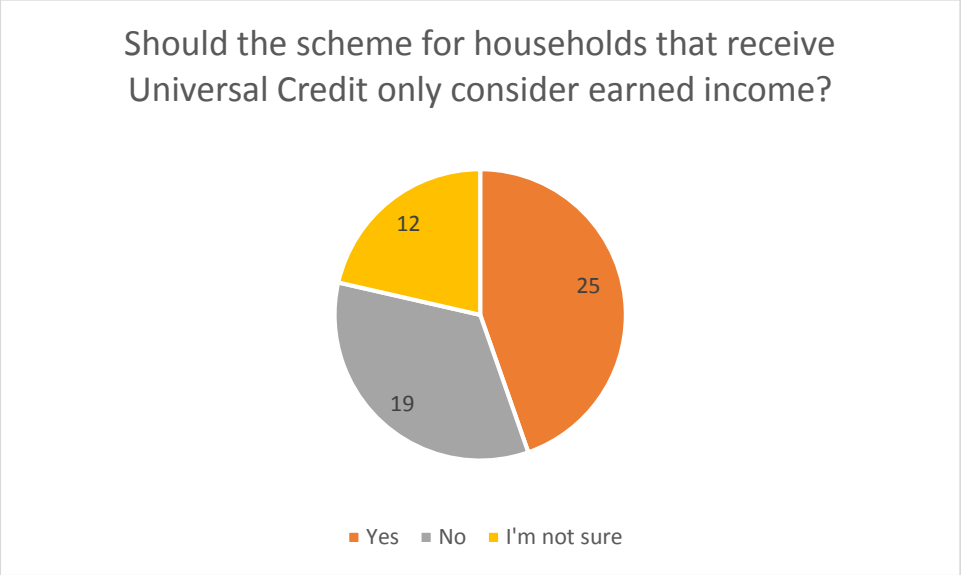
Should the scheme for households that do not receive Universal Credit follow the allowances and premiums in Housing Benefit? If Yes, Council Tax Reduction would be treated the same way as Housing Benefit when a household's circumstances change.



Comments:

- As above, the current mix of benefits is complex. I would encourage the council to set out general principles that this scheme aims to provide.
- Running two systems seems a recipe for confusion: provided nobody is disadvantaged, it makes sense to do it all the same way,
- Again need to be explained better about all this schemes
- A little of the 'Levelling up' policy should be applied, as in 11, and 12, All Council taxes should be pro-rata to income
- I don't really understand this question. as I don't know enough about the schemes.
- very poorly worded question
- This would make sense, if we change the new CTR scheme and think its working well why would we not change the old one too...?
- If the intention is to consolidate "legacy" benefits, than inheriting reasonable features is a good idea.
- i would need more information on this
- I don't understand them enough to comment
- I do not have enough information to answer this question
- no

Should the scheme for households that receive Universal Credit only consider earned income? If Yes, Council Tax Reduction would change in similar ways to Universal Credit

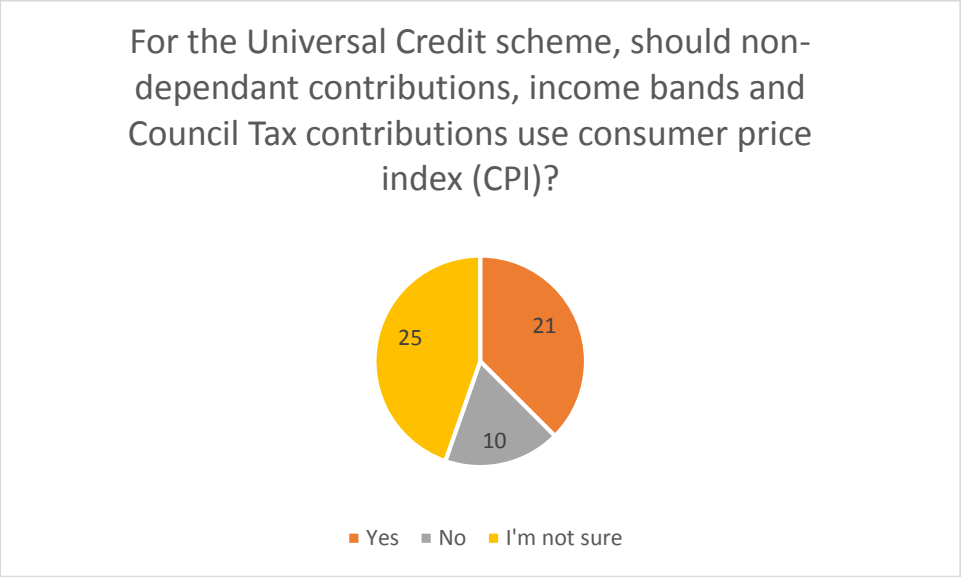


Comments:

- Again, multiple schemes is a recipe for confusion. It's also cheaper to have a consistent scheme.
- people who have a state pension still have to pay
- Benefits should always consider earned incomings and what is acceptable expenses.
- The rating would still apply pro-rata
- Benefits aren't really income and shouldn't be treated as such because all benefits are well below the national minimum wage
- Surely savings etc should be taken into account if the reduction of contribution is because people have insufficient funds. I may not earn a lot but have savings is a different position to no savings and not earning a lot.
- Because wages are so poor
- i am not sure what other income we take into account other than earnings?!
- Compounding Universal Credit into the income for purposes of Tax Reduction only obfuscates calculations. See answer to 12.
- Should consider ALL income
- I can't imagine many people on universal credit have many stocks and bonds.
- All income should be considered but brackets set in reasonable places to reflect this.

- UC is kind of an income, if a working single parent earns £1200 pcm, and another earns £700 plus gets £700 UC.... why should one pay full CTax another, despite more money coming in, pay less CTax.
- no

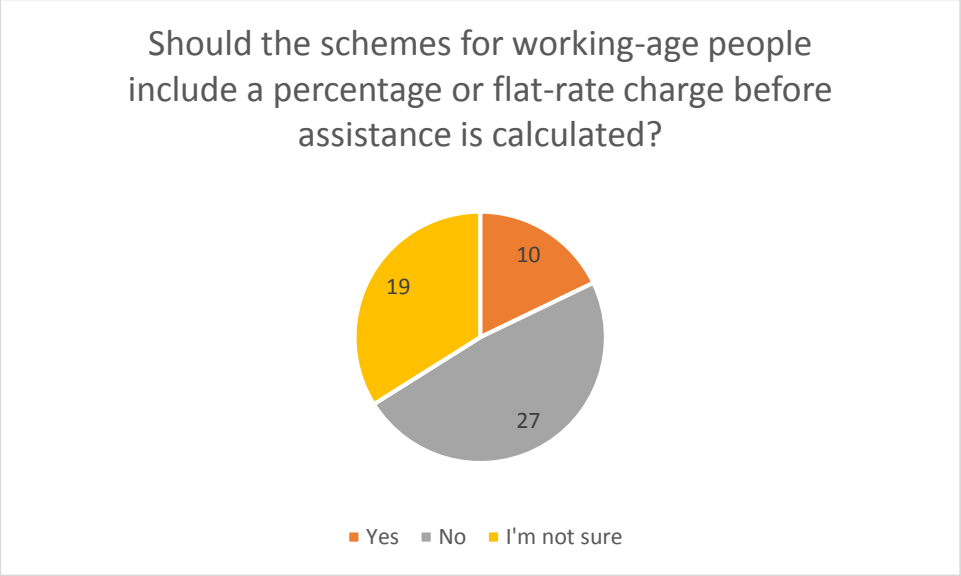
For the scheme for households that receive Universal Credit, should non-dependant contributions, income bands and Council Tax contributions reflect the consumer price index (CPI)? If Yes, the CPI from September each year would be used from the following April. This would add certainty to the scheme.



Comments:

- It should include CPI, but ideally a double lock of income and CPI (selecting between them to pick the lowest amount due from people with low incomes)
- Inflation is very high at the moment and large discount may be unaffordable
- I'd rather they grew in proportion to Council Tax levels.
- The CPI is completely out of touch with realistic finances of everyday people.
- Need more detailed information.
- Common sense to have a strategy and pricing that relates to a none-political scale.
- I don't know what this means
- Difficult to understand what is being suggested and what the implications would be
- i am assuming this would mean people would have to pay more each year?
- costs are rising massively, universal credit/council tax should reflect the greater costs households have to bear.
- I have no idea how this would work.
- No.

Should the schemes for working-age people include a percentage or flat-rate charge before assistance is calculated? A £2-per-week charge could reduce the cost of running the schemes by about £7,000 for the 2023/24 financial year, but the cost of collecting it could outweigh the financial advantage of doing so and could put pressure on financially vulnerable households



Comments:

- Absolutely not. The principle is that people on low incomes are supported, and the fact is that doing so costs the council little.
- Consider a £10 per week rate
- It sounds like a good way to waste money, so not worth doing.
- Sorry, I don't completely understand the options for Q19 and how it would affect the tax payer.
- More detailed information.
- The Maths says NO, so a touch of pragmatism is called for
- I cannot see what benefit this would be. It doesn't really seem like a genuine consultation - has the maths actually been done?
- i think with benefits being so low in comparison to the cost of living this would be a very bad move..... How on earth someone on job seekers is supposed to afford to pay for gas/electric + some council tax i have no idea.
- "reduce ... by about 7000" per household??? Anyway, the point is assisting people with low income. A choice that "could put pressure on ... vulnerable households" is not a choice.

- 200 Pound Council Tax for my area feels unfair since the cost of living has increased soo much. this is a significant amount when i am the sole bread earner of my family.
- I don't know why it would cost money to collect money that is sent out by the council.
- This doesn't seem like it benefits anyone
- No.

Cambridge City Council Equality Impact Assessment (EqIA)

This tool helps the Council ensure that we fulfil legal obligations of the Public Sector Equality Duty to have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Guidance on how to complete this tool can be found on the Cambridge City Council intranet. For specific questions on the tool email Helen Crowther, Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk or phone 01223 457046.

Once you have drafted the EqIA please send this to equalities@cambridge.gov.uk for checking. For advice on consulting on equality impacts, please contact Graham Saint, Strategy Officer, (graham.saint@cambridge.gov.uk or 01223 457044).

1. Title of strategy, policy, plan, project, contract or major change to your service
Council Tax Reduction (CTR) Local Scheme

2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)
Click here to enter text.

3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?
Council Tax Benefit, a central government benefit, ended 31 March 2013 and Local Authorities had to define a scheme to support working age households pay their Council Tax. From April 2020, the council has been operating three schemes: • Non-Universal Credit – for working age applicants based on pre 2013 Council Tax Benefit framework and uses annual uprating of allowances and premiums. This works well with housing benefit as they use the same regulations, allowances and premiums.

- Universal Credit – for working age applicants on Universal Credit. Uses data from Department for Work and Pensions (DWP) to create a claim and uses date on household and income including earnings. This scheme works well with Universal Credit claims and provides clarification and stability of entitlement despite fluctuating Universal Credit amounts. Applicants are asked to pay a contribution towards their Council Tax.
- Prescribed Pensioner Scheme– this is defined by central government and Local Authorities are not able to change this.

This EqIA relates to a review of the two working-age schemes approved for consultation by Strategy and Resources Committee 11 July 2022 and subject to consultation from 28 July 2022 to 18 September 2022.

Options under the consultation include:

- To continue with the current Council Tax Reduction scheme (to include annual uprating in line with housing benefit rates) for working age claimants who are not in receipt of Universal Credit.
- To reset the non-dependant deduction rates for both working-age schemes for 1 year from 1 April 2023 and to uprate by September CPI figures thereafter.
- To continue with an earnings based banded local Council Tax Reduction scheme for Universal Credit claimants and to have fixed non-dependant deductions for these claims.
- To reset the earned income bands and contribution amounts set out in 4.03 Table 1 for 1 year from 1 April 2023 and to uprate by September CPI figures thereafter.
- To align non-dependant deductions so the rules for application are the same for all schemes (prescribed Pensioner scheme and the two Local Schemes, one for Universal Credit households and one for non-Universal Credit households)
- To not introduce a minimum contribution towards Council Tax for households on Local Council Tax Reduction.

Consultation responses are available as Annex A to Strategy and Resources Committee Report 10 October 2022.

4. Responsible service
Revenues and Benefits

5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? **(Please tick all that apply)**	☒ Residents ☐ Visitors ☐ Staff
Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here): Local Council Tax Reduction only applies to working age households who are liable for Council Tax and are on a low income.	

6. What type of strategy, policy, plan, project, contract or major change to your service is this?	☐ New ☐ Major change ☒ Minor change

7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)	☐ Yes ☒ No
If 'Yes' please provide details below:	

8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?
Strategy and Resources Committee 11 July 2022 and will progress to Strategy and Resources Committee 10 October 2022.

9. What research methods/ evidence have you used in order to identify equality impacts of your strategy, policy, plan, project, contract or major change to your service?
A consultation has taken place and the results are available as Annex A to Strategy and Resources Committee Report 10 October 2022. Modelling has taken place to ensure that any changes do not significantly impact on any particular protected characteristic below.

10. Potential impacts

For each category below, please explain if the strategy, policy, plan, project, contract or major change to your service could have a positive/ negative impact or no impact. Where an impact has been identified, please explain what it is. Consider impacts on service users, visitors and staff members separately.

(a) Age - Please also consider any safeguarding issues for children and adults at risk

Local Council Tax only applies to working age households and calculation is based on whether the household is in receipt of Universal Credit or not.

The consultation is asking if households should make a contribution towards the Council Tax before calculation of any Reduction. Currently entitlement is based on 100% of liability. However, should this change in the future, households with young persons aged under 5 or who have been looked after by a Local Authority (Care Leavers) will be classed as vulnerable and will be protected by inclusion in the vulnerable group. This protection means that entitlement to CTR will continue to be based on 100% of Council Tax liability should this reduce.

Pensioners are supported with Council Tax Reduction but this is via the national prescribed scheme and local authorities are not permitted to change this.

(b) Disability

Additional expenses relating to disability are recognised by the addition of disability premiums and disregarding some disability benefits when calculating CTR and UC and by not applying non-dependant deductions if the non-dependant receives a disability income.

Signposting and support to claim other reductions of Council tax liability are also done when CTR is applied for.

(c) Gender reassignment

No impacts identified specific to this equality group.

(d) Marriage and civil partnership
No impacts identified specific to this equality group.

(e) Pregnancy and maternity
Click here to enter text.Pregnancy and maternity are a financially difficult time and although generally additional personal allowances in CTR and UC are not given during pregnancy they may be if the mother is unable to work during pregnancy. Poverty rates for children in lone-parent families have risen by around twice as much as those for children in couple families, information around budgeting support is widely available and referrals can easily be made for this and to organisations who can provide additional funding at this time.

(f) Race – Note that the protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.
UK statistics find that Bangladeshi and Pakistani families have experienced much greater rates of poverty than all other ethnic groups and this has been the case for 20 years. Poverty rates are higher among all ethnic minority groups compared with those among the majority White British, therefore it could be that there are proportionally higher numbers of claims from some ethnic minority groups than others when compared to the proportion in population. The calculation of entitlement to CTR does not refer to race and is not impacted by it.

(g) Religion or belief
No direct impacts identified specific to this equality group, however some families may be larger than others due to their beliefs and this could put financial strain on a household since the restriction of allowances to 2 children was introduced.

(h) Sex
Women are generally more likely to be single parents in the first place (90%) according to ONS 2019. Locally, when looking at Council Tax Reduction (which will cover both housing benefit and Universal Credit claims) of the 1,549 single parent households, 1,463 are women. This represents 94% female single parent households on Council Tax Reduction.

(i) Sexual orientation
No impacts identified specific to this equality group.

(j) Other factors that may lead to inequality – in particular, please consider the impact of any changes on: • Low-income groups or those experiencing the impacts of poverty • Groups who have more than on protected characteristic that taken together create overlapping and interdependent systems of discrimination or disadvantage. (Here you are being asked to consider intersectionality, and for more information see: https://media.ed.ac.uk/media/1_l59kt25q).
Effectively running two Council Tax Reduction (CTR) schemes side by side may seem confusing but each works well with other Welfare Benefits, current CTR works well with Housing Benefit as the incomes and needs are assessed the same. The new CTR scheme for households on UC will remove the introduced complexities or marginal fluctuations in earnings impacting UC and in turn CTR. It important that families on a low income who are often less able to budget are clear about the support they will receive.

11. Action plan – New equality impacts will be identified in different stages throughout the planning and implementation stages of changes to your strategy, policy, plan, project, contract or major change to your service. How will you monitor these going forward? Also, how will you ensure that any potential negative impacts of the changes will be mitigated? (Please include dates where possible for when you will update this EqIA accordingly.)
This Eqia will be reviewed in 3 years allowing for changes in the scheme and caseload demographics to be fully realised.

12. Do you have any additional comments?
No.

13. Sign off
Name and job title of lead officer for this equality impact assessment: Naomi Armstrong, Benefits Manager. Names and job titles of other assessment team members and people consulted: Click here to enter text. Date of EqIA sign off: 28 September 2022 Date of next review of the equalities impact assessment: September 2025 Date to be published on Cambridge City Council website: 10 October 2022

All EqIAs need to be sent to Helen Crowther, Equality and Anti-Poverty Officer at helen.crowther@cambridge.gov.uk.

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STRATEGY & RESOURCES SCRUTINY COMMITTEE 10 October 2022
5.00 - 8.50 pm

Present: Councillors Robertson (Chair), Bennett, Bick, Herbert, Payne, Smart, S. Smith and Sweeney

Executive Councillor: Davey (Executive Councillor for Finance, Resources and Transformation)

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

Treasury Management Half Yearly Report 2022/23

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

- An economic update for the first half of the 2022/23 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2022/23;
- A review of the Council's borrowing strategy for 2022/23; and,
- A review of compliance with Treasury and Prudential Limits for 2022/23.

In line with the Code of Practice on Treasury Management all treasury management reports have been presented to the Scrutiny Committee and to Council.

The Scrutiny Committee considered and approved the recommendations as follows:

i. Unanimously
ii. 6 in favour, 2 abstentions
iii. Unanimously

Accordingly, Council is recommended to:

i. Agree the Council's estimated Prudential and Treasury Indicators for 2022/23 to 2025/26 (Appendix A).
ii. Approve the revised counterparty list (Appendix B).

iii. Approve the addition of a loan to the Cambridge Investment Partnership in the counterparty list, to bring these into line with the approved expenditure per the approved capital plan (Appendix B).

Item

TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2022/23

To:
The Executive Councillor for Finance, Resources and Transformation: Councillor Mike Davey

Strategy & Resources Scrutiny Committee 10th October 2022

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 2021).

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

- An economic update for the first half of the 2022/23 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2022/23;
- A review of the Council's borrowing strategy for 2022/23; and,
- A review of compliance with Treasury and Prudential Limits for 2022/23.

1.3 Cash and investment balances are forecast to stay at the increased level seen over the past year at around £173 million by 31st March 2023.

1.5 Interest receipts for the year are projected at £1,159,000 which is £358,000 above the original budget. Interest receipts are forecast higher than last year due mainly to increases in investment rates.

2. Recommendations

The Executive Councillor is asked to recommend to Council:-

2.1 The Council's estimated Prudential and Treasury Indicators for 2022/23 to 2025/26 (Appendix A).

2.2 That the revised counterparty list be approved (Appendix B).

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

3. Background

3.1. In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

3.2 The Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

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, 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. Economic and Interest Rate Update

4.1 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

4.2 The latest forecast on 16th August 2022 is shown below. A comparison between the below forecast and that included in the Treasury Management Outturn Report shows that PWLB rates have increased generally and show a speed up in the rate of increase in Bank Rate as inflation has increased.

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Bank rate	2.25%	2.50%	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%
3 month LIBID	-	2.50%	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%
6 month LIBID	-	2.80%	3.00%	2.90%	2.80%	2.50%	2.40%	2.30%	2.30%	2.30%	2.20%
12 month LIBID	-	3.30%	3.20%	3.00%	3.00%	2.90%	2.80%	2.70%	2.40%	2.40%	2.40%
5yr PWLB rate	2.80%	3.00%	3.10%	3.10%	3.00%	3.00%	2.90%	2.90%	2.80%	2.80%	2.80%
10yr PWLB rate	3.00%	3.20%	3.30%	3.30%	3.20%	3.10%	3.10%	3.00%	3.00%	3.00%	2.90%
25yr PWLB rate	3.40%	3.50%	3.50%	3.50%	3.50%	3.40%	3.40%	3.30%	3.30%	3.20%	3.20%
50yr PWLB rate	3.10%	3.20%	3.20%	3.20%	3.20%	3.10%	3.10%	3.00%	3.00%	2.90%	2.90%

4.3 The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target. At its meeting ending on 21 September 2022, the MPC voted by a majority of 5-4 to increase Bank Rate by 0.5 percentage points, to 2.25%. Three members preferred to increase Bank Rate by 0.75 percentage points, to 2.50% and one member preferred to increase Bank Rate by 0.25 percentage points, to 2.0%.

5. Annual Investment Strategy

5.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 7 February 2022.

5.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate and given the Council's ambitious

Capital Programme, it is considered appropriate to keep investments short-term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

5.3 As shown by the interest rate forecasts in section 4, rates have improved dramatically during Q1 and Q2 of 2022/23 and are expected to improve further as Bank Rate continues to increase over the next year or so.

5.4 The average rate of return for all deposits to 21 September 2022 is 1.48%, compared to 0.57% in 2021/22. The current quoted return on the CCLA Local Authorities Property Fund is an annual return of 4.03%.

5.5 To ensure that minimal risk is present for the Housing Revenue Account (HRA) nominal cash balances, returns from lower risk investments (currently estimated at 1.6%) will be used to transfer interest receipts to the HRA.

5.6 Current estimates for 2022/23 include gross interest receipts of £1,159,000. This is mainly due to interest rates being high and increasing throughout 2022/23.

5.7 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	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Short Term – 40%*	69,200	32,200	42,600	42,600	42,600
Medium Term - 30%*	51,900	24,200	31,900	31,900	31,900
Long Term – 30%*	51,900	24,200	31,900	31,900	31,900
TOTAL	**173,000**	**80,600**	**106,400**	**106,400**	**106,400**

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

5.8 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 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.

5.9 An analysis of the sources of the Council's deposits has been prepared as at 21 September 2022 (Appendix C).

5.10 It should be noted that the approved limits within the Annual Investment Strategy were breached during the first half of the year to 30 September 2022. The counterparty limit in place with Santander UK Plc was £5m. This was breached by £9.5m to a total investment balance of £14.5m at the end of July 2022. This is still outstanding at the time of writing this report. However, when the breach occurred, the investment was within Link's recommended limits for Santander UK Plc.

5.11 This breach was due in part to a lack of clarity on the Counterparty List between different deposit types. This has been discussed with our advisors, Link, and as a result we have revised the counterparty list to show no differentiation between the different means of investing with each financial institution. We have also based this new counterparty list on Link's Credit Criteria (See Appendix B).

5.12 There have been several media reports about the financial governance and debt management of other Local Authorities, particularly regarding Thurrock Council. At the time of writing this report we have £5m loaned to Thurrock Council which is due to be repaid in December 2022. We have no concerns about these funds being returned to us. The Link Group assesses the risk of each counterparty type, and all Local Authorities are rated as having one of the lowest risk levels.

5.13 In the first half of 2022/23, we have agreed dealing investments via Link Group's Treasury Agency Service. This has allowed us access to some sustainable deposits. We have placed our first investment with a sustainable fixed term deposit.

6. The Council's Capital Expenditure and Financing 2022/23 to 2025/26

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

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

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

6.2 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed. It also includes any re-phasing during 2022/23 and is in line with the agreed Capital Plan and estimated future capital expenditure.

Estimate	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
General Fund Capital Expenditure	145,179	49,723	23,835	13,956
HRA Capital Expenditure	93,856	100,125	89,630	92,083
Total Capital Expenditure	**239,035**	**149,848**	**113,465**	**106,039**
Resourced by:				
• Capital receipts	-25,910	-13,761	-3,091	-4,703
• Other contributions	-106,725	-38,489	-26,854	-27,572
Total resources available for financing capital expenditure	**-132,635**	**-52,250**	**-29,945**	**-32,275**
Financed from cash balances & any Prudential Borrowing required	**106,400**	**97,598**	**83,520**	**73,764**

6.3 In addition to a total of £84.7m for the redevelopment of Park Street, the Medium-Term Financial Strategy now includes loan of £33.94 million for the purchase of land off Wort's Causeway. 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.

7. The Council's Prudential and Treasury Management Indicators

7.1 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	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
General Fund Capital Financing Requirement	180,006	217,220	236,311	247,077
HRA Capital Financing Requirement	211,706	271,759	335,541	397,547
Total Capital Financing Requirement	**391,712**	**488,979**	**571,852**	**644,624**
Movement in the Capital Financing Requirement	**106,094**	**97,267**	**82,873**	**72,772**
Financed from cash balances & any Prudential Borrowing required	*106,400*	*97,598*	*83,520*	*73,764*
Minimum Revenue Provision	*(306)*	*(331)*	*(647)*	*(992)*
Estimated External Gross Debt/Borrowing (Including HRA Reform)	319,972	417,570	501,090	574,854
Authorised Limit for External Debt	400,000	500,000	600,000	650,000
Operational Boundary for External Debt	396,712	493,979	576,852	649,624

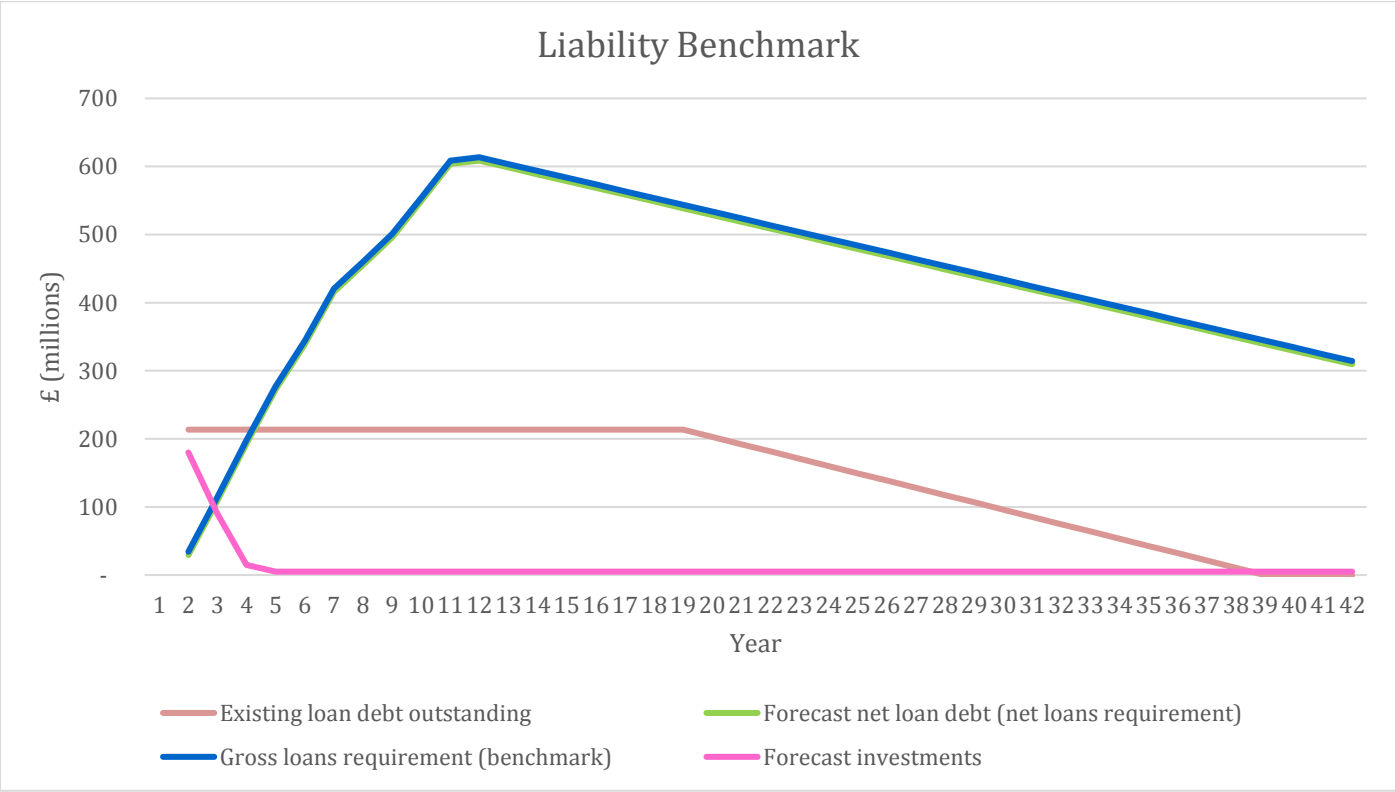
7.2 A further prudential indicator controls the overall level of borrowing externally. This is the Authorised Limit (ABL) which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members.

7.3 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**

7.4 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.

7.5 The chart below shows the Council's liability benchmark. This is a measure of how well the existing loans portfolio matches our planned borrowing needs.



7.6 The purpose of this prudential indicator is to compare the Council's existing loans outstanding (the orange line) against the future need for loan debt, or liability benchmark (the blue line). The orange line is below the blue line in the earlier years, meaning that the existing portfolio outstanding is less than the loan debt required (based on current plans), and the Council will need to borrow to meet the shortfall. The chart therefore shows how much the Council needs to borrow, when, and to want maturities to match its planned borrowing needs. It also shows that in the short-term some of the Council's liabilities can be met with our cash balances before using external borrowing.

8. Borrowing

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

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

8.3 The Council's current capital plan requires new external borrowing for the year 2022/23 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.

8.4 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 7 February 2022. 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.

8.5 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 2023, 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.

9. 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.

10. Consultation and communication considerations

None required.

11. Background papers

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

12. Appendices

12.1 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 – Glossary of Terms and Abbreviations

13. Inspection of papers

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

Author's Name:	Francesca Griffiths
Author's Phone Number:	01223 458126
Author's Email:	francesca.lawton@cambridge.gov.uk

Appendix A

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

Estimates	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
PRUDENTIAL INDICATORS				
Capital expenditure				
- General Fund	145,179	49,723	23,835	13,956
- HRA	93,856	100,125	89,630	92,083
Total	**239,035**	**149,848**	**113,465**	**106,039**
Capital Financing Requirement (CFR) as at 31 March				
- General Fund	180,006	217,220	236,311	247,077
- HRA	211,706	271,759	335,541	397,547
Total	**391,712**	**488,979**	**571,852**	**644,624**
Change in the CFR	**106,094**	**97,267**	**82,873**	**72,772**
Deposits at 31 March (Average cash balances annualised)	**173,000**	**80,600**	**106,400**	**106,400**
External Gross Debt	319,972	417,570	501,090	574,854
Ratio of financing costs to net revenue stream				
-General Fund	207	1,869	2,262	2,505
-HRA	7,194	8,548	9,825	11,058
Total	**7,401**	**10,417**	**12,087**	**13,563**
% of net revenue expenditure				
-General Fund	0.95%	7.86%	9.15%	14.58%
-HRA	15.55%	16.99%	18.36%	19.37%
Total (%)	**16.50%**	**24.85%**	**27.52%**	**33.95%**

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000
TREASURY INDICATORS				
Authorised limit				
for borrowing	400,000	500,000	600,000	650,000
for other long-term liabilities	0	0	0	0
Total	**400,000**	**500,000**	**600,000**	**650,000**
Operational boundary				
for borrowing	396,712	493,979	576,852	649,624
for other long-term liabilities	0	0	0	0
Total	**396,712**	**493,979**	**576,852**	**649,624**
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	7,401	10,417	12,088	13,562
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

Treasury Management Annual Investment Strategy

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.

We are showing two counterparty lists in this Appendix – the revised counterparty list which is recommended for approval and the original list. All changes have been highlighted in purple and text in bold. The changes are summarised as follows:

- For UK Banks and Building Societies, the revised list uses our treasury advisor's, Link Group's, assessment of the risk rating of each counterparty and their recommended deposit period. This is based on a colour coded credit list available daily from them. This will be reviewed at the time of agreeing investments to ensure they are in line with the current recommendations.

- Members of a Banking Group counterparty limit has been increased from £30m to £40m due to higher cash balances and better interest rates found with banking institutions compared with the local authority market.

- A new line has been included for the loan to Cambridge Investment Partnership (CIP) for the acquisition of land.

- The limit for Certificate of Deposits now refers to the list for UK banks and buildings societies rather than having a separate limit.

Revised Counterparty List

Link Group Colour	Council's Current Deposit Period	Category	Limit (£)
UK Banks and Building Societies: -			
Yellow	**60 months**	**UK Banks and Building Societies**	**35m**
Magenta	**60 months**	**UK Banks and Building Societies**	**35m**
Pink	**60 months**	**UK Banks and Building Societies**	**35m**
Purple	**24 months**	**UK Banks and Building Societies**	**30m**
Blue	**12 months**	**UK Banks and Building Societies**	**30m**
Orange	**12 months**	**UK Banks and Building Societies**	**30m**
Red	**6 months**	**UK Banks and Building Societies**	**20m**
Green	**100 days**	**UK Banks and Building Societies**	**10m**
No Colour	**Not recommended**	**UK Banks and Building Societies**	**0m**

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
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

Name	Council's Current Deposit Period	Category	Limit (£)
UK Government Treasury Bills	Up to 6 months	Financial Instrument	15m
Members of a Banking Group	**Using Link's Credit Criteria**	**UK Banks and UK Nationalised Banks**	**40m**
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
Cherry Hinton Community Benefit Society	Up to 1 year	Loan	50,000
CCHC Investment *	Rolling Balance	Loan (Asset Security)	7,500,000
Cambridge Investment Partnership (Mill Road)*	Rolling Balance	Loan (Asset Security)	17,800,000
Cambridge Investment Partnership (Cromwell Road)*	Rolling Balance	Loan (Asset Security)	48,300,000
Cambridge Investment Partnership (Orchard Park L2)*	Rolling Balance	Loan (Asset Security)	11,529,000
Cambridge Investment Partnership	**Rolling Balance**	**Loan (Asset Security)**	**33,940,000**
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**	**See limits above**
Certificates of Deposit (with UK Building Societies)	**Liquid Rolling Balance**	**Financial Instrument**	**See limits above**
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)

Name	Council's Current Deposit Period	Category	Limit (£)
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.

Original Counterparty List

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
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)

Name	Council's Current Deposit Period	Category	Limit (£)
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 16 April 2021**	**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		57,786	
Coventry Building Society		50,781	
Skipton Building Society		26,658	
Leeds Building Society		20,725	
Principality Building Society		10,912	
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
Cherry Hinton Community Benefit Society	Up to 1 year	Loan	50,000
CCHC Investment *	Rolling Balance	Loan (Asset Security)	7,500,000
Cambridge Investment Partnership (Mill Road)*	Rolling Balance	Loan (Asset Security)	17,800,000
Cambridge Investment Partnership (Cromwell Road)*	Rolling Balance	Loan (Asset Security)	48,300,000
Cambridge Investment Partnership (Orchard Park L2)*	Rolling Balance	Loan (Asset Security)	11,529,000

Name	Council's Current Deposit Period	Category	Limit (£)
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

Deposits as at 21 September 2022

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.

At 21 September 2022, the Council had deposits of £178.8 million. The table below provides a sources breakdown of the funds deposited at that date: -

Funds Deposited as at 21 September 2022	**£'000**
UK Building Societies	10,000
UK Banks	46,300
UK Banks - Sustainable	10,000
Local Authorities	45,000
Money Market Funds	32,500
Enhanced Cash Funds	15,000
Property Fund	15,000
Allia Limited	5,000
Total Deposited	178,800

Appendix D

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 10 October 2022
5.00 - 8.50 pm

Present: Councillors Robertson (Chair), Bennett, Bick, Herbert, Payne, Smart, S. Smith and Sweeney

Executive Councillor: Davey (Executive Councillor for Finance, Resources and Transformation)

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

General Fund Medium Term Financial Strategy

The attached report presents and recommends the budget strategy for the 2023/24 budget cycle and specific implications. The report recommends the approval of new revenue and capital items as shown in the MTFS.

At this stage in the 2023/24 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2022 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 2023/24 and to provide indicative budgets to 2032/33. All references to the recommendations to Appendices, pages and sections relate to MTFS Version 1.0

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.

The Strategy and Resource Scrutiny Committee considered and approved the recommendations (unanimous bar ii).

Accordingly, Council is recommended to:

General Fund Revenue

i) Agree the budget process and timetable as outlined in Section 8 [page 25] of the MTFS document.

ii) (by 6 votes in favour, 2 abstentions) Agree the incorporation of changed assumptions as presented in Section 3 [pages 10 and 11], which provide an indication of the net savings requirement, by year for the next five years [page 13], and revised projections for General Fund (GF) revenue and funding as shown in Appendix A [page 26] and reserves, Section 6 [page 18].

iii) Agree the 2022/23 revenue budget proposal as set out in Section 4 [page 12], for a £1,122k increase in pay budgets to reflect the current pay offer

Capital

iv) Note the changes to the capital plan and funding as set out in Section 5 [pages 15 to 17] and Appendix B [pages 27 to 30] of the MTFS document.

v) Agree capital spending proposals as set out below.

Ref.	Description - £'000s	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Proposals							
SC826	WREN solar project	-	1,170	130	-	-	-	1,300
SC654	Redevelopment of Silver Street Toilets	141	-	-	-	-	-	141
	Total proposals	**141**	**1,170**	**130**	**0**	**0**	**0**	**1,441**

vi) Agree changes to GF reserve levels, the prudent minimum balance being set at £6.854m and the target level at £8.225m as detailed in Section 6 [page 18].

vii) Agree that the remaining balance of £213k on the Cambridge Live Development Fund is transferred to the GF reserve and the fund is closed [page 20]

Item

Strategy & Resources 10 October 2022: General Fund (GF) 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 2023/24 budget cycle and specific implications, as outlined in the MTFS October 2022 document, which is attached and to be agreed.

1.2 This report recommends the approval of new revenue and capital items as shown in the MTFS.

1.3 At this stage in the 2023/24 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2022 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 2023/243 and to provide indicative budgets to 2032/33. 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 process and timetable as outlined in Section 8 [page 25] of the MTFS document.

2.2 To agree the incorporation of changed assumptions as presented in Section 3 [pages 10 and 11], which provide an indication of the net savings requirement, by year for the next five years [page 13], and revised projections for General Fund (GF) revenue and funding as shown in Appendix A [page 26] and reserves, Section 6 [page 18].

2.3 To agree the 2022/23 revenue budget proposal as set out in Section 4 [page 12], for a £1,122k increase in pay budgets to reflect the current pay offer

Capital

2.4 To note the changes to the capital plan and funding as set out in Section 5 [pages 15 to 17] and Appendix B [pages 27 to 30] of the MTFS document.

2.5 To agree capital spending proposals as set out below.

Ref.	Description - £'000s	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Proposals							
SC826	WREN solar project	-	1,170	130	-	-	-	1,300
SC654	Redevelopment of Silver Street Toilets	141	-	-	-	-	-	141
	Total proposals	**141**	**1,170**	**130**	**0**	**0**	**0**	**1,441**

Reserves

2.6 To agree changes to GF reserve levels, the prudent minimum balance being set at £6.854m and the target level at £8.225m as detailed in Section 6 [page 18].

2.7 To agree that the remaining balance of £213k on the Cambridge Live Development Fund is transferred to the GF reserve and the fund is closed [page 20]

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 2023/24 budget process within the context of projections over the medium term as presented in the MTFS October 2022 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 2032/33, 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 the existing commitments of the council.

3.5 Recommendations for approval of specific revenue and capital costs, as identified, are included.

3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2023/24 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 25].

6. Background papers

6.1 Background papers used in the preparation of this report:

- MTFS working papers on the 2022/23 and 2023/24 files

7. Appendices

The following item is included in this report:

- MTFS October 2022

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

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Version 1.0
10 October 2022
Strategy and Resources Scrutiny Committee

General Fund
Medium Term Financial Strategy

October 2022

2022/23 to 2031/32

Cambridge City Council

CAMBRIDGE CITY COUNCIL

Contents

Appendices

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

Introduction

The two most important financial documents produced by the Council each year, are the Budget Setting Report (BSR) in the Spring, 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.

Even though to many the pandemic appears to have ended it continues to have a profound impact on the daily life of the people of Cambridge. Regardless of the fact there remains a genuine health hazard, the impact on the City's economy have been significant and ongoing. Whilst there are encouraging signs of recovery in the business, hospitality, and tourist sectors, there is much still to do, and we will continue to work in partnership with the University, businesses and other stakeholders. But perhaps more important is the way we serve our residents. There has been a disproportionate impact upon our most deprived communities and those in most need, and it is therefore vital we maintain a commitment to one of the core priorities of the Council, namely tackling poverty. This will be exacerbated by the cost of living crisis and particularly the increase in heating costs. We can only do this if we are financially viable as a Council.

Uncertainty in Government Funding

Our ability to make accurate forecasting is made more problematic by the uncertainty surrounding central Government Financing. As was said last year funding reform of Local Government has been anticipated for some years, however, there is no news on either the Fair Funding Review or the Business Rates Review. Therefore, we are again forced to make a series of assumptions which are outlined within the report.

The Transformation Programme; "Our Cambridge"

The Council's ambitious Transformation Programme, "Our Cambridge" has moved on considerably over the last twelve months. At the time of writing the Accommodation Strategy is being taken through the Council processes, a review of Digital processes in being implemented and the proposals about the future organizational design of the organization are being considered. We aim to encourage an enhanced customer focus, strengthen strategic partnerships whilst encouraging an entrepreneurial approach to the work of the Council. We believe this will make us a Council fit for purpose for the future whilst making us financially sustainable.

Use of Reserves

Through prudent and responsible financial management in the past we have been able to build a healthy balance in our reserves. Whilst this does not mean a fundamental change to our ongoing strategy of primarily using reserves for investment, we are proposing to take some funding out of reserves in the course of the next year. We would wish to highlight the financing of the Waterbeach Renewable Energy Network, thereby fulfilling previous commitments to investing in Green initiatives. In addition, however, and at variance to stated principles, we will have to use some reserves for immediate pressures e.g. the pay settlement and any failure to meet the savings targets for this financial year. Whilst we are fortunate to have reserves available, we will continue to be guided by the simple mantra 'you can only spend reserves once'.

Managing the 'unknowns'

The challenge of managing the impact of leaving the EU remains, is ongoing and remains largely unknown, although in the past year we have seen the impact of supply chain demand problems on our extensive building programmes with some, albeit manageable implications for the work of Cambridge Investment Partnership. Having said that it is worth noting however that this Partnership has continued to deliver beyond expectations and CIP have again been nominated for a number of national awards. The sudden and dramatic rise in inflation has already started to impact upon the finances of the Authority and that is before we know the full impact of managing our increase in energy costs. The Council therefore faces an uncertain and challenging twelve months, although this has been the case for the last three years. It has become the "steady state".

Our Strategy

It remains the case that these are challenging and uncertain times. The MTFS has identified the pressures we face in the years ahead and the way we will address those challenges. However, the long-term financial prospects look, if anything, bleaker than last year. The Council's five-year net saving requirement has increased from £7.8m to £11.5m. Whilst we anticipate that Our Cambridge will address some of the challenge, it cannot deliver all. However, 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. Perhaps most importantly in the coming year we will focus our attention on supporting those residents in most need. We will invest for the future and strive to create 'one Cambridge, fair for all.'

Cllr Mike Davey – Executive Councillor for Finances, Resources and Transformation

Cllr Anna Smith - Leader of the Council

Section 1
Executive summary

Context

Cambridge City Council produces two main financial documents each year, the Budget Setting Report (BSR) and this, the Medium Term Financial Strategy (MTFS). The MTFS draws together a review of the 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.

Savings requirement

MTFS 2021 identified a five year net new savings requirement of £7.5m. This MTFS revises the requirement to £11.5m, driven largely by inflationary increases for pay and other costs. Scenario modelling indicates that this savings requirement could range from £9.7m to £19.0m, illustrating the risks and uncertainties surrounding the assumptions made.

Budget strategy

The Our Cambridge Transformation and Recovery Programme has identified indicative recurring savings of £3.65m deliverable for the General Fund (GF) over the next three financial years. Whilst this is a good start, a further £7.85m of recurring savings are required to balance the council's budgets over the next five years. Reserve balances will be used to support service delivery while savings are identified and delivered but cannot be relied on indefinitely. Depletion of reserves balances will weaken the council's financial resilience, putting service delivery at risk.

Section 2
Local context and external factors

The council's local context

Whilst the Cambridge economy is generally well-placed to recover from the impacts of the Covid pandemic and manage pressures from supply chain problems and increasing inflation, some residents and businesses are more exposed to these challenges. Additional pressures on services arise from local growth - the 2021 census has shown that the city's population has grown by 17.6% to 145,700 in 10 years.

The council is working hard to provide support to those in need, whilst engaging with partners and stakeholders to explore ways of working more collaboratively. As identified in previous MTFSs, the council faces considerable financial challenges, exacerbated by growth. £3.9m was set aside in MTFS 2021 to deliver a far-reaching programme of transformational change to address these challenges and to modernise the way the council works.

Council priorities

The council's Corporate Plan 2022-2027, approved in February 2022, sets out four key priorities to address these challenges and 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 priorities are:

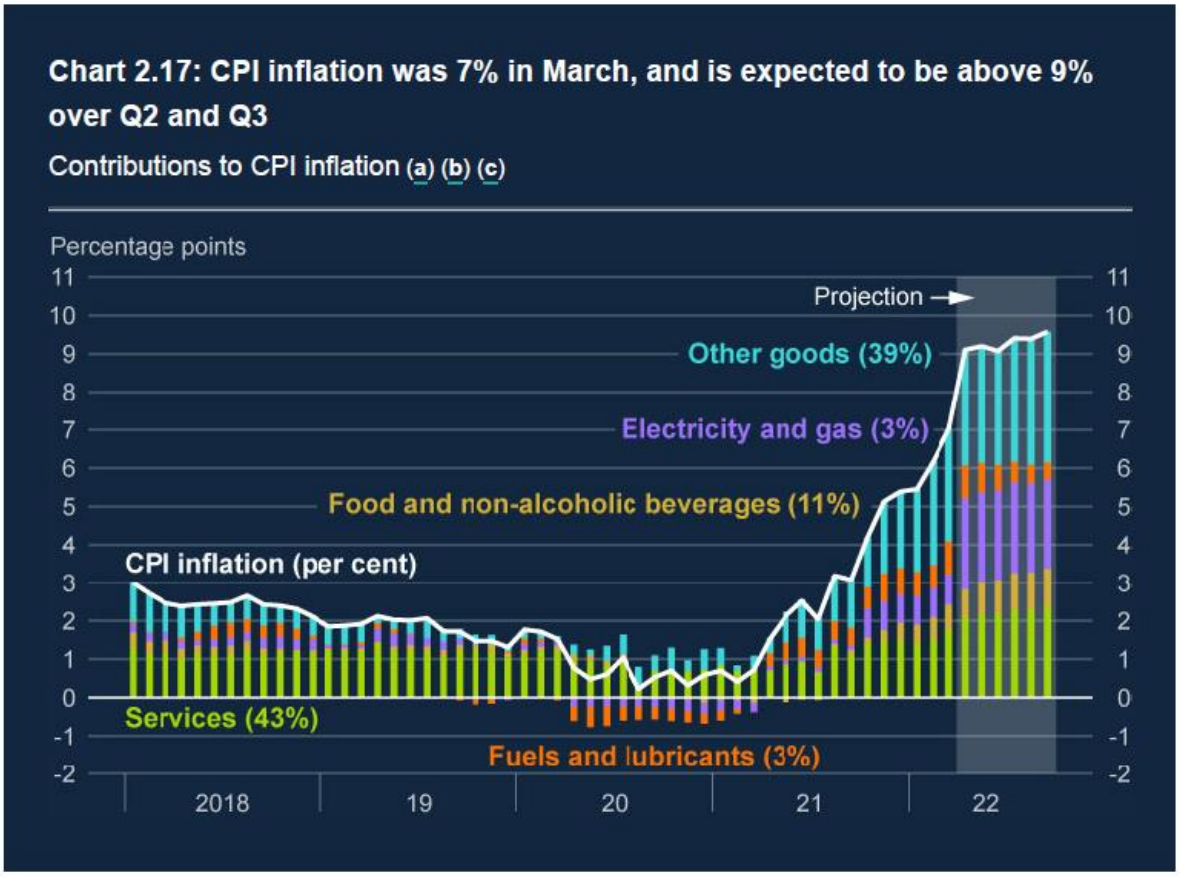
- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

External factors

The council's finances are impacted by global and national factors, such as inflation on electricity, gas and fuel, supply chain issues, shortages of skilled workers and the need to decarbonise its operations. It is therefore difficult to estimate how the council's costs will increase next year and over the 10 year period of this financial strategy. Similarly, the council's income will be affected by levels of economic activity and the cost of living crisis.

Inflation rates

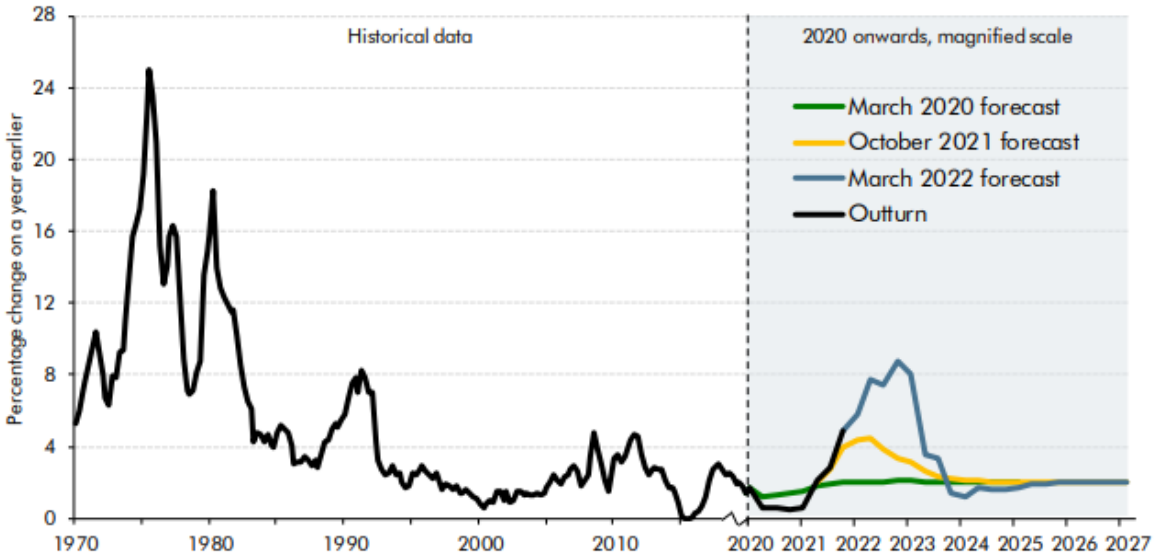
The base rate of inflation used to drive expenditure assumptions in this MTFS is the Consumer Price Index (CPI). As shown below, from the Bank of England May 2022 Monetary Policy Report, this has been rising though the year. CPI reached 9.4% in June 2022.



Sources: Bloomberg Finance L.P., Department for Business, Energy and Industrial Strategy, ONS and Bank calculations.

The chart below shows the Office of Budget Responsibility (OBR) forecasts for CPI from their March 2022 Economic and Fiscal Outlook, which is due to be updated in autumn 2022. At this stage it shows CPI returning to the 2% target level by 2024.

Chart 2.6: CPI inflation



Note: 1970 to 1989 from the Bank of England's *A Millennium of macroeconomic data*, outturn from 1989 onwards from the ONS.
Source: Bank of England, ONS, OBR

Interest rates

Cash balances are invested on a short-term basis, generating interest income, whilst managing both security and liquidity of the cash. The Bank of England base rate was increased to 1.75% on 3 August 2022 and is due for review on 15 September. Further rises are expected as the Bank of England Monetary Policy Committee seeks to manage inflation towards its target of 2%.

The council currently has no external GF borrowing but uses its cash balances to fund capital spending and loans to the Cambridge City Housing Company (CCHC) and the Cambridge Investment Partnership (CIP). Use of cash balances in this way is known as 'internal borrowing' and indicates 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.

Local government finance

Figures released with the provisional settlement for 2022/23 indicated average increases in Core Spending Power (CSP) for authorities of 3.1% for 2023/24 and 2024/25, largely driven by Council Tax increases. Furthermore, Michael Gove, then Minister for Levelling Up, Housing and Communities, confirmed that there would be a two year settlement for local government covering those years. However, following ministerial changes and increased pressure on public finances, these expectations are unlikely to be fulfilled. Long-awaited reforms to local government funding may now be delayed until 2024/25 or even 2025/26.

The level of uncertainty now within the local government funding system makes forecasting of the overall funding available to the council over the period of this MTFS extremely problematic. Recent and potential future ministerial changes add to this uncertainty. For example, will there be more funding for inflation, including pay awards? How much will ministers allow local authorities to increase council tax by?

The base assumptions modelled in this MTFS are:

- There will be roll-over settlements for 2023/24 and 2024/25 with grant funding held at 2022/23 amounts with no inflationary increases
- Changes resulting from local government funding reform will be implemented for 2025/26, with no damping or transitional support
- There will be no further payments of New Homes Bonus after 2022/23
- Band D Council Tax increases will be limited to 2% or £5, whichever is greater

Core Spending Power	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Business rates income	**9.607**	**11.027**	**11.676**	**6.197**	**6.285**	**6.373**	**6.537**	**6.862**	**6.955**
Less: Business rates growth	(5.335)	(6.755)	(7.404)	(1.933)	(1.936)	(1.937)	(2.012)	(2.247)	(2.247)
Settlement Funding Assessment	**4.272**	**4.272**	**4.272**	**4.264**	**4.349**	**4.436**	**4.525**	**4.615**	**4.708**
Grants	4.347	2.905	2.773	0.408	0.399	0.391	0.386	0.382	0.381
Council Tax	9.371	9.839	10.262	10.576	10.943	11.275	11.615	11.945	12.271
	17.990	**17.016**	**17.307**	**15.248**	**15.691**	**16.102**	**16.526**	**16.942**	**17.360**

Business rates growth is considered to be high risk and not to be a reliable source of funding for service delivery. These amounts have been taken into the projection of reserves shown in section 6.

Section 3
Key assumptions

Key assumptions have been reviewed taking account of changes in external factors, government announcements, latest forecasts and circumstances.

Key area	Assumption	Comment / Sensitivity
Pay inflation	Pay progression – 1% Pay inflation – 2023/24 – 3% and on-going - 2.0% (previously 2.0% all years)	An additional 1% increase would cost the council approximately £307k
Employee turnover	4%	Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable.
Pension costs	17.4% plus £2.083m deficit payment	Subject to outcome of triennial valuation, which will be applied in the budget setting report.
General inflation	2023/24 – 9.4% and after – 2.0% (previously 2.0% all years)	The same inflation factors are applied to Central and Support Services as for direct services.
Major contracts	Inflation per contract	Major contracts and agreements, in term, are rolled forward based on the specified indices in the contract or agreement
Income and charges	Matched to general inflation, 2023/24 – 9.4% and after – 2.0% (previously 2.0% all years)	Income and charges – specific reviews of all charges required by committees. Some income streams, such as property rental income, based on specific factors.
Investment interest rate	Investment specific	
Interest paid on HRA cash balances	0.69% for 2022/23, then 0.75%	Based on current projections
Council Tax increase	Greater of £5.00 or 1.99% in each year	A 1% change in council tax represents about £90k p.a. for the council.
Council Tax Base	Based on local housing trajectory forecasts Collection rate 98.7%	Collection rate returned to pre-Covid level

Key area	Assumption	Comment / Sensitivity
Core spending power (local government funding)	As outlined in section 2	

Section 4
Revenue

2021/22 outturn

Total net portfolio expenditure in year was £2.6m below budget, spread across nearly all service groupings. After variances on government funding and other 'below the line' adjustments, there was an overall increase in the GF reserve of £9.0m (2020/21: decrease of £0.7m). This increase was driven largely by the release of a large Covid-related business rates provision and additional government grants addressing the impacts of the pandemic. No budget adjustments are proposed as a result of this outturn, as it is clear that levels of income and spending were still affected by the pandemic and give no certainty to future income or expenditure.

2022/23 forecasts

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. As at the end of June 2022, the council is forecasting an adverse variance of £0.9m against its GF budget for 2022/23. This variance incorporates the impacts of inflation at rates prevailing at the end of June, and the impacts of the proposed pay offer (£1,122k), mitigated by in-year management of expenditure.

In-year revenue proposals

Revenue proposals are usually considered during the budget-setting process so that they can be prioritised, and a holistic view taken. They are considered here for approval by exception only.

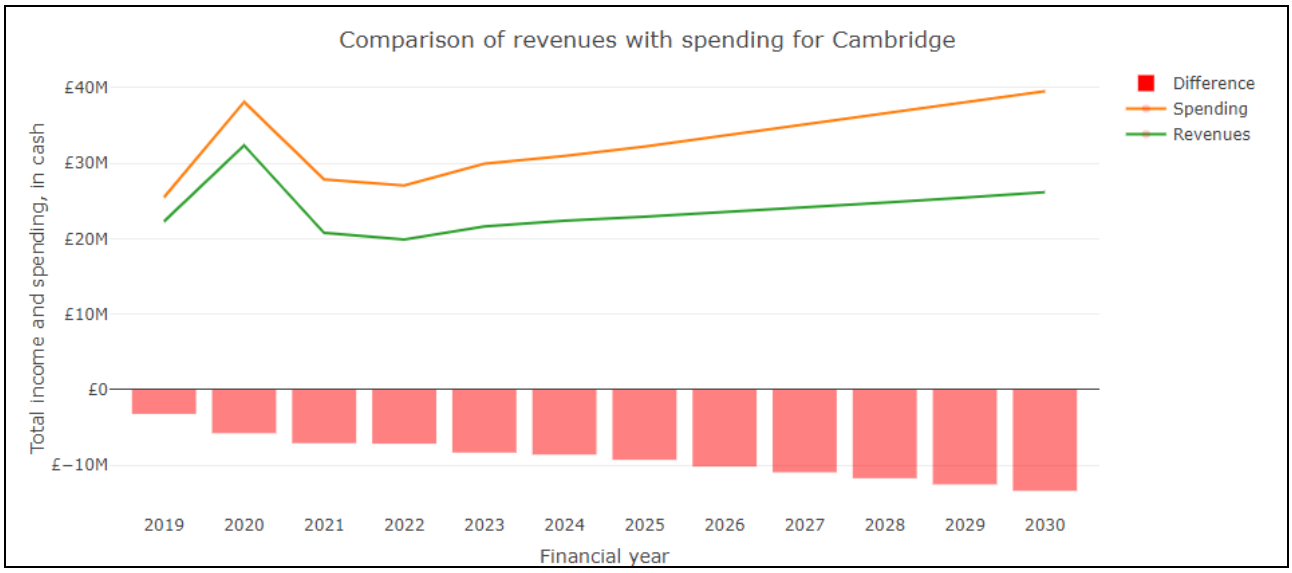
2022/23 pay offer (£1,122k)

The 2022/23 budget includes an effective pay increase of 2.75% (2% budgeted for the 2022/23 and 0.75% carried forward from 2021/22). The current pay offer is for £1,925 per annum per full time equivalent (FTE), with other proposals having limited financial impact. As outlined above, 2022/23 budgets are under considerable pressure due to cost inflation,

therefore it is proposed to increase 2022/23 pay budgets to reflect the excess of the pay offer over the 2.75% already budgeted.

Savings requirements

The IFS/CIPFA/DCN Local Government Finance Model, illustrates the council's financial challenge, based on published data and general modelling assumptions.

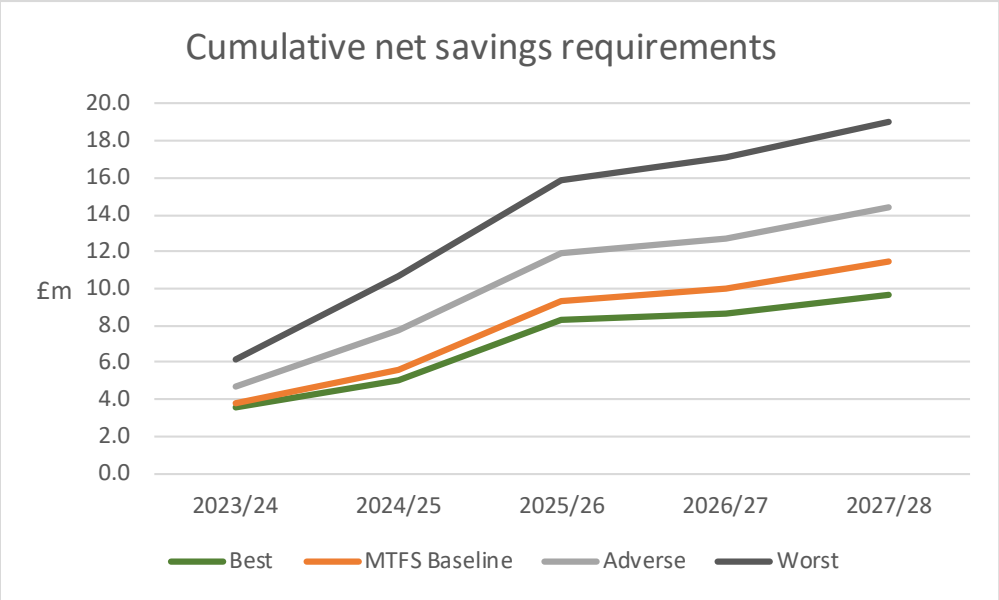


Applying revised assumptions to the council's own financial model and allowing for indicative pressures, the baseline net savings requirement totals around £11.5m for the 5-year period.

Description	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Net savings requirement – new each year (BSR Feb 2022)	**5,459**	**229**	**604**	**655**	**874**	**7,821**
In-year revenue proposals	1,122	1,122	1,122	1,122	1,122	
Changes to assumptions and technical adjustments	(1,708)	(927)	2,030	1,963	2,592	
Changes to indicative unavoidable pressures – not yet proposals	(1,082)	(221)	(121)	(20)	(20)	
Total changes to savings requirement	**(1,668)**	**(26)**	**3,031**	**3,065**	**3,694**	
Revised (MTFS) net savings requirement (new each year)	**3,791**	**1,871**	**3,661**	**689**	**1,503**	**11,515**

Scenarios

As noted throughout this report, the financial situation of the council is currently subject to exceptional levels of uncertainty, particularly with regard to inflation and local government funding. We have therefore considered a number of scenarios to assist with financial planning, with the resulting cumulative savings requirements shown in the graph below. In 2023/24, these scenarios show the budget gap ranging from £3.5m to £6.1m. By 2027/28, the range has increased from £9.7m to £19.0m, a difference of £9.3m.



Our Cambridge - Transformation and recovery programme

In MTFS 2021, funding of £3.1m and a further contingency of £0.8m were set aside in earmarked reserves to fund a fundamental review and transformation of the way the council delivers its services and works with local partners. By 2024/25, the programme is expected to deliver a significant contribution towards the savings requirement identified above. A report on the progress of the programme will be presented to Strategy and Resources Scrutiny Committee alongside this MTFS. Section 7 of this report considers the financial impact of indicative savings identified to date and the use of reserves required to support service budgets whilst the savings are delivered.

Section 5
Capital

Capital plan

The table below summarises capital schemes agreed since the capital plan was approved by council in February 2022.

Ref.	Description - £'000s	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Approved since BSR Feb 2022:							
	Various S106 funded projects	-	308	-	-	-	-	308
SC806	Acquisition of nursery, Timberworks, Cromwell Road, Cambridge	1,548	-	-	-	-	-	1,548
SC809	Green Homes Grant (GF)	-	2,099	-	-	-	-	2,099
SC822	Loan to CIP to purchase land off Wort's Causeway	-	33,940	-	-	-	-	33,940
	Total Approved since BSR Feb 2022	**1,548**	**36,347**	**-**	**-**	**-**	**-**	**37,895**

Mid-year capital proposals

These proposals will be funded from capital receipts or borrowing unless alternative funding sourcing have been identified.

Waterbeach Renewable Energy Network (WREN) solar project (£1,300k)

Match-funding contribution towards the capital delivery cost of the project: The project is subject to scrutiny and approval at the Environment and Community Scrutiny Committee on 6 October 2022 and is included here for allocation and approval of funding. The project will develop an integrated renewable energy and storage solution including a ground-mounted solar photovoltaic (PV) array (1MWp) on land adjacent to the Greater Cambridge Shared Waste Service (GCSWS) Depot at Waterbeach. Electric vehicle charging infrastructure will service approximately 35 electric Refuse Collection Vehicles

(eRCVs). South Cambridgeshire District Council is leading the client-side project management and a funding bid to Cambridgeshire and Peterborough Combined Authority for £2.7m has been made. £100k of the £1,300k will be funded from the climate Change Fund (CCF), with the remaining £1,200k to be taken from the GF reserve in line with aspirations to fund green energy investments from this source.

Silver Street toilets (£141k)

This scheme was originally approved in the BSR 2018/19 and has a current budget of £613k. This bid is for additional funding required to complete the project, with funding to be taken from the 2023/24 allocation of capital funding of £4.0m, see below.

Ref.	Description - £'000s	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Proposals							
SC826	WREN solar project	-	1,170	130	-	-	-	1,300
SC654	Redevelopment of Silver Street Toilets	141	-	-	-	-	-	141
	Total proposals	**141**	**1,170**	**130**	**0**	**0**	**0**	**1,441**

Financing of capital

Capital expenditure, where not funded from specific grants or contributions, is funded firstly from capital receipts and then from internal and external borrowing. The use of borrowing creates 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 £4.0m per year should be set for new capital proposals without specific grant or contribution funding. This capital spending limit requires 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 is reviewed annually.

Capital Receipts - £000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Unallocated capital receipts at 1 April 2022	12,198	**-**	**-**	**-**	**-**	**-**	**12,198**
Forecast receipts	8,423	6,648	-	-	2,000	-	**17,071**
Total receipts available to finance capital spending	**20,621**	**6,648**	**-**	**-**	**2,000**	**-**	**29,269**

Section 6
Risks and reserves

Risks

The council identifies, assesses, and manages risk throughout the year at the corporate, service and project levels. Some key risks will impact on the council's financial position. These include:

- Increasing inflation on energy and fuel costs, employee costs, and other supplies and services including construction and maintenance costs
- The impact of economic slowdown or recession and the rising cost of living on the council's income streams, including council tax, business rates, car parking and commercial property income
- Increased service demand, due to the cost of living crisis, shortages of affordable accommodation and continuing growth in the city
- Ongoing uncertainty relating to the local government funding system
- Delivery of transformational change and savings to time and within budgeted costs

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. The prudent minimum balance (PMB) and target level of the GF reserve has been reviewed in the light of current risks, see Appendix C, and a small increase in PMB is recommended, driven by increased inflationary pressure.

General Fund reserve - £m	February 2022 BSR	October 2022 MTFS
- Target level	7.590	8.225
- Minimum level (PMB)	6.330	6.854

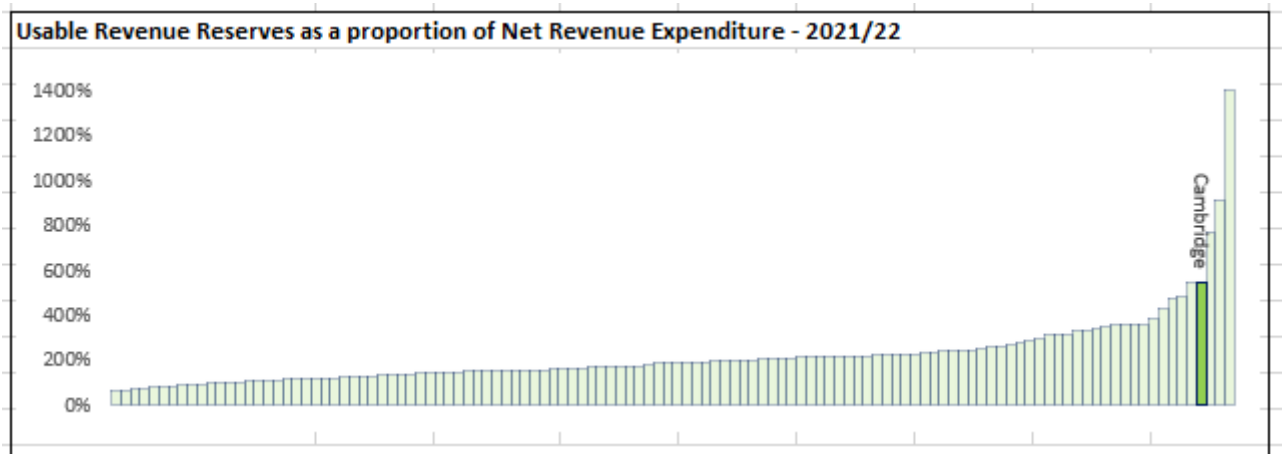
The table below shows current and projected levels of the GF reserve, assuming that all savings requirements are delivered in the year to which they relate, as identified in Section

4. Potential business rates growth is highly dependent on the local economy and central government decisions and is therefore shown separately as amounts and timings cannot be relied on for financial planning purposes.

GF reserve £'000s	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Balance at 1 April (b/fwd)	**(25,533)**	**(22,115)**	**(21,055)**	**(20,815)**	**(20,765)**	**(20,715)**
Contribution (to) / from reserves per BSR 2022/23	256	60	60			
Carry forwards	2,133					
Use of reserves to support revenue spending in services – MTFS proposals	1,122					
Closure of the Cambridge Live Development Fund	(213)					
WREN solar project		1,070	130			
Colville III redevelopment – rephasing of revenue budget	120	(120)				
Indicative funding for the Climate Change Fund (CCF)		50	50	50	50	50
Balance at 31 March before business rates growth (c/fwd)	**(22,115)**	**(21,055)**	**(20,815)**	**(20,765)**	**(20,715)**	**(20,665)**
Business rates growth – indicative growth element (at risk)	(5,335)	(6,755)	(7,404)	(1,933)	(1,936)	(1,937)
Balance at 31 March including business rates growth	**(27,450)**	**(33,145)**	**(40,309)**	**(42,192)**	**(44,078)**	**(45,965)**

Due to the level of savings required, the risk to the financial sustainability of the council is considerable. However, the council is fortunate to have reserves available to support its transformational journey and allow some time to deliver the savings it requires.

As shown below, the council holds a good level of useable reserves compared with other district councils.



LGImprove: Compiled from unaudited Statement of Accounts 2021/22, as published by 24 August 2022

Earmarked and specific funds

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.

Type of earmarked or specific fund	Balance at 31 March 2021 £000	Balance at 31 March 2022 £000
Major policy-led funds	(2,187)	(6,280)
Asset replacement funds (R&R)	(2,144)	(2,029)
Statutory and accounting reserves	(6,744)	(6,611)
Shared / partnership funds	(7,221)	(7,248)
Other – to be closed once committed balances are spent	(32,947)	(7,514)
Total	**(51,243)**	**(29,682)**

The balance of £213,429 on the Cambridge Live Development Fund is no longer required and approval is sought to return this balance into the GF reserve.

A summary of principal earmarked funds in included at Appendix D.

Section 7
Budget strategy

General Fund savings requirements

Description - £000	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Net savings requirement – new each year - Section 4 of this report	3,791	1,871	3,661	689	1,503	11,515

General Fund budget strategy

Budget process

The detailed GF budget process for 2022/23 will remain broadly similar to that for previous years, working within an overall cash limit. However, the process of scrutiny and approval will be changed to reflect best practice as recommended in the recent review of the budget process. 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 MTFS process has shown that there is an urgent 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

The council approved the commission of the Our Cambridge Programme within MTFS 2021. It described that the 'Our Cambridge' programme would be designed to enable our communities, the council, and our partners to work together to build a sustainable future for Cambridge, where 'One Cambridge – Fair for All' underpins all our work; that the programme would extend to every aspect of our work as a council and the outcomes we deliver, with and for the communities we serve. At that stage, forecast costs of transformation totalled £4.275m across revenue and capital budgets, with additional contingency of £0.8m. Scenarios were provided for potential financial benefits that could be achieved, including a mid-point estimate of £4.7 million revenue improvement from 2025/26.

A report was brought to S&R Scrutiny Committee in July 2022, providing an update on approach and progress of the programme, with proposals for establishing a future overarching design. The design will show how the council will operate in the future, including how the council will deliver essential cost reductions while also how it intends to work alongside others to reduce duplication and create smoother, more joined up services that meet the needs of residents both now and as they change in the future.

A further report, 'Update on the Direction of the Future Council and Organisational Design as Part of the Wider Cambridge System' is to be considered at the S&R Scrutiny Committee in October 2022 alongside this MTFS. Work on the detailed organisational design will be organised in three design sections:

- Leadership and decision making
- People, accommodation and digital
- Service delivery

Indicative costs and savings from each of the sections have been identified. Further detailed work is required to refine these estimates, develop additional proposals, and produce business cases for approval. The following paragraphs consider the potential impact of the delivery of these savings on the council's net savings requirements and reserve levels.

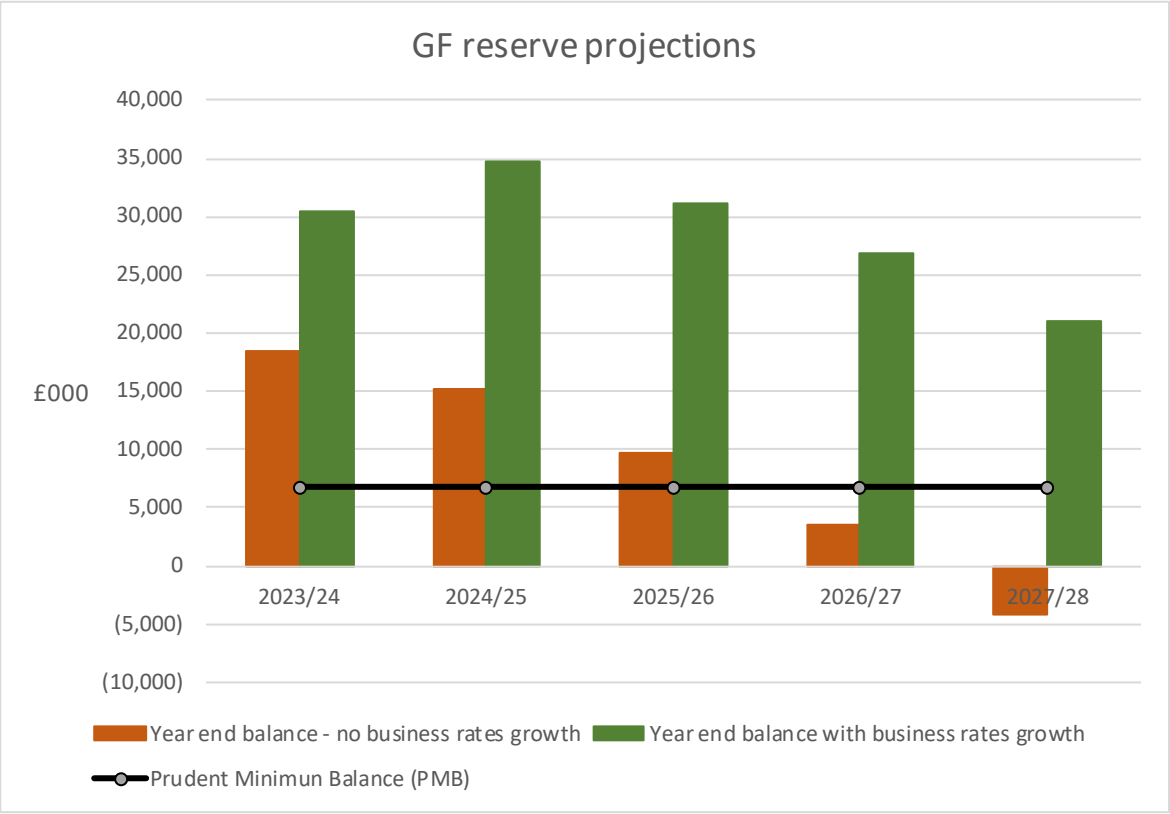
Our Cambridge indicative savings - £m	**Low**	**High**	**Achievable**	
Efficiency savings	(1.30)	(4.00)	(2.50)	
Flexible savings (based on political decisions)	(0.20)	(6.00)	(3.50)	
	(1.50)	**(10.00)**	**(6.00)**	
Reduce to allow for optimism bias			**(5.00)**	
Potential allocation of savings to Housing Revenue Account (23%)			1.15	
			(3.85)	
Timing of indicative savings	**2023/24**	**2024/25**	**2025/26**	**Total**
Percentage by year	30%	40%	30%	100%
General Fund saving (£m)	**(1.16)**	**(1.53)**	**(1.16)**	**(3.85)**

Additional one-off and recurring expenditure will be needed to deliver these savings, with further work expected to identify increases in both potential savings and costs. Therefore, at this point, the impact of the indicative savings identified above have been used to model

the impact of the programme on the council's savings requirements and GF reserve levels, assuming that no additional savings are delivered and no further expenditure is required.

£000	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Net savings requirement – new each year - Section 4 of this report	3,791	1,871	3,661	689	1,503	11,515
Remaining savings requirement - new each year	**2,636**	**331**	**2,506**	**689**	**1,503**	**7,665**

If all savings identified are delivered as expected, with minimal additional expenditure, the council will still face a five-year new net savings requirement of over £7.6m, and a total budget gap over the five years of nearly £25.0m. The diagram below shows the impact of funding this budget gap from reserves. If no business rates growth is assumed, the council will breach PMB in 2026/27. Whilst this is a 'worst case' scenario, the level of future retained business rates growth is dependent on the extent and timing of changes to the business rates system and local economic conditions. The council, therefore, cannot rely on business rates growth to remove the need to make further substantial savings.



The financial position of the council intensifies the pressure to progress Our Cambridge expeditiously, to develop detailed proposals, to take decisions to implement them and to maximise savings wherever possible. However, the indicative savings from the programme are not enough to ensure the financial capacity to continue to deliver for its residents and

businesses. It is imperative that the council finds further savings to meet the identified budget gap.

As noted, the longer term outlook for local government finances and the economy in general is uncertain. Financial pressures will continue to build; from inflation, from increased service demand and from circumstances that we are not yet aware of. This MTFS supports the council to plan for the next two to three years and will be regularly updated to enable longer term planning.

Section 8
Budget process and timetable

Context and approach

This MTFS draws together a review of internal and external financial information halfway through the year, makes assumptions and forecasts for the future and provides the basis on which to prepare the budget for the year ahead.

During the year, the budget setting process has been reviewed and changes to the process have been recommended. The revised approval process is set out in the timetable below, subject to approval by the Civic Affairs Committee in September 2022.

The Council expects to publish a draft budget for public consultation in December, subject to a decision of The Executive. We will use our online engagement platform, CitizenLab, to seek views from all residents, businesses and others on the proposals and themes of the budget and some of the ideas for new ways of working in the council and with our communities. The results of the consultation will be reported to Strategy & Resources scrutiny committee and will inform the final Budget that is presented to Council for decision in February.

Timetable

Date	Task
2022	
10 October	Strategy & Resources Scrutiny Committee consider the GF MTFS for recommendation to Council
20 October	Council considers and approves the GF MTFS
8 December	The Executive approves a draft GF budget for consultation
2023	
30 January	Draft GF budget considered by Strategy & Resources Scrutiny Committee
9 February	The Executive consider and recommend the GF BSR and council tax level to Council
23 February	Council considers the GF BSR and amendments, approves the Gf budget and sets the level of council tax for 2022/24

Appendix A

General Fund expenditure and funding 2022/23 – 2032/33

Description / £'000s	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Expenditure											
Net service budgets - base and inflation	28,078	26,469	28,094	28,568	29,059	30,427	31,391	32,374	33,377	34,399	35,441
Savings delivered from prior years	0	0	(3,791)	(5,662)	(9,323)	(10,012)	(11,515)	(12,601)	(13,714)	(14,845)	(15,996)
Net service budgets	**28,078**	**26,469**	**24,303**	**22,906**	**19,736**	**20,415**	**19,876**	**19,773**	**19,663**	**19,554**	**19,445**
Capital accounting adjustments	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)
Capital expenditure financed from revenue	1,208	0	0	0	0	0	0	0	0	0	0
Indicative cost of revised capital financing strategy	40	279	817	1,944	2,585	3,131	3,677	4,223	4,769	5,315	5,861
Collection fund deficit	2,474	3,247	0	0	0	0	0	0	0	0	0
Contributions to earmarked funds	879	395	395	395	395	395	395	395	395	395	395
Net spending requirement before in-year savings	**26,343**	**24,054**	**19,179**	**18,909**	**16,380**	**17,605**	**17,612**	**18,055**	**18,491**	**18,928**	**19,365**
In-year savings	0	(3,791)	(1,871)	(3,661)	(689)	(1,503)	(1,086)	(1,113)	(1,131)	(1,151)	(1,206)
Net spending requirement	**26,343**	**20,263**	**17,308**	**15,248**	**15,691**	**16,102**	**16,526**	**16,942**	**17,360**	**17,777**	**18,159**
Funded by:											
Settlement Funding Assessment (SFA)	(4,272)	(4,272)	(4,272)	(4,264)	(4,349)	(4,436)	(4,525)	(4,615)	(4,708)	(4,801)	(4,894)
Locally Retained Business Rates – Growth Element	(4,302)	(6,755)	(7,404)	(1,933)	(1,936)	(1,937)	(2,012)	(2,247)	(2,247)	(2,247)	(2,247)
New Homes Bonus (NHB)	(2,059)	(2,905)	(2,773)	(408)	(399)	(391)	(386)	(382)	(381)	(381)	(381)
Covid grant and furloughing income	(1,957)	0	0	0	0	0	0	0	0	0	0
Appropriations from earmarked funds	(5,195)	(3,247)	0	0	0	0	0	0	0	0	0
Council Tax	(9,364)	(9,839)	(10,263)	(10,576)	(10,943)	(11,275)	(11,615)	(11,946)	(12,271)	(12,595)	(12,884)
Contributions to / (from) reserves	805	6,755	7,404	1,933	1,936	1,937	2,012	2,247	2,247	2,247	2,247
Total funding	**(26,343)**	**(20,263)**	**(17,308)**	**(15,248)**	**(15,691)**	**(16,102)**	**(16,526)**	**(16,942)**	**(17,360)**	**(17,777)**	**(18,159)**

Appendix B

Capital Plan

Ref.	Description	Lead Officer	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
PR040z	S106 Public art: Historyworks: Michael Rosen Walking Trail 2	N Black	10	0	0	0	0
PR042g	S106 To the River - artist in residence	N Black	40	0	0	0	0
PR042m	S106 Public art grant - Chesterton village sign	N Black	10	0	0	0	0
SC 745	S106 Chestnut Grove play area: benches and bins	J Parrott	4	0	0	0	0
SC 778	S106 Jesus Green ditch biodiversity improvements	A Wilson	47	0	0	0	0
SC 785	S106 The Art of Play	N Black	5	0	0	0	0
SC 792	S106 pubic art grant for Abbey People's Creative Canopy	N Black	12	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Car Parks	S Cleary	199	0	0	0	0
SC627	Guildhall Large Hall Windows refurbishment	W Barfield	101	0	0	0	0
SC644	Acquisition of land adjacent to Huntingdon Road Crematorium	G Theobald	37	0	0	0	0
SC645	Electric vehicle charging points - taxis	J Dicks	220	0	0	0	0
SC651	Shared ICT waste management software - Alloy/Yotta	S Tovell	117	0	0	0	0
SC654	Redevelopment of Silver Street Toilets	D O'Halloran	601	0	0	0	0
SC659	My Cambridge City online customer portal	N Kemp	22	0	0	0	0
SC662	Shared Planning Service software implementation	S Kelly	32	0	0	0	0
SC678	Crematorium - additional car park	G Theobald	339	0	0	0	0
SC679	Crematorium - cafe facilities	G Theobald	294	0	0	0	0
SC684	Property Management software	P Doggett	59	0	0	0	0
SC688	Environmental Health software	Y O'Donnell	23	0	0	0	0
SC689	Income management software	C Norman	78	0	0	0	0
SC690	Secure phone payments	C Norman	24	0	0	0	0
SC692	Cromwell Road Redevelopment (GF)	M Wilson	3,430	0	0	0	0
SC694	Meadows Community Hub and Buchan St retail outlet	J Smith	3,111	158	0	0	0
SC695	Cromwell Road Redevelopment - equity loan to CIP	C Ryba	5,350	0	0	0	0
SC696	Cromwell Road Redevelopment - development loan to CIP	C Ryba	4,600	0	0	0	0
SC708	Replacement plantroom at Jesus Green outdoor pool	I Ross	140	0	0	0	0
SC711	Guildhall PA system	F Alderton	25	0	0	0	0
SC712	Automation of Bishops Mill sluice gate	A Wilson	88	0	0	0	0
SC713	Replacement air quality monitoring equipment	J Smith	200	0	0	0	0

Ref.	Description	Lead Officer	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
SC714	Changing Places toilets at Quayside	A Wilson	100	0	0	0	0
SC715	Additional refuse vehicle for property growth shared with SCDC	M Parsons	420	0	0	0	0
SC716	Replacement telephony system with call centre	N Kemp	52	0	0	0	0
SC721	Call management for 3C ICT service desk	H Jones	7	0	0	0	0
SC724	Residential electric charging points	J Dicks	61	0	0	0	0
SC727	Logan's Meadow vehicular access	G Belcher	32	0	0	0	0
SC731	Cambridge Food Hub	V Haywood	100	0	0	0	0
SC732	Park Street car park development	D Prinsep	48,148	29,396	7,173	0	0
SC736	S106 Grant for St George's Church improvements	I Ross	3	0	0	0	0
SC738	S106 Wilberforce Road artificial pitches	I Ross	250	0	0	0	0
SC739	S106 Abbey Pool improvements	I Ross	144	0	0	0	0
SC740	S106 Chesterton Rec pavilion	I Ross	33	0	0	0	0
SC741	S106 Nightingale Rec Ground pavilion	J Parrott	503	0	0	0	0
SC742	L2 development loan to CIP	C Ryba	8,045	0	0	0	0
SC743	L2 equity loan to CIP	C Ryba	1,800	0	0	0	0
SC752	S106 Byron's Pool ecological mitigations	G Belcher	237	10	13	0	0
SC753	S106 Nine Wells ecological mitigations	G Belcher	89	0	5	10	0
SC754	Cambridge Corn Exchange - infrastructure improvements and upgrades	I Ross	1,000	0	0	0	0
SC755	Carbon saving investments within the Leisure portfolio	I Ross	279	0	0	0	0
SC756	EV infrastructure at the Cambridge City Council depot	S Cleary	57	0	0	0	0
SC758	Charging infrastructure for electric vehicles - Cambridge City council only	M Parsons	50	0	0	0	0
SC759	Creation of a new boat pumping station at Stourbridge Common	A Wilson	60	0	0	0	0
SC760	Investment programme for public toilet re-purposed property asset	A French	325	300	0	0	0
SC761	Installation of cattle ramp on Midsummer Common	A Wilson	38	0	0	0	0
SC763	Refurbishment of 125 Newmarket Road and refurbishment and alterations of 451 Newmarket Road	J McWilliams	60	0	0	0	0
SC764	Environmental Improvements Programme (EIP) options	A Wilson	526	0	0	0	0
SC765	Introduction of car parking charges at Cherry Hinton Hall	A French	19	0	0	0	0
SC767	Mobile phone replacement	H Jones	117	0	0	0	0
SC768	Extend data capacity in shared data centre	H Jones	60	0	0	0	0
SC769	Network equipment refresh	H Jones	73	0	0	0	0
SC770	ICT project delivery: project management, technical resource , business analysis and change management	N Kemp	40	0	0	0	0
SC771	Data and analytics - putting building blocks in place for future use of data and information management	N Kemp	70	0	0	0	0

Ref.	Description	Lead Officer	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
SC772	Market Square project	S French	318	0	0	0	0
SC773	Colville Rd Phase 3 - replacement of commercial units	D Prinsep	583	0	0	0	0
SC774	Information at work consolidation	H Jones	29	0	0	0	0
SC775	City centre recovery - Combined Authority grant funding	J Richards	515	0	0	0	0
SC776	BEIS grant for Parkside pools decarbonisation works	I Ross	867	0	0	0	0
SC777	BEIS grant for Abbey pool decarbonisation works	I Ross	354	0	0	0	0
SC779	Parker's Piece tree planting	M Magrath	5	0	0	0	0
SC780	S106 Darwin Green community centre equipment and furnishings	V Haywood	13	0	0	0	0
SC783	S106 tree planting at Coleridge Rd rec and Lichfield Rd play areas	M Magrath	5	0	0	0	0
SC784	S106 Restoration of natural habitats at Norman cement works Coldhams Lane	G Belcher	3	0	0	0	0
SC787	S106 Thorpe Way Rec Ground: new footpath	J Parrott	15	0	0	0	0
SC788	S106 bee banks	G Belcher	5	0	0	0	0
SC789	S106 Jubilee Gardens open space improvements	J Ogle	43	0	0	0	0
SC790	S106 Chesterton Rec wheelsport project	P Mullord	76	0	0	0	0
SC791	S106 Coldhams Common BMX track	D O'Halloran	81	0	0	0	0
SC793	Sustainable Warmth Grant - Local Authority Delivery Phase 3	J Smith	1,840	0	0	0	0
SC794	Sustainable Warmth Grant - Home Upgrade Grant	J Smith	4,625	0	0	0	0
SC795	CHUB - community extension to Cherry Hinton library	A Conder	764	0	0	0	0
SC796	Building Control software	H Jones	120	0	0	0	0
SC797	Waste - electric replacement vehicles	F Bryant	970	0	0	0	0
SC799	Closed churchyard wall repairs	A French	70	0	0	0	0
SC800	New vehicle to support S&OS Assets multi skilled operatives	A Wilson	45	0	0	0	0
SC801	Replacement vehicle lift	D Cox	40	0	0	0	0
SC802	Replacement roller brake test rollers	D Cox	45	0	0	0	0
SC803	Market Square electrics upgrade	T Jones	60	0	0	0	0
SC804	ICT & Digital Capabilities	N Kemp	300	0	0	0	0
SC805	ANPR at the Meadows Community Centre Car Park	C Flowers	37	0	0	0	0
SC806	Acquisition of Nursery, Timberworks, Cromwell Rd, Cambridge	D Prinsep	1,548	0	0	0	0
SC808	Our Cambridge transformation - Office Accommodation Strategy	N Kemp	77	0	0	0	0
SC809	Green Homes Grant (GF)	J Smith	2,040	0	0	0	0
SC810	S106 kettlebell frame for outdoor fitness area at Abbey Leisure Complex	I Ross	20	0	0	0	0
SC811	S106 Mill Road Centre fit out	A Conder	75	0	0	0	0

Ref.	Description	Lead Officer	2022/23 (£000's)	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)
SC812	S106 Clay Farm community centre improvements	A Conder	17	0	0	0	0
SC813	S106 Trumpington Rec ground environmental enhancements	J Ogle	70	0	0	0	0
SC814	S106 public art grant for Ride with Pride (City-wide)	N Black	19	0	0	0	0
SC815	S106 Alexandra Gardens Rec - additional seating	J Parrott	5	0	0	0	0
SC816	S106 Jesus Green seating, benches and additional trees	J Parrott	13	0	0	0	0
SC817	S106 Coldhams Lane play area: benches, bins and noticeboards	J Parrott	10	0	0	0	0
SC821	S106 Nightingale Community Garden - informal kitchen	I Ross	9	0	0	0	0
SC822	Loan to CIP to purchase land off Wort's Causeway	C Ryba	33,940	0	0	0	0
SC823	S106 public art grant for Cherry Hinton Brook mural	N Black	5	0	0	0	0
SC824	S106 public art grant for Birdwood area art	N Black	4	0	0	0	0
SC825	S106 public art grant for Park Street Residents' Association	N Black	8	0	0	0	0
SC826	WREN solar project at Waterbeach	J Elms	0	1,170	130	0	0
Capital-GF Projects			**131751**	**31034**	**7321**	**10**	**0**
Capital-Programmes							
PR010	Environmental Improvements Programme	J Richards	86	0	0	0	0
PR010b	Environmental Improvements Programme - South Area	J Richards	41	0	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	J Richards	58	0	0	0	0
PR010d	Environmental Improvements Programme - East Area	J Richards	38	0	0	0	0
PR017	Vehicle Replacement Programme	D Cox	978	0	0	0	0
PR039	Minor Highway Improvement Programme	J Richards	71	0	0	0	0
PR053	Commercial property repair and maintenance	W Barfield	400	300	300	300	0
PR054	Administrative buildings maintenance	W Barfield	251	166	166	400	0
PR055	Depot Relocation programme to create Operational Hub	S Cleary	9,976	0	0	0	0
Capital-Programmes			**11,899**	**466**	**466**	**700**	**0**
Capital-GF Provisions							
PV007	Cycleways	J Richards	379	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	0	0	60	0	0
PV554	Development Of land at Clay Farm	D Prinsep	251	15	705	0	0
Capital-GF Provisions			**630**	**15**	**765**	**0**	**0**
Total GF Capital Plan			**144,280**	**31,515**	**8,552**	**710**	**0**

Appendix C

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

Estimate of prudent level of General Fund reserves 2022/23			
Description	**Level of risk**	**Amount at risk**	**Risk**
		£	£
Employee costs	*Low*	33,234,170	66,468
Premises costs	*Medium*	7,751,190	34,880
Transport costs	*Medium*	612,590	3,676
Supplies and services	*Medium*	29,012,910	87,039
Grants and transfers	*Low*	27,226,850	27,227
Grant income	*Low*	38,594,020	38,594
Other income	*High*	55,800,060	1,255,501
Miscellaneous	*Low*	312,850	469
Total one year operational risk			1,513,854
Allowing three years cover on operational risk			**4,542,000**

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)	**6,854,000**
Target (PMB + 20%)	**8,225,000**

Appendix D

Principal earmarked and specific funds

Fund	Balance at 1 April 2022	Anticipated contributions	Forecast expenditure	Forecast balance at 31 March 2027
Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund	(5,214)	(196)	5,410	0
Climate Change Fund	(379)	0	379	0
Asset Replacement Fund (R&R)	(1,228)	0	1,228	0
Bereavement Services Trading Account	(801)	(960)	1,761	0
Local Plan Development Fund *	(411)	(900)	1,311	0
A14 Mitigation Fund	(1,500)	0	1,500	0
Cambridge Live Development Plan**	(213)	0	213	0
Covid Grants	(593)	0	593	0
NNDR Additional Income	(6,377)	0	6,377	0
Our Cambridge Transformation and Contingency Funds	(3,543)	0	3,543	0
Total	**(20,259)**	**(2,056)**	**22,315**	**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.

** Approval is sought to close this Fund.

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CIVIC AFFAIRS 21 Sep 2022
5.30pm - 7.00pm

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bick, Bennett, Moore and Thornburrow

FOR ADOPTION BY THE COUNCIL

22/31/Civ – Civic Affairs: Amendment to Contract Rules

The Councils Constitution at Part 4G – Contract Procedure Rules, 1.22.2 stated that "ALL Grant Agreements paid to third parties must be executed as a deed".

To be legally enforceable, grant agreements must be executed as a deed, does not take into consideration that the Council would not wish to take a voluntary or community group to court to reclaim any monies unless absolutely necessary, and in many cases the cost of court action would exceed the value of the grant award in any event.

The preferred route would be to develop and maintain excellent relationships with our funded groups, whereby groups feel able to discuss any concerns they have about their funding award and group status at the earliest stages.

Alongside this, the Grants Team has put in place robust processes to manage the risks associated with making grant and is now seeking this approach to be reflected in the Contract Procedure Rules.

The proposed amendment would give the Council the ability to execute grants as deeds where it was felt this was proportionate to the risk or where particular thresholds were met – such as over a certain financial value. It would also allow the majority of grants which are lower risk and of lower value, to be signed under hand.

Resolved (by 4 votes to 0) to recommend to Council that Contract Procedure Rules are amended to enable Grant Agreements to be approved by deed; or signed under hand where appropriate by delegated authority to the Director. The new wording would be as follows: "ALL Grant Agreements paid to third parties must be executed as a deed; or signed under hand where appropriate by delegated authority to the Director".

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Amendment to Council Procedure Rules in relation to Grant Agreements

To:
Civic Affairs Committee 21 September 2022

Report by:
Julie Cornwell, Community Funding and Voluntary Sector Manager
Tel: 01223 717855 Email: julie.cornwell@cambridge.gov.uk

Wards affected:
All

1. Introduction / Executive Summary

1.1 The Councils Constitution at Part 4G – Contract Procedure Rules, 1.22.2, currently states that "ALL Grant Agreements paid to third parties must be executed as a deed".

1.2 Whilst it is true that to be legally enforceable, grant agreements must be executed as a deed, it does not take into consideration that the Council would not wish to take a voluntary or community group to court to reclaim any monies unless absolutely necessary, and in many cases the cost of court action would exceed the value of the grant award in any event.

1.3 The preferred route is to develop and maintain excellent relationships with our funded groups, whereby groups feel able to discuss any concerns they have about their funding award and group status at the earliest stages. This allows the Council to resolve issues and agree a way forward which in turn enables groups to continue to support Cambridge residents experiencing social and/or economic disadvantage.

1.4 Alongside this, the Grants Team has put in place robust processes to manage the risks associated with making grant awards (as set out in

point 4 below) and is now seeking this approach to be reflected in the Contract Procedure Rules.

1.5 The proposed amendment would give the Council the ability to execute grants as deeds where it was felt this was proportionate to the risk or where particular thresholds were met – such as over a certain financial value. It would also allow the majority of grants which are lower risk and of lower value, to be signed under hand. This is a simpler, more efficient process that has been shown to work in recent years with small awards, and also enables an approach and language to be used that is more accessible to voluntary and community groups.

2 Recommendations

2.1 The Committee is asked to recommend to Council that Contract Procedure Rules are amended to enable Grant Agreements to be approved by deed; or signed under hand where appropriate by delegated authority to the Director. The new wording would be as follows: “ALL Grant Agreements paid to third parties must be executed as a deed; or signed under hand where appropriate by delegated authority to the Director”.

3 Background

3.1 There is an annual budget of £1,000,000 available for Community Grants subject to approval of the Council’s budget in February and a further £30,000 for Sustainable City Grants and approximately £325,000 for Homelessness Prevention Grants (this can vary year on year). These funds are all managed through the Councils ‘Grants Gateway’ which was introduced in 2019.

3.2 As part of the Our Cambridge Transformation Programme, the Council is reviewing its relationship with the voluntary and community sector. Running alongside this, a 2-phase review of Community Grants is underway. The first phase has focused on simplifying the process for groups applying for small amounts of funding and has seen the introduction of a shorter, electronic grant application form. It is hoped there will be an increase in new and under-represented groups applying.

3.3 The second phase of the Grants Review will feed into the wider discussion on community investment and wealth building. The outcome

of this phase may result in changes to the way the Council supports the voluntary and community sector. This could include the introduction of longer-term funding agreements or a move to commissioning services. In these circumstances the Council may wish to retain the ability to execute grants as deeds to reflect the higher value (and therefore higher risk) of those awards.

3.4 Whilst the Council has executed some grants as deeds, it has not been the practice for the Community Grants, Sustainable City Grants or Homelessness Prevention Grants for several years. This is because the terminology used in deeds and the implications of deeds can be intimidating or inaccessible for community groups. It is felt that an approach of using deeds would be an active disincentive for many groups and conflict with the Council's aim of making the grants process as simple as possible for the voluntary and community sector.

3.5 The process of executing grants as deeds is resource intensive for the Council. Every grant agreement executed in this way requires the Legal Team to check and amend the signatory clause, reflecting the legal status of the group. It requires two copies to be signed and for them to be sealed. This cannot be done electronically. If this were to become the practice for the Community Grants, Sustainable City Grants and Homelessness Prevention Grants, between 150-200 grant agreements would need to be executed at the same time prior to the start of the new financial year, requiring additional legal resource. Officers believe that this is disproportionate to the risk involved.

4 Mitigating Risks

4.1 The main differences between a deed and a grant agreement signed underhand, are that a deed would include a 'Joint and Several Liability' section. This would specify that 'where the recipient is neither a company nor an incorporated entity with a distinct legal personality of its own, the individuals who enter into and sign the agreement on behalf of the recipient shall be jointly and severally liable for the recipient's obligations and liabilities arising under this Agreement'. This can be very off putting for small groups and has previously resulted in a group feeling unable to take up an award.
Similarly, a deed would include a section on 'Governing Law' which sets out that the agreement 'shall be governed by and construed in accordance with the law of England and the parties irrevocably submit to the exclusive jurisdiction of the English courts'. This can also be

seen as intimidating and heavy-handed for groups simply wishing to make a difference in their community. By omitting these sections, a grant agreement is not legally enforceable.

4.2 Whether or not a grant agreement is executed as a deed or underhand, the requirement will remain that every funded group must sign a grant agreement which sets out what the funding is for and the terms on which the award is made. No monies are paid over until this agreement is signed by both parties. There are no proposals to change this approach as grant agreements are a very useful tool in managing risk and expectations and is widespread practice across local authorities and other grant making bodies.

4.3 As set out at 1.3 above, the primary way the Council mitigates the risks associated with issuing grant awards is to get to know it's funded groups and maintain good communication links. This has proved effective in many cases, where the Grants Team are given a 'heads up' of emerging issues by the group themselves thereby allowing appropriate support to be put in place.

4.4 Other ways the Grants Team mitigates the risks are:

- Checking the legal and financial status of every group at the point of application (in addition to generalist grants officers, the Grants Team has a specialist community accountant whose role is to identify financial irregularities and concerns and support groups to present their accounts and budgets accurately).
- Ensuring every group has the necessary policy and procedures in place to ensure the funded activity can be delivered legally, safely and effectively.
- Involving council officer experts in the grant assessment process to ensure the proposed activity is deliverable.
- Setting specific conditions on grant agreements if there are any concerns e.g., "provide evidence of Public Liability Insurance".
- Requiring a monitoring report at the end of every year, with a 6-month monitoring report also required from groups receiving over £10,000.
- Setting staged payments for groups receiving awards of £10,000 or over.
- Visiting groups throughout the year (the activity where appropriate or attending meetings).
- Encouraging organisations that are new to the Grants Team to apply for small amounts of funding and prove they can successfully

manage that before potentially submitting more ambitious applications in future years.

- Holding an annual team away day to review previous years grants round and make improvements to the process and documentation as necessary.

4.5 When considering whether to formalise an approach that moves away from sealing all grants as deeds, advice has been taken from the Principal Lawyer (Contract and Procurement); Head of Legal Practice; Head of Shared Internal Audit Service; The Head of Community Services and the Director of Neighbourhoods. Whilst noting the law does not take account of any financial thresholds which the Council may set, adopting a risk-based approach is supported as a proportionate way of dealing with community groups.

5 Implications

a) Financial Implications

None if the recommendation is approved. There is a potential increase in staffing costs if all grants were executed as deeds.

b) Staffing Implications

The recommendation will maintain the staffing levels as they are currently. Moving to executing grants as deeds will require additional capacity in the Legal Team and potentially in the Grants Team.

c) Equality and Poverty Implications

Approving the recommendation would have no negative equality and poverty implications. If the Council moved to executing all grants as deeds, it is likely that smaller groups would be deterred from obtaining a grant. Many of the smaller groups support people with protected characteristics.

d) Net Zero Carbon, Climate Change and Environmental Implications

None.

e) Procurement Implications

None.

f) Community Safety Implications

None.

6 Consultation and communication considerations

No consultation is required.

7 Background papers

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

8 Appendices

None.

9 Inspection of papers

To inspect the background papers or if you have a query on the report please contact Julie Cornwell, Community Funding and Voluntary Sector Manager, Tel: 01223 717855, email: julie.cornwell@cambridge.gov.uk

CIVIC AFFAIRS 21 Sep 2022
5.30pm - 7.00pm

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bick, Bennett, Moore and Thornburrow

Councillor Bennett joined the committee on-line via MS Teams. She took part in the debate but did not vote.

FOR ADOPTION BY THE COUNCIL

22/35/Civ – Civic Affairs: Review of the Budget Setting Process and Wider Financial Governance Issues

The Officer's report recommended changes to the Constitution to give effect to the amendments to the Council's budget process agreed by the Executive Councillor for Finance, Resources and Transformation on 11 July 2022 following Strategy and Resources Scrutiny Committee.

Councillors requested a change to the recommendations. Councillor Bick proposed and Councilor McPherson seconded splitting former (iii) into [new] (iii) and [new] (iv) to make [old] (iv) the [new] (v).

iii. Agree that Council meets on 23 February 2023 to consider the Budget Setting Report and associated financial recommendations only (ie a budget meeting), with the remainder of the Council Agenda adjourned until the following Thursday 2 March 2023 (ie the same arrangement as 2022). ~~To note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.~~

iv. Note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.

v. Agree the changes to Virements and carry forwards as described in 3.4 and Appendix B of the Officer's report.

The Chair decided that the recommendations highlighted in the Officer's report should be voted on and recorded separately:

Resolved (by 5 votes to 0 – unanimous of those able to vote) to recommend to Council:

i. Agree the changes to Council Procedure Rules and Budget Framework rules as set out in the Appendix A of the Officer's report and that the arrangements are reviewed in good time to inform an agreed approach for the following budget cycle.
ii. Note the additions and changes to meetings December 2022-February 2023 as a consequence of these changes.

Resolved (by 4 votes to 0) to recommend to Council:

iii. Agree that Council meets on 23 February 2023 to consider the Budget Setting Report and associated financial recommendations only (ie a budget meeting), with the remainder of the Council Agenda adjourned until the following Thursday 2 March 2023 (ie the same arrangement as 2022).

Resolved (by 5 votes to 0 – unanimous of those able to vote) to recommend to Council:
iv. Note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.

Resolved (by 4 votes to 0) to recommend to Council:
v. Agree the changes to Virements and carry forwards as described in 3.4 and Appendix B of the Officer's report.

Item

CHANGES TO THE COUNCIL'S BUDGET PROCEDURE RULES AND RELATED CONSTITUTIONAL MATTERS-

To:
Civic Affairs Committee 21/09/2022

Report by:
Caroline Ryba s151 Officer, Head of Finance
Email: caroline.ryba@cambridge.gov.uk

Wards affected:
All

1. Introduction

1.1 This report recommends changes to the Constitution to give effect to the amendments to the Council's budget process agreed by the Executive Councillor for Finance, Resources and Transformation on 11 July 2022 following Strategy and Resources Scrutiny Committee.

1.2 Two working meetings with Executive Councillor Davey and Group Leaders Councillors Bick and Bennett have informed the proposals in this report.

2. Recommendations

To recommend to Council:

Budget Process and virements

(i) The changes to Council Procedure Rules and Budget Framework rules as set out in the Appendix A and that the arrangements are reviewed in good time to inform an agreed approach for the following budget cycle.

(ii) To note the additions and changes to meetings December 2022-February 2023 as a consequence of these changes.

(iii) To agree that Council meets on 23 February 2023 to consider the Budget Setting Report and associated financial recommendations only (ie a budget meeting), with the remainder of the Council Agenda adjourned until the following Thursday 2 March 2023 (ie the same arrangement as 2022). To note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.

(iv) To agree the changes to Virements and carry forwards as described in 3.4 and Appendix B.

3. Background

3.1 At Strategy and Resources Scrutiny Committee on 11 July, 2022, the Executive Councillor for Finance, Resources and Transformation agreed to transition to a new budget process this year, with further changes being brought in next year, subject to constitutional change, by asking officers to draft proposals for changes to the council's constitution arising from the review of the budget setting process, to be brought forward for approval by Civic Affairs and Full Council.

Changes to budget timetable and Budget Procedure Rules

3.2 The new arrangements will be as follows:

(i) The Executive meets to consider a draft Budget following which there will be a period of public consultation.

(ii) The Strategy and Resources Scrutiny Committee will meet after the consultation closes and consider the officer's analysis of the consultation and the draft Budget.

(iii) The Executive will meet to agree a Budget for recommendation to Council.

(iv) Amendments to the Executive's Budget and associated financial reports will be published by noon on Tuesday 21 February.

3.3 The relevant wording changes to reflect the above process in the Budget Framework and Procedure Rules is in Appendix A. Also included are some very minor changes to reflect the new arrangements to Council Procedure Rules (Part 4A A2 covering the budget Council meeting and amendments).

If Committee and Council agrees, the meetings timetable for the Budget would look like this for 2022/23:

- Wednesday 30 November-publish Executive agenda
- Thursday 8 December (5.30pm) – Executive meeting
- Monday 12 December-Monday 9 January 2023 4 week budget consultation
- Wednesday 18 January-publish S&R agenda inc analysis of consultation
- Monday 30 January 2023-S&R Scrutiny Committee (from 6 February)
- Wednesday 1 February 2023 – publish Executive agenda
- Thursday 9 February 2023 (5.30pm) -Executive meeting (from 6 February)
- Wednesday 15 February 2023 -Council Agenda despatch
- Thursday 23 February 2023 -Council (budget and related finance only)
- Thursday 2 March 2023 -Council (continuation of business other than budget)

Virements and carry forwards

3.4 Alongside changes to the process, it was agreed on 11 July that the rules for virement and carry forwards are reviewed and simplified and that consideration is given to increasing delegations/virement limits. The Head of Finance has compared limits with comparable district councils and the changes to levels are suggested as follows:

3.5 Directors and heads of service may exercise virement on budgets under their control within the annual limits set out below.

Nature of virement	Total annual approval limit	Approval by:
Within a cost centre	No limit	Cost centre manager
Between cost centres within a service grouping	Up to £75,000	Head of service in consultation with the Head of Finance
	£75,001 to £250,000	Executive councillor* in consultation with the Head of Finance
	Over £250,000	Full council
Between cost centres in different service groupings and/or portfolios	Up to £250,000	Executive councillor(s)* in consultation with the Head of Finance
	Over £250,000	Full council

*All decisions taken by the Executive Councillor will be reported to Chair and spokes in line with out of cycle decisions, or if time allows, be sent to Strategy and Resource Scrutiny Committee for consideration.

A review of any non-technical virements over £100,000 made under this new process will be reviewed by the Strategy and Resources Scrutiny Committee after the first year of operation.

The detailed wording change to the Constitution's Financial Procedure Rules are attached at Appendix B.

A summary analysis of comparable councils virement limits is included within Appendix C.

4. Implications

(a) Financial Implications

As covered in the report

5. Consultation and communication considerations

The Executive Councillor for Finance, Resources and Transformation supports the proposals and the opposition Group Leaders have been consulted on the proposals to the budget process and virements.

6. Contact

If you have a query on the report please contact Caroline Ryba, Head of Finance caroline.ryba@cambridge.gov.uk.

APPENDIX A

PART 4C BUDGET AND POLICY FRAMEWORK PROCEUDRE RULES

Budget Setting – Scrutiny of Budget Proposals, amendments and Executive Recommendation

3.3 The Executive will meet to consider a draft Budget prior to being available for public consultation. Any member of the Council can attend and speak at this meeting, The Strategy and Resources Scrutiny Committee (with the Executive's draft budget included on the agenda) will meet after the public consultation period. The comments of the Scrutiny Committee will be reported to the Executive and to the Council.

3.4 The Executive will meet to recommend final budget proposals for submission to the Council. The Executive may amend its draft budget - in the light of the public consultation, Strategy and Resources Scrutiny Committee consideration and any advice from the s151 Officer. Any member of the Council can attend and speak at this meeting.

Amendments following the Executive's recommendation to Council

3.5 Following publication of the Council Agenda including the Executive's Budget recommendations, amendments may be submitted by Opposition Groups or any Member. These must be amendments which are received by the Council's s151 Officer so that they can be published by midday on the Tuesday (before a Thursday Council) along with the s151 Officer opinion.

PART 4A COUNCIL PROCEDURE RULES

APPENDIX A2 BUDGET RECOMMENDATIONS AND AMENDMENTS

Para 2.6 is deleted as it is no longer relevant under the new process (if agreed) [~~Members may submit revised amendments where the Mayor is satisfied that the substantive issues have been considered at the Strategy & Resources Scrutiny Committee~~]

2.7 The Executive may amend its budget recommendations in the light of amendments moved [~~at the Strategy & Resources Scrutiny Committee or~~] at the Council meeting.

APPENDIX B -

Part 4F: Financial Regulations and Financial Procedure Rules

OTHER FINANCIAL ACCOUNTABILITIES

Virement

A.23 The Head of Finance is responsible for agreeing procedures for virement of expenditure between budget headings. The Head of Finance may approve technical virements to make budget transfers where there is no underlying change in the budget intention.

A.24 Heads of Service are responsible for agreeing in-year virements within delegated limits, in consultation with the Head of Finance. Executive Councillor or full Council approval will be required for virements in excess of £75,000 and for those which are between service groupings and/or portfolios, as set out in the current General Fund and Housing Revenue Account budget books.

A.25.The scheme of virement is set out in the Financial Procedure Rules paragraphs 1.11 to 1.15.

Part 4F: Financial Regulations and Financial Procedure Rules – Appendices

SCHEME OF VIREMENT

1.10 The overall budget is agreed by the executive and approved by the full council. The scheme of virement is intended to enable the executive, directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources according to changing needs.

Key controls

1.11 Key controls for the scheme of virement are:

(a) It is administered by the Head of Finance within guidelines set by the full council. Any variation from this scheme requires the approval of the full council.

(b) All virements must be notified in writing to the Head of Finance.

(c) Permanent virements are permitted following consultation and agreement with the Head of Finance.

(d) Virements enable the executive and officers to manage their budgets responsibly and prudently, therefore they must not:

- create additional overall budget liability
- support recurring expenditure from one-off sources of savings or additional income
- involve the creation of a new policy or change in policy
- create future resource commitments
- represent a permanent change to the staffing establishment

(e) The Head of Finance may approve technical virements to make budget transfers where there is no underlying change in the budget intention or impact on service delivery. Technical virements include those arising from approved policy changes and restructures, rationalisation of accounting codes and technical accounting changes.

(f) Approval limits with the scheme of virement are totals for transfers between cost centres for the financial year. Transactions must not be broken down in order to circumvent appropriate approvals, where a series of transactions together in the financial year exceed a limit, approval from the next appropriate level must be sought.

1.12 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that: (a) the amount is used in accordance with the purposes for which it has been established (b) the executive has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the executive.

Responsibilities of the Head of Finance

1.13 To administer the scheme of virement.

1.14 To prepare jointly with the relevant head(s) of service a report to the executive on proposed virements, where required under the scheme.

Responsibilities of directors and heads of service

1.15 Directors and heads of service may exercise virement on budgets under his or her control within the annual limits set out below.

Nature of virement	**Total annual approval limit**	**Approval by:**
Within a cost centre	No limit	Cost centre manager
Between cost centres within a service grouping	Up to £75,000	Head of service in consultation with the Head of Finance
	£75,001 to £250,000	Executive councillor*
	Over £250,000	Full council
Between cost centres in different service groupings and/or portfolios	Up to £250,000	Executive councillor(s)* in consultation with the Head of Finance
	Over £250,000	Full council
*All decisions taken by the Executive Councillor will follow the same process for out of cycle decisions, or if time allows, be sent to Strategy and Resource Scrutiny Committee for consideration.		

Part 4F: Financial Regulations and Financial Procedure Rules

Treatment of year-end balances

A.25 The Head of Finance is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

Part 4F: Financial Regulations and Financial Procedure Rules – Appendices

TREATMENT OF YEAR-END BALANCES

1.18 The scheme of carry forwards sets out the treatment of year-end balances. It is administered by the Head of Finance.

1.19 The rules below cover arrangements for the transfer of resources between accounting years, ie a carry-forward.

(a) Carry forwards will be considered on a cost centre by cost centre basis and will only be considered where the application of the resources carried forward is in line with the original approved budget.

(b) No carry forward of less than £10,000 will be considered.

Key controls

1.20 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

Responsibilities of the Head of Finance

1.21 To administer the scheme of carry-forwards.

1.22 To report jointly with the relevant head of service all material overspendings and underspendings on cost centre estimates to the executive and to the full council.

Responsibilities of directors and heads of service

1.24 Net underspendings on cost centre estimates under the control of the director and head of service may be carried forward, subject to approval, as follows:

Amount of carry forward	Approval by:
Below £10,000	Carry forward not permitted
£10,000 to £50,000	Head of service and Head of Finance
Over £50,000	Full council

APPENDIX C – Comparable councils' virement limits

A review of the council's 'near neighbour' authorities with similar levels of spending found that virement limits are set at a variety of organisational levels that make direct comparison difficult in some cases. However, most councils use virement limits between services, so this is presented below.

Virements between services	Limit	Level of approval required
Cambridge City Council (current procedure)	All virements	Council
Oxford City Council	Up to £250,000 if in line with policy framework £250,000 to £500,000 if in line with policy framework Over £500,000, or any virement in breach of the policy framework	Head of Service or Director Cabinet Council
Exeter City Council	Up to £40,000 per year in total – between management units for which they are responsible Over £40,000 per year in total	Director or corporate manager with Executive Councillor Council
Stevenage Borough Council	Less than £50,000 £50,000 - £250,000 Over £250,000	Assistant Director Executive Council
Welwyn Hatfield District Council	Up to £100,000 (within a directorate) Up to £100,000 (between directorates)	Chief Executive or Corporate Director Chief Executive and Corporate Directors
Crawley Borough council	Up to £50,000 with no future commitment Up to £100,000 with future commitment Over £100,000 with future commitment	Head of Finance Cabinet Council
Huntingdonshire District Council	Up to £75,000 within or between budgets they are responsible for Up to £250,000 between any budgets Up to £500,000 between any budgets Over £500,000 between any budget	Budget manager CLT Cabinet Council

CIVIC AFFAIRS 21 Sep 2022
5.30pm - 7.00 pm

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bick, Bennett, Moore and Thornburrow

FOR ADOPTION BY THE COUNCIL

22/34/Civ – Civic Affairs: Proposal to Increase the Cambridge Weighting (minimum £10.00 per hour) for Employees and Agency Workers

The Committee received a report from Head of Human Resources regarding the proposal to increase the Cambridge Weighting (minimum £10.00 per hour) for employees and agency workers to £11.00 with effect from April 2023.

Resolved (by 5 votes to 0) to:

i. Recommend to Council the proposal to increase the Cambridge Weighting to be paid to employees and agency workers to a minimum of £11.00 per hour, with effect from April 2023.
ii. Recommend to Council to delegate authority to the Head of Human Resources to update the weightings on each relevant pay point, subject to the limit of £11.00 per hour, depending upon the current hourly rate and the Real Living Wage supplement payable at that time.
iii. Note the position on the National Joint Council (NJC) pay offer for 2022 which relates to Bands 1-11 of the City Council's pay scales, and to receive an update at the meeting.
iv. Note the position on the Real Living Wage, the announcement of the 2022/23 rate is expected on 22 September 2022. If available, to receive an update at the meeting.

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Proposal to increase the Cambridge Weighting (minimum £10.00 per hour) for employees and agency workers.

To:
Civic Affairs Committee 21 September 2022

Report by:
Deborah Simpson, Head of Human Resources
Tel: 01223 458101 Email: deborah.simpson@cambridge.gov.uk

Wards affected:
All

OPEN

1. Introduction

1.1 This report sets out a proposal to increase the Cambridge Weighting (minimum £10.00 per hour) for employees and agency workers to £11.00 with effect from April 2023.

2. Recommendations

Civic Affairs Committee is asked to:

2.1 consider and recommend to Council the proposal to increase the Cambridge Weighting to be paid to employees and agency workers to a minimum of £11.00 per hour, with effect from April 2023.

2.2 recommend to Council to delegate authority to the Head of Human Resources to update the weightings on each relevant pay point, subject to the limit of £11.00 per hour, depending upon the current hourly rate and the Real Living Wage supplement payable at that time.

2.3 note the position on the National Joint Council (NJC) pay offer for 2022 which relates to Bands 1-11 of the City Council's pay scales, and to receive an update at the meeting.

2.4 note the position on the Real Living Wage, the announcement of the 2022/23 rate is expected on 22 September 2022. If available, to receive an update at the meeting.

3. Background

3.1 A Cambridge Weighting pay supplement was introduced with effect from 1 April in 2018. It brings the minimum hourly pay rate up to £10.00 per hour where the hourly rate and Real Living Wage (currently £9.90) supplement do not achieve the £10.00 minimum. This pay policy also applies to agency workers once they qualify for the Real Living Wage supplement.

3.2 The Cambridge Weighting was introduced as part of the Pay Policy considered in the Draft Pay Policy Statement 2018/19 reported to Civic Affairs on 14 February 2018 and Council on 22 February 2018.

Living Wage

3.3 The Council is an accredited Living Wage Employer and has a Living Wage policy, paying the minimum of the Real Living Wage, currently £9.90 per hour to employees, and agency workers after four weeks. The living wage equivalent is paid by way of a supplement to posts currently within Band 1 where the hourly rate is less than £9.90. At present this supplement applies to hourly rates of £9.60 and £9.79. The Cambridge Weighting applies in addition to this to achieve a pay rate of £10.00. There is one pay point of £9.99 where only the Cambridge Weighting applies.

3.4 We pay the Real Living Wage rate and Cambridge Weighting as supplements to retain our Living Wage Employer accreditation and the pay structure where the relevant Band of a post is determined by the

Council's job evaluation system and staff are eligible for incremental progression within a pay band.

3.5 Currently the Real Living Wage and Cambridge Weighting only apply to Band 1 roles, where the current top of scale pay point is £10.60 per hour. The bottom pay point on Band 2 is currently £10.81, the next is £11.02. These rates increase in line with nationally agreed pay awards.

3.6 The Real Living Wage is usually reviewed every November but for 2022/23 the review date has been brought forward to 22 September in light of increases in cost of living and inflation rates.

3.7 When the new RLW rate is announced in September we will increase to this rate immediately, it will be above £10.00 as increases are always more than 10p an hour and last year it was 40p an hour. This will give an increase in hourly rates from September.

National Pay Awards

3.8 Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives, the Joint Negotiating Committee (JNC) for Chief Officers and the National Joint Council for Local Government Services (NJC) for staff on Bands 1-11. The pay awards with effect from 1 April 2022 to 31 March 2023 are currently being negotiated.

3.9 On 25 July 2022 an NJC pay offer was made by the National Employers for staff covered by Bands 1 to 11 of Cambridge City Council's pay scales. At the time of drafting this report the offer is being considered at a national level by the trade unions; Unison, GMB and Unite who are consulting their members. The outcome of the trade unions considerations are expected by late October/early November.

3.10 This pay offer comprises of:

- a one-year deal with effect from 1 April 2022,
- an increase of £1,925 on all NJC pay points 1 and above
- with effect from 1 April 2022, an increase of 4.04 per cent on all allowances (as listed in the 2021 NJC pay agreement circular dated 28 February 2022) (Please note: These allowances do not apply at Cambridge City)
- with effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement (Please note: For Cambridge City this will be up from 24 days or 29 days after 5 years service)

- with effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine (Please note: This pay point does not apply at Cambridge City)

3.11 Pay offers have also been made for Chief Executives and Chief Officer (Directors and Heads of Service).These are also for a flat rate of £1925.

3.12 The pay offer means a higher percentage pay award at the lower pay points on the national pay scale ranging from 10.5% to 1.4% at the top point of the Chief Executive pay scale.

3.13 The pay offer is designed to increase the lower points on the scale in line with anticipated increases in the national living wage with effect from April 2023 to £10.50. This offer would achieve a bottom rate of pay of £10.50 with effect from 1 April 2022 and to £10.60 with effect from 1 April 2023.

3.14 The final outcome of the negotiations will not be known by the time this report is presented to Full Council in October 2022 but Members will be verbally updated on any progress at Civic Affairs and in writing at Full Council.

4. Proposal

4.1 It is necessary to consider the payment of a minimum of £11.00 per hour not as a flat rate but as a package of measures of which one element is the Cambridge Weighting. The current rate of £10.00 per hour has worked with the Real Living Wage and national pay awards since its introduction in April 2018. However, the position will change this year due to likely increases to the Real Living Wage (currently £9.90) and the national pay offer which has been made for staff on Bands 1-11 and is currently the subject of trade union ballots and consideration. The pay offer for the bottom point of our pay scale is £1925 per annum, 10.4%. This will take the hourly rate to £10.60 per hour backdated to 1 April 2022.

4.2 The posts within scope of Band 1 are Venue Assistants in Cultural Services and Macebearers. These posts are predominantly zero hours contracts, working as and when required, and there are approximately 70 people.

4.3 The Real Living Wage will increase pay rates above £10.00 in September and the pay offer, if accepted will increase the hourly rate to £10.60,

backdated to 1 April 2022. It is time to review the Cambridge Weighting and an increase to £11.00 with effect from 1 April 2023 is proposed.

4.4 As each element of the pay making up a minimum rate of £10.00/£11.00 per hour can change each year, continuing approval is being sought to enable the Head of Human Resources to update the weightings on each relevant pay point, subject to the limit of £11.00 per hour, depending upon the current hourly rate and the Real Living Wage supplement payable at that time.

4.5 The payment and level of the Cambridge Weighting will continue to be kept under review as part of the annual review of the Pay Policy Statement reported to Civic Affairs and Full Council.

5. Implications

a) Financial Implications

The Council makes provision for national pay awards as part of its medium term financial planning. The proposed increase in the Cambridge Weighting will be included as part of the provision for the national pay award which will be considered in the 2022 Medium Term Financial Strategy. The current estimated cost of the increase in the Cambridge Weighting is an additional £17k when applied to the increased pay rates which will arise from the national pay award and Real Living Wage increases.

b) Staffing Implications

This report relates to the pay, terms and conditions of staff.

c) Equality and Poverty Implications

This report contains a proposal to increase the Cambridge Weighting so that the minimum pay rate will be £11.00 an hour with effect from 1 April 2023. This impacts in a positive way on the lowest paid staff at a time when the cost of living is increasing at an unprecedented rate.

Equality information by grade is reported annually to the Equalities Panel and is available on the Council's website.

d) Net Zero Carbon, Climate Change and Environmental Implications

The proposal has no climate change impact.

e) Procurement Implications

The Living Wage Policy as it relates to contractors is included in the Pay Policy Statement.

f) Community Safety Implications

This report relates to the pay, terms and conditions of staff and does not impact directly on community safety matters

6. Consultation and communication considerations

The Chief Executive, Directors, Head of Finance and Support Services Manager and have been consulted on this report.

The trade unions – GMB and Unison have been consulted on the proposed increase of the Cambridge Weighting.

Once approved by Full Council the pay policy statement will be updated on the Councils website.

Approval of the Cambridge Weighting will be communicated to all staff and individually to applicable staff.

7. Background papers

- Pay Policy Statement 2021/22
- City Council Pay scales
- Report to Civic Affairs 14 February 2018 – Draft Pay Policy Statement 2018/19

8. Appendices

None

9. Inspection of papers

To inspect the background papers or if you have a query on the report please contact: Deborah Simpson, Head of Human Resources, tel: 01223 - 458101, email: deborah.simpson@cambridge.gov.uk .

CIVIC AFFAIRS 21 Sep 2022
5.30pm - 7.00pm

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bick, Bennett, Moore and Thornburrow

FOR ADOPTION BY THE COUNCIL

22/33/Civ – Civic Affairs: Review of the Pensions Discretions Statement

The Officer's report outlined Cambridge City Council's proposed revised policy statement on Employer Discretions for the Local Government Pension Scheme following a recent planned review.

The report included a proposal to consider entering into a shared cost AVC Scheme as part of the revised discretions.

Resolved (by 5 votes to 0 – unanimous of those able to vote) to recommend to Council:

i. Approve the proposed policy statement on employer discretions shown as per Appendix A of the Officer's report.
ii. Delegate approval to join a shared cost AVC scheme to the Head of Human Resources, following consultation with the Head of Finance, Executive Councillor for Finance, Resources and Transformation and Opposition Spokes for Strategy and Resources, if considered appropriate, following further exploration of a suitable procurement process.
iii. Note that Council Officers will continue to review the Discretions Statement every 3 years and/or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council), and any recommended changes will go before Civic Affairs for approval.

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Review of the Pensions Discretions Statement

To: Civic Affairs Committee 21 September 2022

Report by: Deborah Simpson, Head of Human Resources
Tel: 01223 458101 Email: deborah.simpson@cambridge.gov.uk and Mike Scott, Payroll Manager, Tel: 01223 458172, Email: mike.scott@cambridge.gov.uk

Wards affected: All

OPEN

1. Introduction

1.1 This report outlines Cambridge City Council's proposed revised policy statement on Employer Discretions for the Local Government Pension Scheme following a recent planned review.

1.2 The attached Appendix A shows an updated Pensions Discretions Statement for consideration, approval and recommendation to Council for adoption.

1.3 The report includes a proposal to consider entering into a shared cost AVC Scheme as part of the revised discretions.

2. Recommendations

Civic Affairs Committee is asked to:

2.1 approve the proposed policy statement on employer discretions shown as Appendix A.

2.2 delegate approval to join a shared cost AVC scheme to the Head of Human Resources, following consultation with the Head of Finance, Executive Councillor for Finance, Resources and Transformation and

Opposition Spokes for Strategy and Resources, if considered appropriate, following further exploration of a suitable procurement process.

2.3 note that Council officers will continue to review the Discretions Statement every 3 years and/or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council), and any recommended changes will go before Civic Affairs for approval.

3. Background

3.1 The Local Government Pension Scheme (LGPS) legislation has a number of discretionary areas on which Employing Authorities (i.e., Cambridge City Council) have to determine and publish a policy.

3.2 The Council's discretions on enhancement of pension are set out in the Pensions Discretion Statement 2019. This policy was approved by the Civic Affairs Committee on the 30 January 2019. The policy is reviewed every 3 years and/or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council).

3.3 It was anticipated that there would be changes to the LGPS following consultation on proposed changes in 2020 and 2021. However, no changes have yet been implemented. These proposals were also associated with the introduction in November 2020 and subsequent removal in February 2021 of the Exit Cap provisions. The pensions discretions were to be reviewed in line with the proposed changes to the LGPS which have not yet been introduced. There is no current update on proposals to re-introduce the Exit Cap provisions following a further consultation and guidance on Special Severance Payments or any changes to the LGPS.

3.4 This review of the Pensions Discretion Statement is now taking place in 2022 in line with the 3-year review.

3.5 The Local Government Shared Service Pensions Team (administered by West Northamptonshire) have reviewed the proposed Pensions Discretions Statement which now follows the pension scheme administrator mandated template.

3.6 The 2022 review has confirmed the current discretions in the required new format which shows areas where discretions must be stated or are advisory. Changes have been made to clarify wording of some previous discretions but not to alter the substance of the discretion. Where advice has been given we have reviewed the discretion in line with this advice.

3.7 The only material area where it is proposed to change the delegation is in the area of shared cost Additional Voluntary Contribution (AVC's). Our current Pensions Discretion Statement precludes us from entering into a shared cost AVC. We are proposing to amend this, please see Section 4 below.

3.8 Within Appendix A there are a number of discretions that appear to be replicated, the discretions in places are worded the same but relate to pension scheme members leaving under different sets of regulations.

3.9 Where a case is to be treated on its merits, it will be subject to the approval of the Head of Human Resources. Under the Councils constitution the Head of Human Resources is the nominated person "To take such action as may be necessary in relation to superannuation and the payment of pensions on behalf of the Council as employing authority in relation to its employees, former employees and to Cambridgeshire County Council as administering authority; except that, where the Council is entitled to exercise a discretion, the Head of Human Resources is authorised to act under this paragraph only in accordance with principles approved by the Council. In consultation with the Head of Human Resources to pay gratuities and injury awards to employees, former employees and their widows and dependants".

3.10 Appendix A contains details of Cambridge City Council's Employing Authority Discretionary Powers, the relevant LGPS Regulations and the recommended decisions. Appendix A also includes a statement on Injury Allowances.

4. Proposal to Consider Introducing a Shared Cost AVC Scheme

4.1 During the time since the last review of the Pensions Discretions Statement we have been made aware of a shared cost salary sacrifice AVC scheme which has been entered in to by 150 councils including South Cambridgeshire District Council.

4.2 Currently the Council operates a standard Additional Voluntary Contributions (AVC) scheme. This allows employees to sign up with our AVC provider, Prudential, to have a fixed percentage or amount deducted from their earnings and paid into a fund managed by Prudential. There is now a further option to expand what is on offer to include a Shared Cost AVC scheme.

4.3 An AVC is not part of the LGPS pension fund. The money is invested by an independent provider into a personal account. The employee chooses how much to invest and the risk level. As an investment the accrual/loss depends on how well the fund performs. The money is taken as a tax lump sum, usually at retirement. The LGPS and AVC contributions are deducted directly from pre-tax salary and are eligible for tax relief. Both contribute towards an employee's annual pension allowance.

4.4 A Shared Cost AVC scheme enables both the Council and our employees to make extra savings in National Insurance contributions (NICs) when compared to a standard Additional Voluntary Contribution scheme. With a standard AVC the employee only makes savings in Income Tax, and we as the employer make no savings. The introduction of a Shared Cost AVC scheme would, therefore, provide further benefits.

4.5 AVC Wise offer a fully managed, HMRC compliant and approved shared cost AVC scheme. This is processed as a salary sacrifice which does not cost the employer anything and could potentially generate some significant savings (dependent on take up).

4.6 The scheme also benefits employees as the scheme is a salary sacrifice so they can benefit from NI savings in addition to the tax savings already offered by the standard AVC scheme that we currently have in place.

4.7 The scheme is run in conjunction with our current AVC providers, Prudential, and with the support of our pension fund. AVC Wise administer the scheme including the employee and employer portal, marketing, promotion and provision of salary deductions to payroll. The payroll deductions are paid over to Prudential. There is a management fee for this, paid by the Council.

4.8 Employer savings on a salary sacrifice scheme for Employers NI and the App Levy total 14.3%, the fee from AVC Wise is significantly less

than this, therefore the Council could benefit from any AVC salary deductions. We currently have between 20 and 30 employees who have AVC's which is quite modest, this is possibly due to employees not being aware of their options. Presentations which would be provided by AVC wise to employees will give the overview of these and also cover the LGPS.

4.9 The scheme is already in operation across over 150 local authorities, with a number of authorities in the process of signing up.

5. Procurement

5.1 There is an option to enter into a shared cost salary sacrifice scheme AVC with a provider and research activity into the procurement options has been undertaken. This has concluded that entering into a procurement agreement through a framework contract is the most appropriate route. There are two potential framework options and further work needs to be done to explore which is the most effective route.

5.2 As further work needs to be completed it is proposed that delegated approval to join a shared cost AVC scheme is given to the Head of Human Resources, following consultation with the Head of Finance, Executive Councillor for Finance, Resources and Transformation and Opposition Spokes for Strategy and Resources, if it is considered appropriate following further exploration of a suitable procurement process.

6. Implications

a) Financial Implications

There are no significant changes from the existing discretions recommended in respect of financial implications with the exception of the proposal to join a shared cost AVC scheme. Where individual decisions are made potential costs will vary depending on the personal circumstances of each employee involved, their reason for leaving and the appropriate discretions. It is therefore impossible to give an accurate prediction of costs.

b) Staffing Implications

This report deals with pension discretions for employees and former employees. There are no direct staffing implications as a result of the recommendations in this report.

c) Equality and Poverty Implications

This report deals with pension discretions for employees and former employees; access to pension is normally from age 55 onwards other than for ill health. It should be noted that the Government has announced the earliest age that employees can take their pension will increase from age 55 to 57 from 6 April 2028. This will not apply to ill health retirements. The LGPS is a national scheme and is open to all employees.

d) Net Zero Carbon, Climate Change and Environmental Implications

There are no direct environmental implications as a result of the recommendations in this report.

e) Procurement Implications

Research into the procurement options has concluded that entering into a procurement agreement through a framework contract is the most appropriate route. There are two potential framework options and further work needs to be done to explore which is the most effective route.

f) Community Safety Implications

There are no Community Safety implications as a result of the recommendations in this report.

7. Consultation and communication considerations

Trade Unions – GMB and Unison, Chief Executive, Directors, Strategic Procurement Manager, Head of Legal and Head of Finance.

8. Background papers

Background papers used in the preparation of this report:

- Existing Employers Discretions
- Pension Position Statement
- What is Pensionable Pay document

9. Appendices

Appendix A – Cambridge City Council LGPS Employer Discretions Policy

10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Deborah Simpson, Head of Human Resources, tel: 01223 458101, email: deborah.simpson@cambridge.gov.uk or Mike Scott, Payroll Manager, tel: 01223 458172, email:Mike.Scott@cambridge.gov.uk

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CAMBRIDGE CITY COUNCIL

Officer Urgent Decision - Record

Cambridgeshire and Peterborough Combined Authority- Appointment of the Council's substitute member

Decision(s) taken:	To appoint a replacement substitute member for the City Council on the Combined Authority.
Decision of:	Chief Executive
Date of decision:	1 September 2022
Matter for Decision:	To appoint Councillor Anna Smith as the City Council's substitute member on the Cambridgeshire and Peterborough Combined Authority.
Any alternative options considered and rejected:	-
Reason(s) for the decision including any background papers considered:	Normally an appointment by Full Council (which next meets on 20 October), an urgent decision under paragraph 2 of section 9, Council Procedure Rules was necessary to give the required 14 days' notice by the Combined Authority of a change to the city council's substitute member as neither the existing substantive or substitute member can attend the scheduled 21 September 2022 meeting of the Combined Authority Board. Cllr Anna Smith replaces Cllr Mike Davey as Substitute Member.
Conflicts of interest and dispensations granted by the Chief Executive:	None.
Other Comments:	-
Reference:	22/OfficerUrgent/SR/01
Contact for further information:	Robert Pollock, Chief Executive. Robert.Pollock@cambridge.gov.uk

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