



Cambridge City Council  
**Strategy and Resources Scrutiny Committee**

**Date:** Monday, 10 October 2022

**Time:** 5.00 pm

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

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

**Agenda**

- 1 Apologies for Absence
- 2 Declarations of Interest
- 3 Minutes (Pages 5 - 20)
- 4 Public Questions
- 5 To Note Record of Urgent Decision Taken by the Executive Councillor for Finance, Resources and Transformation
- 5a Re-procurement of the Council's Gas Supplies (Pages 21 - 26)

**Decisions for the Executive Councillor for Finance, Resources and Transformation**

- 6 Council Tax Reduction Local Scheme April 2023 to March 2026 (Pages 27 - 58)
- 7 Treasury Management Half Yearly Update Report 2022/23 (Pages 59 - 80)
- 8 General Fund Medium Term Financial Strategy 2022 (Pages 81 - 118)
- 9 Update on the Direction of the Future Council and Organisational Design (Pages 119 - 148)
- 10 Future Office Accommodation Strategy (Pages 149 - 174)

Appendix C to the report contains exempt information during which the public is likely to be excluded from the meeting subject to determination by the Scrutiny Committee following consideration of a

public interest test. This exclusion would be made under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

- 11 South Cambridgeshire District Council Four Day Working Week Trial (Pages 175 - 192)

**Decisions for the Leader**

- 12 Combined Authority Update (Pages 193 - 212)
- 13 Corporate Enforcement Policy 2022 (Pages 213 - 242)

**Strategy and Resources Scrutiny Committee Members:** Robertson (Chair), S. Smith (Vice-Chair), Bennett, Bick, Herbert, Payne, Scutt, Smart and Sweeney

**Alternates:** S. Davies, Carling, Flaubert, Gawthrope Wood and Nethsingha

**Executive Councillors:** Davey (Executive Councillor for Finance, Resources and Transformation), Gilderdale (Executive Councillor for Recovery, Employment and Community Safety) and A. Smith (Leader of the Council)

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- Email: [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk)
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**STRATEGY AND RESOURCES SCRUTINY COMMITTEE**

26 May 2022  
4.40 - 4.44 pm

**Present:** Councillors Robertson (Chair), S. Smith (Vice-Chair), Bennett, Bick, Herbert, Smart, Davey (Executive Councillor) and A. Smith (Executive Councillor)

<b>FOR THE INFORMATION OF THE COUNCIL</b>
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**22/20/SR Appointments to Outside Bodies**

The Scrutiny Committee recommended the following appointments to the Executive Councillors.

The Executive Councillors agreed the appointments.

**Greater Cambridge Partnership Executive Board**

1 Labour, 1 Labour Alternate

Councillor – D.Baigent, Thornburrow

**Local Government Information Unit**

1 Labour

Councillor - Thornburrow

**East of England Local Government Association**

1 Labour

Councillor - Davey

**LGA General Assembly**

1 Labour

Councillor – A.Smith

**Horizons Board**

1 Labour

Councillor - Robertson

**Cambridge Investment Partnership**

2 Labour

Councillors – Bird, Davey

**District Councils Network**

1 Labour

Councillor – A.Smith

**22/21/SR Appointment to Working Party**

The Scrutiny Committee agreed the appointments below:

**Joint Staff Employment Forum**

3 Labour, 2 Liberal Democrat, 2 Alternates

Councillors – Bird, Moore, Sweeney, Bick, TBC

Davey (Executive Councillor)

Alternate Councillors – Thornburrow, Porrer

The meeting ended at 4.44 pm

**CHAIR**

**STRATEGY AND RESOURCES SCRUTINY COMMITTEE**

11 July 2022  
5.00 - 9.25 pm

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

Executive Councillors: Davey (Executive Councillor for Finance, Resources and Transformation), Gilderdale (Executive Councillor for Recovery, Employment and Community Safety) and A. Smith (Leader of the Council)

**Officers:**

Chief Executive: Robert Pollock

Director: Fiona Bryant

Assistant Chief Executive: Andrew Limb

Benefits Manager: Naomi Armstrong

Head of Finance: Caroline Ryba

Head of Environmental Services: Joel Carre

Committee Manager: Gary Cliff

**Others Present:**

Independent Financial Consultant-Chris West for 22/31/SR

CEO, Cambridge BID Ian Sandison for 22/27/SR

**FOR THE INFORMATION OF THE COUNCIL**

**22/23/SR Apologies for Absence**

No apologies were received.

**22/24/SR Declarations of Interest**

22/xx/SR new site acquisition-Cllr Davey as a Board member of Cambridge Investment Partnership

**22/25/SR Minutes**

The minutes of the meeting held on 28 March 2022 were confirmed as a correct record and signed by the Chair.

**22/26/SR Public Questions**

There were no public questions.

**22/27/SR To Note Record of Urgent Decision Taken by the Executive Councillor for Finance, Resources and Transformation**

**5a** ROD Acquisition of Nursery, Timberworks (Cromwell Road), Cambridge  
The decision was noted.

**22/28/SR Annual Performance and Customer Feedback Report 2021/22****Matter for Decision**

The report covers the Annual Report against the Corporate Plan 2021/22 and associated key performance indicators; the Annual Complaints and Customer Feedback Report 2021/22; and a State of the City profile.

The Corporate Plan 2019-22 set out the objectives the Council has been planning to achieve over the past three years, grouped under three key themes. The Annual Report provides a summary of progress against those objectives during 2021/22. Appendix B provides the latest available figures for the key performance indicators in the Corporate Plan 2019-22. The Annual Complaints and Customer Feedback Report 2021/22 at Appendix C provides an overview and summary of complaints, compliments and feedback received during 2021/22.

The State of the City profile at Appendix D provides a brief analysis of how Cambridge measures up on a range of social, economic and environmental factors. This provides a broad overview of the context in which the council and its partners operate. It is intended that a fuller analysis will be developed over the coming year to provide a richer “City Portrait”, which would then be replicated, developed and reported each year.

**Decision of the Leader of the Council**

Noted the contents of the Annual Report against the Corporate Plan 2021/22, the Annual Complaints and Customer Feedback Report 2021/22, and the State of the City profile.

**Reason for the Decision**

As set out in the Officer’s report.

**Any Alternative Options Considered and Rejected**



Not applicable.

### **Scrutiny Considerations**

The Committee considered a report from the Assistant Chief Executive.

The following points/clarifications were made:

Further information on the reduction of Crematoria market share volume (page 64 of the agenda) would be provided.

Clarification on how missed bins are defined (page 78)

Explanation of increased share of total waste going to landfill

Performance of complaints arising from planning enforcement

Clarification on the increase on complaints about Councillors (page 108).

The Executive Councillor for Finance, Resources and Transformation proposed that the thanks for councillors was conveyed to officers for their continued impressive work and to the Head of Human Resources for retaining the Investors in People accreditation.

The Committee **unanimously resolved** to endorse the recommendation.

The Executive Councillor approved the recommendation.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

### **22/29/SR Combined Authority Update**

#### **Matter for Decision**

This is a regular report to provide an update on the activities of the Cambridgeshire and Peterborough Combined Authority (CPCA) Board since 28 March 2022 meeting of Strategy & Resources Scrutiny Committee.

#### **Decision of Leader of the Council**

To note the update, alongside the Council's representative on the Board on issues considered at the meetings of the Combined Authority Board held on 30 March, 20 May, 8 June and 27 June 2022.

#### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

Members noted the update provided by Councillor Herbert and the Leader of the Council thanked Cllr Herbert for the on-going dedicated work on the Combined Authority Board during the current difficulties.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

### **22/30/SR Cambridge Business Improvement District (BID) Third Term Ballot**

#### **Matter for Decision**

Cambridge BID's (Business Improvement District) second consecutive five-year term concludes on 31<sup>st</sup> March 2023. Cambridge BID is seeking a third five-year term, to run from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2028, which will be determined by a legally required ballot of non-domestic rate payers within the BID area, to take place between 14<sup>th</sup> October and 10<sup>th</sup> November 2022.

#### **Decision of the Leader of the Council (as the Executive Councillor for Recovery, Employment and Community Safety was attending virtually)**

To exercise the Council's voting entitlement in the forthcoming Cambridge BID third term ballot.

To support Cambridge BID's third term ballot.

#### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Head of Environmental Services introduced the report and Ian Sandison, CEO of the BID attended the meeting to answer questions.

Councillor Payne proposed that the decision be deferred until the next meeting (and after the business plan launch) which was still before the ballot commenced. The Committee rejected the amendment by 5 against 3 in favour and 1 abstention with the Chair casting their vote against the amendment. The Committee endorsed the recommendation by 5 votes to 3.

Cllr Gilderdale would meet with Cllr Payne and the Head of Service for an update on this item if it was considered appropriate taking account of Members' comments during the debate. Cllr Gilderdale also requested a report on the Purple Flag scheme in due course.

The Leader of the Council approved the recommendation.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

### **22/31/SR Update on the Our Cambridge Programme Including the Direction of the Future Council as Part of the Wider Cambridge System**

#### **Matter for Decision**

The committee noted a paper providing an update on the following areas:

- The progress made on preparing the council for transformation since the inception of the Our Cambridge Programme (OCP) in October 2021
- The programme's scheduled activity during the next 3 months that will establish the strategic design of future council services
- The current investment made in by the council in the OCP and an explanation of any variance against pre-programme forecast

#### **Decision of Executive Councillor for Finance, Resources and Transformation**

Noted the approach and progress of the Our Cambridge Transformation Programme outlined in the report; and noted the proposals for the development of the organisation design for presentation to S&R in October 2022.

#### **Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee noted that the descriptions in the revenue improvement section (page 163 of the agenda) will be adapted to reflect the work on transformation and Our Cambridge which has taken place since October 2021.

The Committee and Executive Councillor noted the update report.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**22/32/SR Council Tax Reduction Local Scheme April 2023 to March 2026.****Matter for Decision**

Councils are required to review their Council Tax Reduction scheme annually and determine whether to revise it or not.

In October 2019 it was agreed for an annual, light touch review, to be delegated to Head of Service followed by consultation with preceptors and for a full review and comprehensive consultation in 2022 for the 2023-2026 Council Tax Reduction Schemes.

**Decision of Executive Councillor for Finance, Resources and Transformation**

outline proposals and consultation process for the review of the Council Tax Reduction Scheme for Universal Credit households;  
retain the Non-Universal Credit scheme and approve annual uprating based on September CPI figures.  
approved delegation of the Council Tax Reduction schemes and annual review to the Head of Finance, and subject to the final recommendations post consultation being adopted, that these schemes continue (subject to uprating) until 31 March 2026.

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee unanimously endorsed the recommendations.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**22/33/SR Cambridge City Housing Company (CCHC) Expansion****Matter for Decision**

The report presents the findings from a project carried out between Cambridge City Council (CCC), Cambridge City Housing Company Ltd (CCHC) and Social Finance (a not for profit organisation who seek to tackle social problems in the UK and abroad).

The project has explored the potential for CCHC to expand its property portfolio by up to 250 homes over a 5 year period, offering affordable homes to lower income residents, living or working in Cambridge City, in an operationally efficient, cost effective and carbon neutral manner.

An initial feasibility study was carried out in the summer of 2021, with the positive findings from this early work prompting a more in depth project to be conducted. This project has however noted significant changes in the market assumptions since last summer, culminating in more cautious recommendations than initially hoped.

**Decisions of Executive Councillor for Finance, Resources and Transformation**

To recognise that the proposed expansion of the CCHC portfolio by 250 new homes over the next 5 years, is not financially feasible at this time, in the current market conditions.

To agree that CCHC keep the expansion metrics under review on a quarterly basis, reporting back to the Council, as shareholder, on an annual basis as part of the business plan update, unless a quarterly review results in a recommendation for moving forward with the expansion. If this is the case, a report will be presented to the Council for an expansion decision at the earliest opportunity.

To authorise officers to explore in detail the potential for equity injection of an estimated £25 million, or a contribution towards the operating costs of the business, from partner organisations employing essential workers, in return for nomination rights to the homes acquired, presenting any proposals to the Council for consideration as shareholder.

To agree that CCHC continues to explore expansion opportunities on a smaller scale, presenting independent funding requests for Council consideration and approval.

To note that the Council, following a recent decision at Housing Scrutiny Committee, can now deliver some new affordable homes to be let at 80% of market rent, subject to award of Homes England Grant, to be managed within the Housing Revenue Account.

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee unanimously endorsed the recommendations.

The Executive Councillor approved the recommendations.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

## **22/34/SR Independent Review of the Budget Setting Process and Wider Governance Issues**

### **Matter for Decision**

An independent review, attached at Appendix 1, has been commissioned assessing the Council's budget policy framework and process. This builds on wider work the Council is developing to enable and support its transformation journey. This report considers the review's recommendations for changes to current arrangements.

The review makes ten wide-ranging recommendations, covering political management arrangements, member training and development, as well as specific recommendations relating to the budget process and timetable. Whilst some recommendations can be implemented immediately, others require changes to the council's constitution and further consideration of their wider impacts.

### **Decision of Executive Councillor for Finance, Resources and Transformation**

Note the recommendations in Section 10 of the review report attached at Appendix 1.

Agree to transition to the new budget process this year, with further changes being brought in next year, both subject to constitutional change.

Ask 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.

Ask officers to work with the Leader/Executive to develop a broader consultative process, with input from opposition Group Leaders, to consider how to take forward the recommendations of the Independent Remuneration Panel and Council-commissioned analysis of its decision making, and democratic processes undertaken by Centre for Governance and Scrutiny (CfGS).

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee considered a report from the Head of Finance. The Independent Consultant, Chris West was also present to answer questions.

The Committee unanimously endorsed the recommendations.

The Executive Councillor approved the recommendations.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

## **22/35/SR Annual Treasury Management Outturn Report 2021/22**

### **Matter for Decision**

The Council was required by regulations issued under the Local Government Act 2003, to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for each financial year.

The report considered and attached meets the requirements of both the CIPFA Treasury Management in the Public Services: Code of Practice 2021 (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities 2021 (the Prudential Code) in respect of 2021/22.

During the 2020/21 the minimum requirements were that Council should receive:

- An annual strategy in advance of the year
- A mid-year treasury update report and;
- An annual review following the end of the year describing the activity compared to the strategy.

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

### **Decision of Executive Councillor for Finance, Resources and Transformation**

To recommend to Council the report with the Council's actual Prudential and Treasury Indicators for 2021/22 [~~and; a loan of £50,000 to Cherry Hinton Community Benefit Society for their contribution to the building costs of the Cherry Hinton Hub~~]. *Postscript to the meeting, the Strategic Project Manager, Community Services advised that the loan was not being progressed, the same postscript is minuted in Council 21 July 2020.*



**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee unanimously endorsed the recommendations.

The Executive Councillor approved the recommendations.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**22/36/SR 2021/22 General Fund Revenue and Capital Outturn, Carry Forwards and Significant Variances****Matter for Decision**

The outturn report considered and attached reflects the Executive Portfolios for which budgets were originally approved (which may have changed since, for example for any changes in Portfolio responsibilities).

**Decisions of Executive Councillor for Finance, Resources and Transformation**

To recommend to the Council carry forward requests totalling £2,132,920 of revenue funding from 2021/22 to 2022/23, as detailed in Appendix C of the attached report ; to 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 attached report and ; to 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 attached report

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

## **Scrutiny Considerations**

The Committee resolved by 6 votes to 0 to endorse the recommendations.

The Executive Councillor approved the recommendations.

## **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

## **22/37/SR New Site Acquisition**

### **Matter for Decision**

The scrutiny committee considered a joint report from the Head of Housing Development and the Head of Finance (s151 Officer) concerning a potential site acquisition to enable further development toward the new city council housing programme target for 1,000 net additional Council rented homes over the next 10 years.

### **Decision of Executive Councillor for Finance, Resources and Transformation**

To recommend to Council to provide a budget of £33.94 million for a loan to the Cambridge Investment Partnership to cover land acquisition for the scheme explained in the confidential appendix to this recommendation.

To delegate authority to the Section 151 officer in consultation with the Executive Councillor to agree the final terms of the loan including the interest rate.

To note the risk that, due to revised MRP rules and PWLB funding rates at the time of the transaction, alternative funding arrangements may be more advantageous for CIP and the proposed scheme. In this case, CIP would make the decision on the choice of funding route from available options.

To note that the current scheme is an estimate and will require further detailed development. A final scheme and costs will be brought to the Housing Scrutiny Committee to consider the purchase of the affordable housing on this site.

To Delegate to the S151 officer to build the necessary funding requirement into the Medium Term Financial Strategy and to negotiate and agree terms for development finance to support this project in consultation with the Executive Councillor.

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee unanimously agreed to exclude the public after considering that the public interest was outweighed by paragraph 3 of Part 1 of schedule 12A of the Local Government Act 1972 to enable committee debate of the officer report.

The Committee unanimously endorsed the recommendations.

The Executive Councillor approved the recommendations.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 9.25 pm

**CHAIR**

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## Cambridge City Council

### Record of Executive Decision

#### Re-procurement of the Council's Gas Supplies

Decision of: Councillor Mike Davey, Executive Councillor for Finance, Resources and Transformation

Reference: 22/URGENCY/S&R/10

Date of decision: 27.7.22 Date Published on website: 27.7.22

Decision Type: Key

Matter for Decision: The approval of the Executive Councillor to continue to purchase gas via the Eastern Shires Purchasing Organisation (ESPO) energy framework.

Why the Decision had to be made (and any alternative options):

- i. There is a requirement to re-procure the Council's gas supply contract from the 1st of April 2023.
- ii. As the revenue spend on gas has increased and is forecast to be at least £600,000 per year (estimated £2.4 m over the life of the proposed new contract) this is a key decision and requires approval from the Executive Councillor.
- iii. It was recommended that the procurement decision was made as an out of cycle decision rather than wait until Strategy and Resources Scrutiny Committee on 10th October 2022. Energy prices are volatile, and ESPO report that gas prices are expected to continue to increase this year. If the council didn't join procurement exercise being run by ESPO, the council's supply would be procured later this year, and was likely to lead to higher prices.
- iv. Energy markets are complex so public sector organisations can take advantage of energy supply framework contracts. These are designed to procure large volume single supply contracts at more favourable rates than would be possible if the City Council procured independently with its smaller consumption.

The Executive Councillor's decision:

- i. Approved continuing to purchase gas via the Eastern Shires Purchasing Organisation (ESPO) energy framework. As outlined in Option 3 of the officer's report.
- ii. Approved that the contract period for the provision of gas should run for four years from the 1st April 2023 to the 31st March 2027.
- iii. Authorised the Director of Neighbourhoods and Communities or Head of Housing Maintenance and Assets to sign framework documents and approve the actual gas price tariff when the procurement is completed by ESPO.

Reason for the decision: Procurement organisations in the public sector can deliver significant economies of scale across a range of services by combining requirements of member organisations to secure more favourable pricing than would be possible for each organisation acting independently. Such organisations guarantee fully compliant tendering and due to the scale of procurement they provide specialist procurement and market expertise which is especially important when dealing with energy markets. The Council already makes use of this solution and procures gas and electricity at a competitive tariff via an ESPO framework agreement.

It was recommended that the use of a Public Sector Framework Agreement represented the best option for gas procurement at the current time and would enable the Council to secure pricing for March 2023-24 soon and help budget setting for next year.

Scrutiny Consideration: The Chair and Spokesperson of Strategy and Resources Scrutiny Committee were consulted prior to the action being authorised.

Report: A report detailing the background and financial considerations is available via [Urgent Decision Briefing Note](#).

Conflict of interest: None.

Comments: Councillor Bennett and Councillor Bick supported the recommendations but raised concerns about the decision being made through the out of cycle / urgent decision process rather than being brought to the Strategy and Resources Scrutiny Committee. The Executive Councillor noted these comments and would follow up with officers.

Councillor Robertson raised the following questions:

1. Does this supply include heating our swimming pools?  
No, not currently. The gas for Abbey Pools and Parkside Pools is currently purchased by GLL, the company that runs the pools. However it is proposed

that we change this once we award the new gas contract so the Council buys the gas direct as we think this will provide better value for money.

2. If so how much has our energy use dropped (or is projected to drop) following the change to sustainable methodology for heating the pools  
The Recreation Services Manager manages these projects and has suggested that gas consumption could drop by up to 40% as result of switching to heat pumps.
3. Is a similar process proposed for electricity or is it covered by contract for at least the end of next year?  
The current electricity contract does not expire until 30/9/24

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# Briefing Note

## Re-Procurement of the Council's Gas supplies effective from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2027

### Summary:

- 1.1 There is a requirement to re-procure the Council's gas supply contract from the 1<sup>st</sup> of April 2023. This briefing gives a recommended solution and outlines alternative options available.
- 1.2 As the revenue spend on gas has increased and is forecast to be at least £600,000 per year (estimated £2.4 m over the life of the proposed new contract) this a key decision and requires approval from the Executive Councillor.
- 1.3 It is recommended that this procurement decision is made as an out of cycle decision rather than wait until Strategy and Resources Scrutiny Committee on 10<sup>th</sup> October 2022. Energy prices are volatile, and ESPO report gas prices are expected to continue to increase this year. If we don't join the "basket" currently being procured by ESPO our supply will be procured later this year, and that is likely to lead to higher prices.
- 1.4 Energy markets are complex so public sector organisations can take advantage of energy supply framework contracts. These are designed to procure large volume single supply contracts at more favourable rates than would be possible if the City Council procured independently with its smaller consumption.

### 2. Recommendations:

- 2.1 It is recommended to approve continuing to purchase gas via the Eastern Shires Purchasing Organisation (ESPO) energy framework. As outlined in Option 3 below.
- 2.2 The contract period for the provision of gas should run for four years from the 1<sup>st</sup> April 2023 to the 31<sup>st</sup> March 2027.
- 2.3 Authorise the Director of Neighbourhoods and Communities or Head of Housing Maintenance and Assets to sign framework documents and approve the actual gas price tariff when the procurement is completed by ESPO.

### 3. Background:

- 3.1 The Council currently spends approximately £320,000 per annum on gas (excluding VAT based on the current year). The current contract commenced on the 1<sup>st</sup> of April 2019, procured via an ESPO Framework. Total Gas and Power is the current supplier. The contract expires on the 31<sup>st</sup> March 2023.

- 3.2. Gas prices are increasing and the forecast expenditure in 23/24 is £600,000. This is considered a best-case scenario.
- 3.3 The energy supply market is volatile and complex requiring specialist expertise to obtain best value. The Council currently employs ESPO to procure gas and electricity supply contracts and provide support with the account management.
- 3.4 There are alternative options open to the council to procure replacement gas supply contracts. These are summarised below:

**Option 1 – Direct procurement.** The Council could procure its gas supply directly without any third-party specialist consultant advice. The market and tariff options available via direct procurement are complex and it would involve significant officer time to draft tenders and manage procurement process. The Council does not have the technical expertise in-house to pursue this option. There is no guarantee that this option would deliver any significant benefits.

**Option 2 – Procurement via a consultant/broker** The Council could use an independent energy consultancy to broker the gas supply contract. There would be an additional cost for this and any plan to use a consultant broker arrangement would first require market testing to procure a consultant.

**Option 3 – The use of a Public Sector Framework agreement.** Procurement organisations in the public sector and can deliver significant economies of scale across a range of services by combining requirements of member organisations to secure more favourable pricing than would be possible for each organisation acting independently. Such organisations guarantee fully compliant tendering and due to the scale of procurement they provide specialist procurement and market expertise which is especially important when dealing with energy markets. The Council already makes use of this solution and procures gas and electricity at a competitive tariff via an ESPO framework agreement.

It is recommended that Option 3 represents the best option for gas procurement at the current time and will enable the Council to secure pricing for March 2023-24 soon and help budget setting for next year.

- 3.5 Energy prices have proved to be unpredictable historically and while there is uncertainty of future supply costs, the use of the ESPO framework will ensure that the Council has access to appropriate specialist market advice and will provide the best degree of certainty about pricing during the contract period. This is particularly important now as we are experiencing an energy crisis and global events are having a dramatic effect on an already volatile market.

Will Barfield, Asset Manager

11<sup>th</sup> July 2022



## 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 data 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.

<b>Weekly Earnings Ranges</b>	<b>Amount of contribution towards Council Tax per week</b>
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 levels
- 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 200 pounds 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 is attached to the report as Annex B.

**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

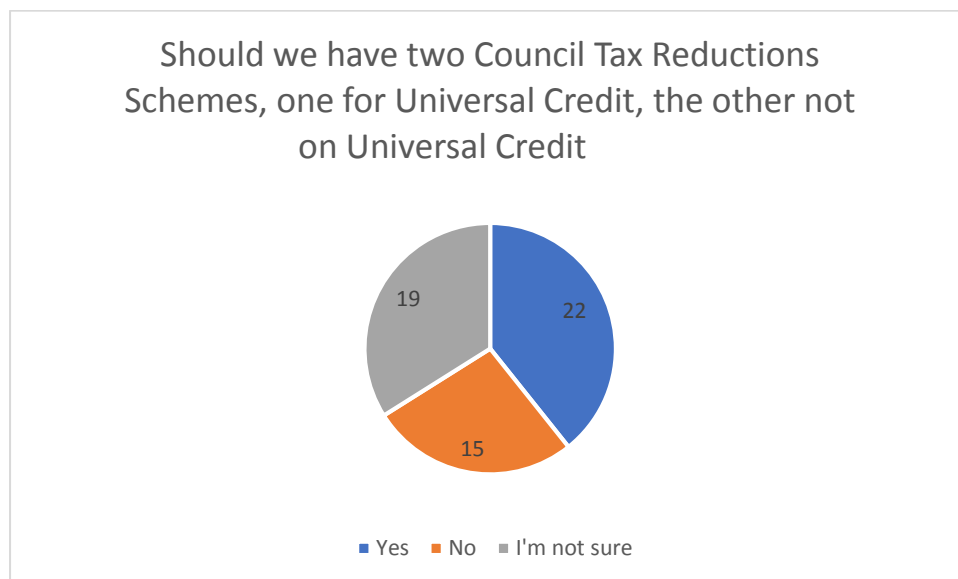
8.2 Annex B – Equality Impact Assessment

## **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](mailto: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 household 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,

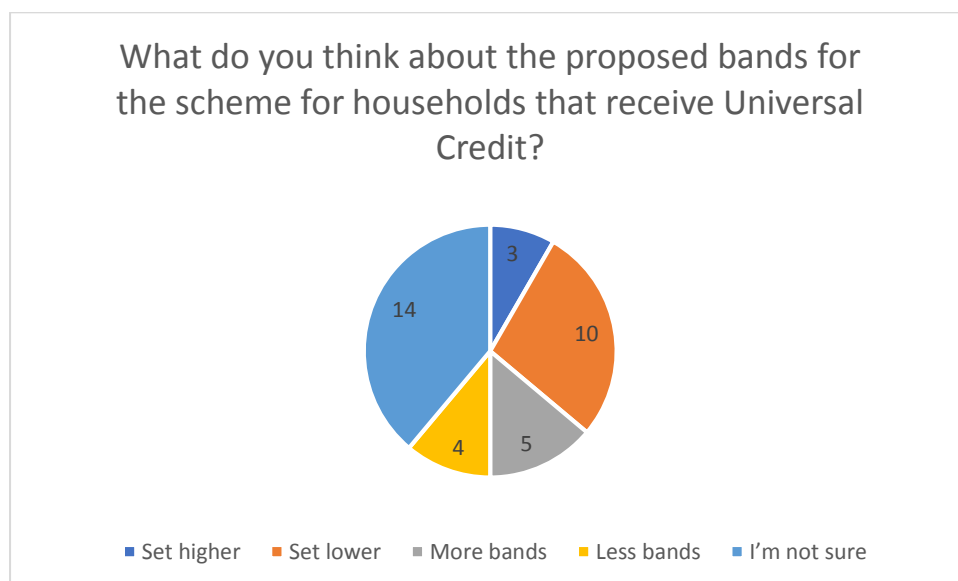
## Annex A – Consultation Responses

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

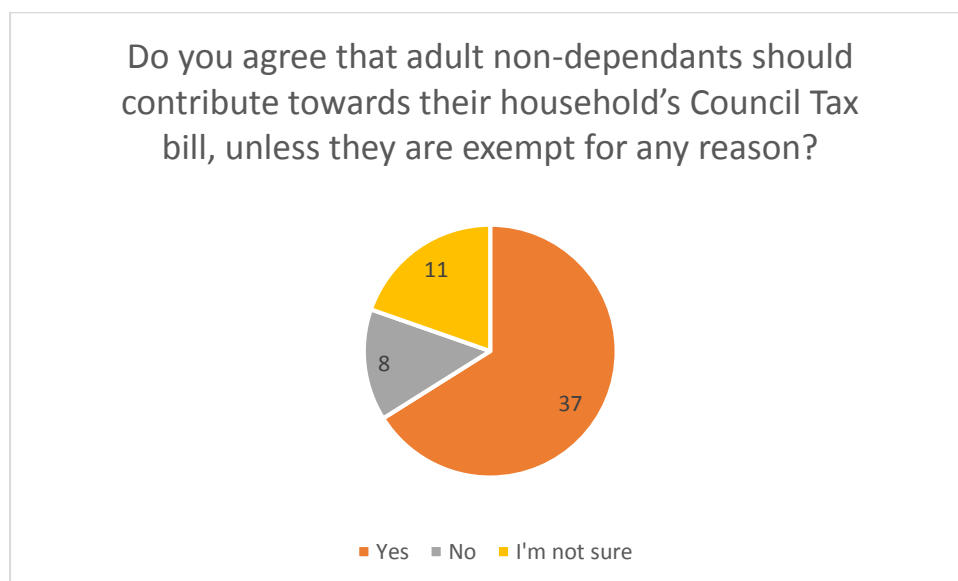
## Annex A – Consultation Responses

- As previously stated would like to get more detailed information as did not understand 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 levels
- 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:

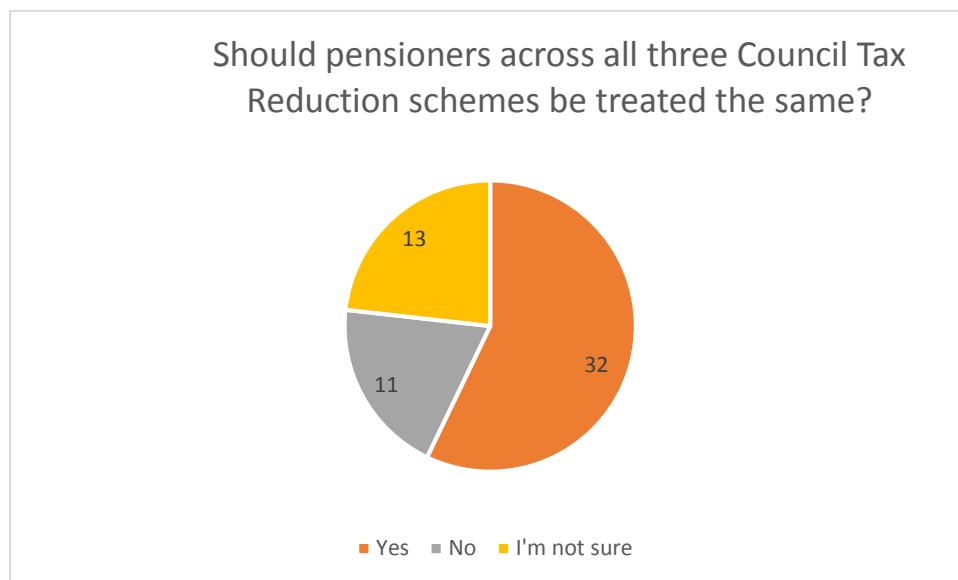
- The concern I have is that this is very difficult to enforce, so it becomes a tax on the honest.
- No
- They receive the same service as other residents
- Any adult non-dependant leaving in a household should participate as they should have job, except if exempt.
- The Adult non-dependants still benefit 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.

## Annex A – Consultation Responses

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

## Annex A – Consultation Responses

**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 should be treated the same as UC where they have the ND deduction as a flat rate otherwise tenants get confused with differing rules.....

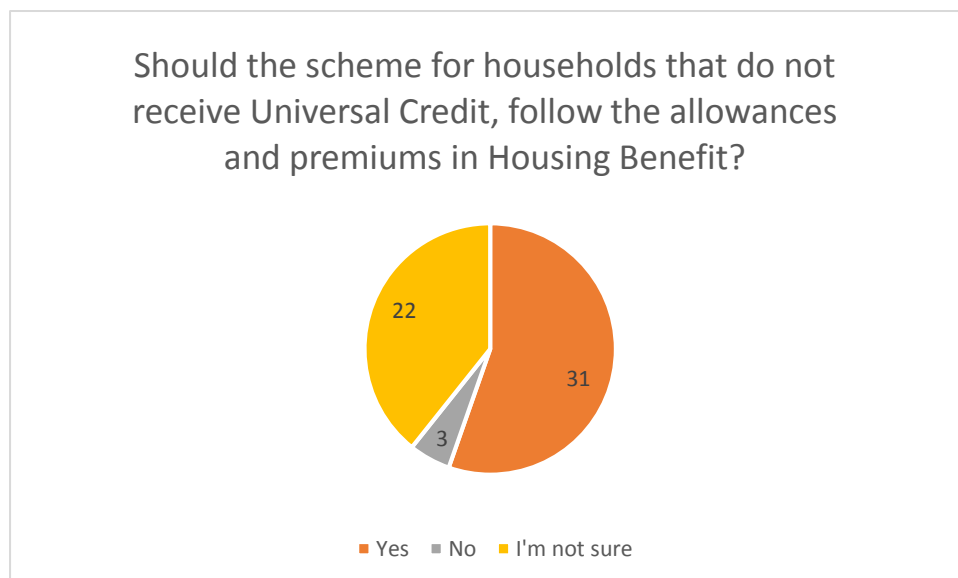
## Annex A – Consultation Responses

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.

## Annex A – Consultation Responses

**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.**

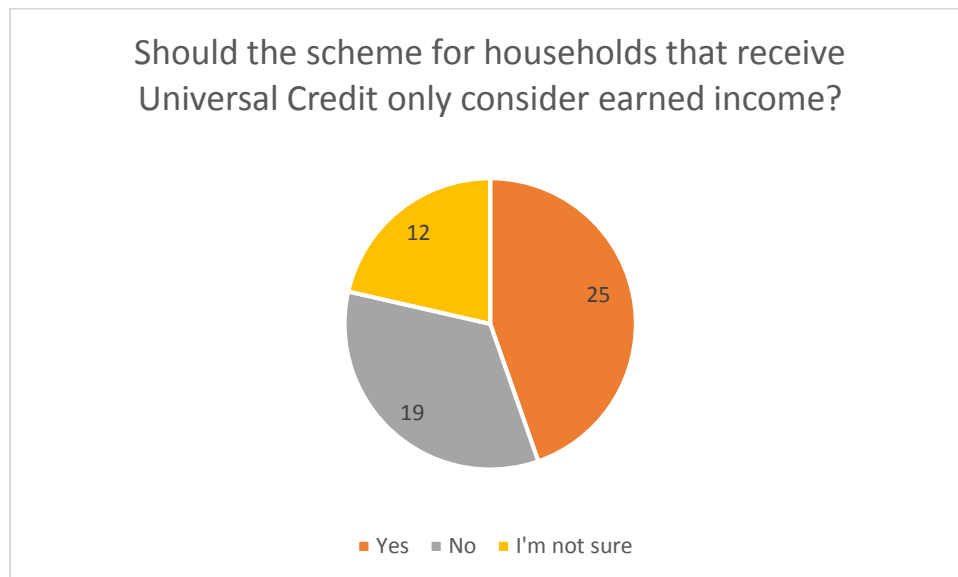


### Comments:

- 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

## Annex A – Consultation Responses

### 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:

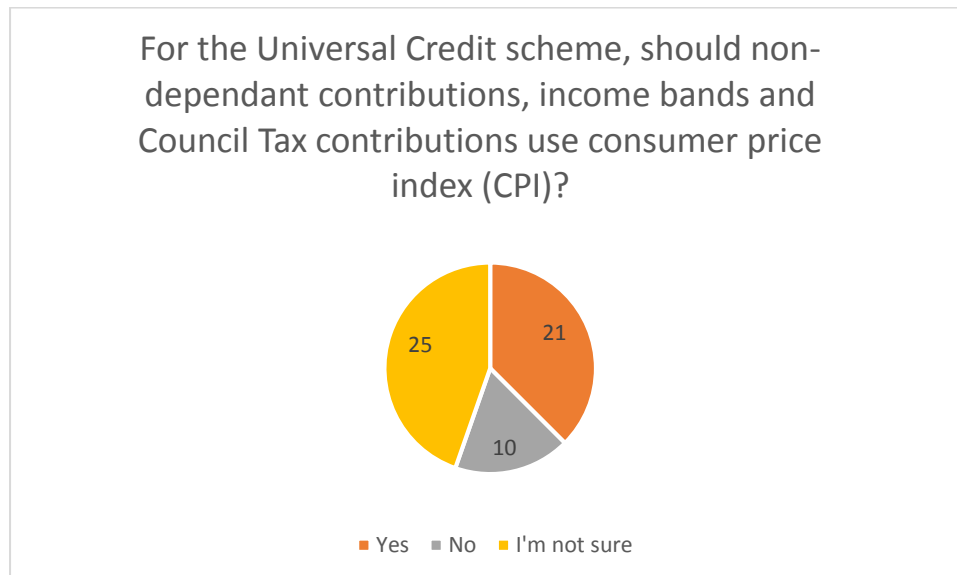
- Again, multiple schemes is a recipe for confusion. It's also cheaper to have a consistent scheme.
- people who have a state pension still have to pay
- Benefits should always consider earned incomings and what is acceptable expenses.
- The rating would still apply pro-rata
- Benefits aren't really 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.

## Annex A – Consultation Responses

- 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

## Annex A – Consultation Responses

**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.**



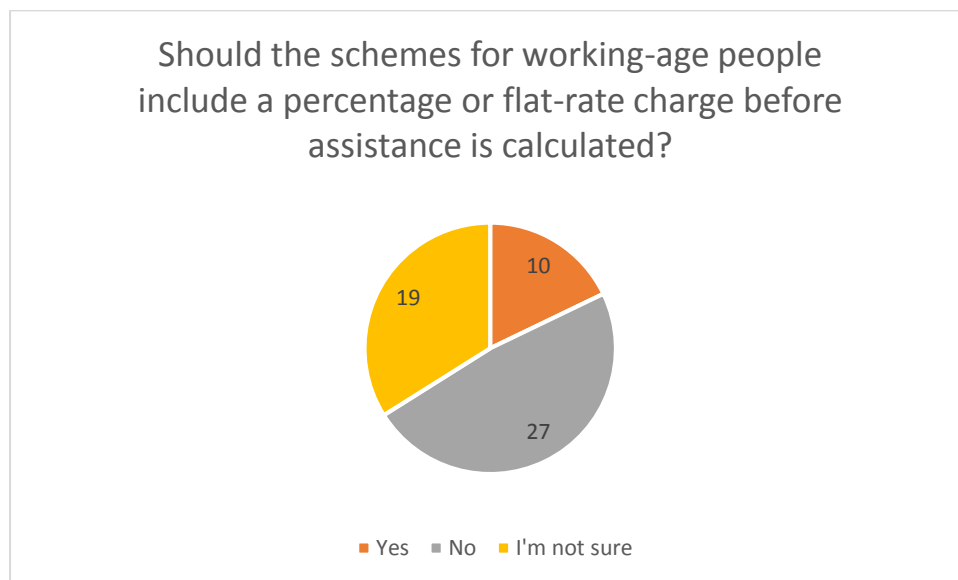
### Comments:

- 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.



## Annex A – Consultation Responses

**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.

## Annex A – Consultation Responses

- 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](mailto:equalities@cambridge.gov.uk) or phone 01223 457046.

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

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

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

<b>3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?</b>
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: <ul style="list-style-type: none"><li>• 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.</li></ul>

- Universal Credit – for working age applicants on Universal Credit. Uses data from Department for Work and Pensions (DWP) to create a claim and uses data 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

<b>5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service?  (Please tick all that apply)</b>	<input checked="" type="checkbox"/> Residents <input type="checkbox"/> Visitors <input type="checkbox"/> 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.

<b>6. What type of strategy, policy, plan, project, contract or major change to your service is this?</b>	<input type="checkbox"/> New <input type="checkbox"/> Major change <input checked="" type="checkbox"/> Minor change
---	---

<b>7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--	--

If 'Yes' please provide details below:

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

Strategy and Resources Committee 11 July 2022 and will progress to Strategy and Resources Committee 10 October 2022.

<b>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?</b>
--

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 one 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\\_159kt25q](https://media.ed.ac.uk/media/1_159kt25q)).**

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 is 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](mailto:helen.crowther@cambridge.gov.uk).**

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## 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 10<sup>th</sup> 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
<b>Bank rate</b>	2.25%	2.50%	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%
<b>3 month LIBID</b>	-	2.50%	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%
<b>6 month LIBID</b>	-	2.80%	3.00%	2.90%	2.80%	2.50%	2.40%	2.30%	2.30%	2.30%	2.20%
<b>12 month LIBID</b>	-	3.30%	3.20%	3.00%	3.00%	2.90%	2.80%	2.70%	2.40%	2.40%	2.40%
<b>5yr PWLB rate</b>	2.80%	3.00%	3.10%	3.10%	3.00%	3.00%	2.90%	2.90%	2.80%	2.80%	2.80%
<b>10yr PWLB rate</b>	3.00%	3.20%	3.30%	3.30%	3.20%	3.10%	3.10%	3.00%	3.00%	3.00%	2.90%
<b>25yr PWLB rate</b>	3.40%	3.50%	3.50%	3.50%	3.50%	3.40%	3.40%	3.30%	3.30%	3.20%	3.20%
<b>50yr PWLB rate</b>	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.

<b>DEPOSIT ANALYSIS Annualised Av Balance</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
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
<b>TOTAL</b>	<b>173,000</b>	<b>80,600</b>	<b>106,400</b>	<b>106,400</b>	<b>106,400</b>

\*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
<b>Total Capital Expenditure</b>	<b>239,035</b>	<b>149,848</b>	<b>113,465</b>	<b>106,039</b>
Resourced by:				
• Capital receipts	-25,910	-13,761	-3,091	-4,703
• Other contributions	-106,725	-38,489	-26,854	-27,572
<b>Total resources available for financing capital expenditure</b>	<b>-132,635</b>	<b>-52,250</b>	<b>-29,945</b>	<b>-32,275</b>
<b>Financed from cash balances &amp; any Prudential Borrowing required</b>	<b>106,400</b>	<b>97,598</b>	<b>83,520</b>	<b>73,764</b>

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
<b>Total Capital Financing Requirement</b>	<b>391,712</b>	<b>488,979</b>	<b>571,852</b>	<b>644,624</b>
<b>Movement in the Capital Financing Requirement</b>	<b>106,094</b>	<b>97,267</b>	<b>82,873</b>	<b>72,772</b>
<i>Financed from cash balances &amp; any Prudential Borrowing required</i>	<i>106,400</i>	<i>97,598</i>	<i>83,520</i>	<i>73,764</i>
<i>Minimum Revenue Provision</i>	<i>(306)</i>	<i>(331)</i>	<i>(647)</i>	<i>(992)</i>
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



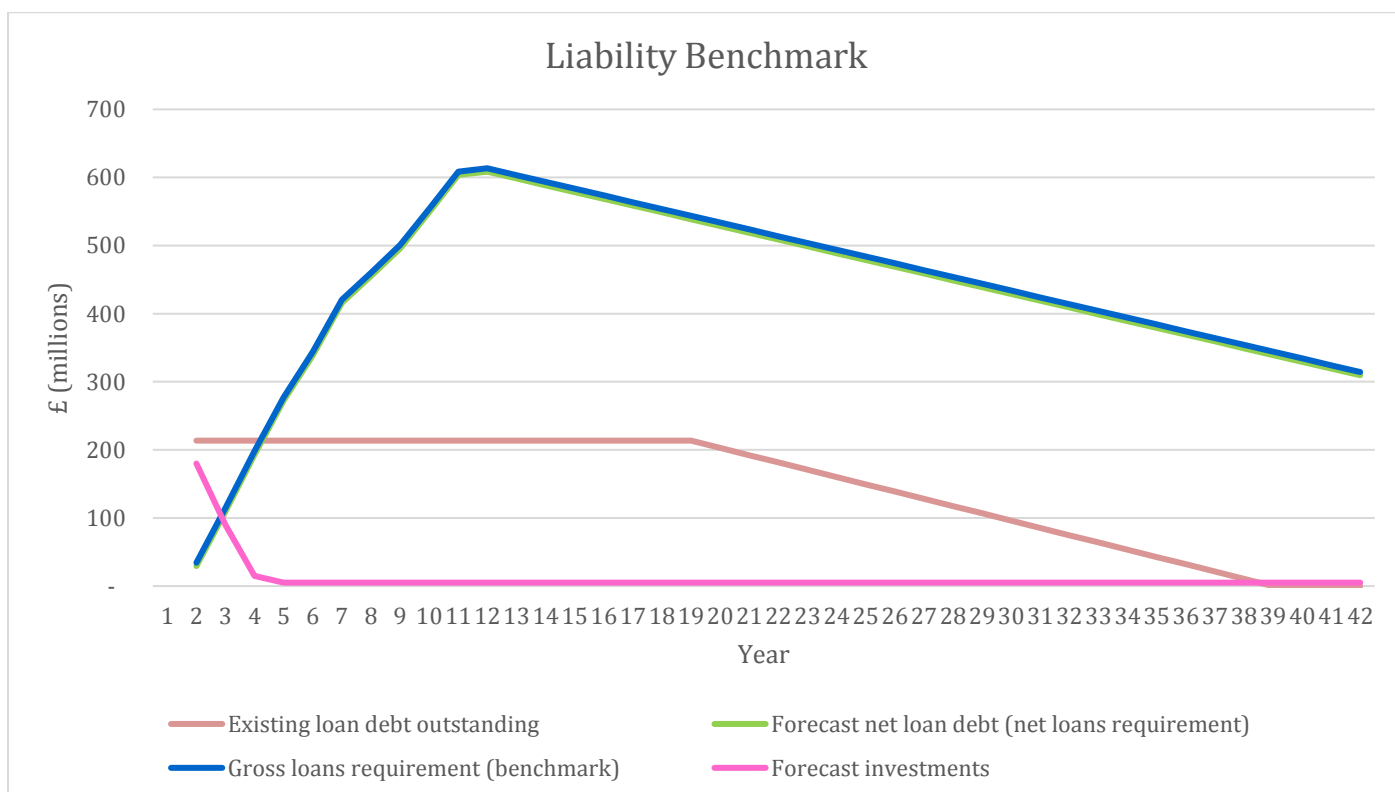
7.2 A further prudential indicator controls the overall level of borrowing externally. This is the Authorised Limit (ABL) which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members.

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 17 <sup>th</sup> October 2019	400,000
PWLB Borrowing (for HRA Self-Financing, B)	213,572
Headroom (A minus B)	186,428
Borrowing up to 31 <sup>st</sup> August 2021	NIL
<b>Total Current Headroom (A minus B)</b>	<b>186,428</b>

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 what 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

## PRUDENTIAL &amp; TREASURY MANAGEMENT INDICATORS

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

## PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000
<b>TREASURY INDICATORS</b>				
<b>Authorised limit</b>				
for borrowing	400,000	500,000	600,000	650,000
for other long-term liabilities	0	0	0	0
<b>Total</b>	<b>400,000</b>	<b>500,000</b>	<b>600,000</b>	<b>650,000</b>
<b>Operational boundary</b>				
for borrowing	396,712	493,979	576,852	649,624
for other long-term liabilities	0	0	0	0
<b>Total</b>	<b>396,712</b>	<b>493,979</b>	<b>576,852</b>	<b>649,624</b>
<b>Upper limit for total principal sums deposited for over 364 days &amp; up to 5 years</b>	50,000	50,000	50,000	50,000
<b>Upper limit for fixed &amp; variable interest rate exposure</b>				
Net interest on fixed rate borrowing/deposits	7,401	10,417	12,088	13,562
Net interest on variable rate borrowing/deposits	-15	-17	-17	-17
<b>Maturity structure of new fixed rate borrowing</b>		Upper Limit	Lower Limit	
10 years and above (PWLB borrowing for HRA Reform)		100%	100%	

**Treasury Management Annual Investment Strategy**

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 (£)
<b>UK Banks and Building Societies: -</b>			
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 (£)
<b>Specified Investments: -</b>			
All UK Local Authorities	N/A	Local Authority	20m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
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
<b>Members of a Banking Group</b>	<b>Using Link's Credit Criteria</b>	<b>UK Banks and UK Nationalised Banks</b>	<b>40m</b>
<b>Non-Specified Investments: -</b>			
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
<b>Cambridge Investment Partnership</b>	<b>Rolling Balance</b>	<b>Loan (Asset Security)</b>	<b>33,940,000</b>
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 15m
<b>Certificates of Deposit (with UK Banking Institutions)</b>	<b>Liquid Rolling Balance</b>	<b>Financial Instrument</b>	<b>See limits above</b>
<b>Certificates of Deposit (with UK Building Societies)</b>	<b>Liquid Rolling Balance</b>	<b>Financial Instrument</b>	<b>See limits above</b>
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 1 year and up to 5 years	Financial Instrument	10m (per single counterparty)
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 (£)
<b>Specified Investments: -</b>			
All UK Local Authorities	N/A	Local Authority	20m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Barclays Bank Plc – 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: AAf/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
<b>Other Specified Investments - UK Building Societies: -</b>			
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)
Yorkshire Building Society		57,786	
Coventry Building Society		50,781	Assets between £50,000m and £99,999m - £5m
Skipton Building Society		26,658	
Leeds Building Society		20,725	
Principality Building Society		10,912	Assets between £5,000m and £49,999m - £2m
West Bromwich Building Society		5,565	
<b>Non-Specified Investments: -</b>			
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
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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: AAf/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.

**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: -

<b>Funds Deposited as at 21 September 2022</b>	<b>£'000</b>
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
<b>Total Deposited</b>	<b>178,800</b>

## 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)

<b>Term</b>	<b>Definition</b>
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 1 <sup>st</sup> 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

<b>Term</b>	<b>Definition</b>
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 1 <sup>st</sup> 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



## 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](mailto: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 2023/24 and to provide indicative budgets to 2032/33. All references to the recommendations to Appendices, pages and sections relate to MTFS Version 1.0

- 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
	<b>Proposals</b>							
SC826	WREN solar project	-	1,170	130	-	-	-	1,300
SC654	Redevelopment of Silver Street Toilets	141	-	-	-	-	-	141
	<b>Total proposals</b>	<b>141</b>	<b>1,170</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,441</b>

### 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  
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Authors' Emails: [caroline.ryba@cambridge.gov.uk](mailto: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

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# 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 is 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 MTFs, 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:

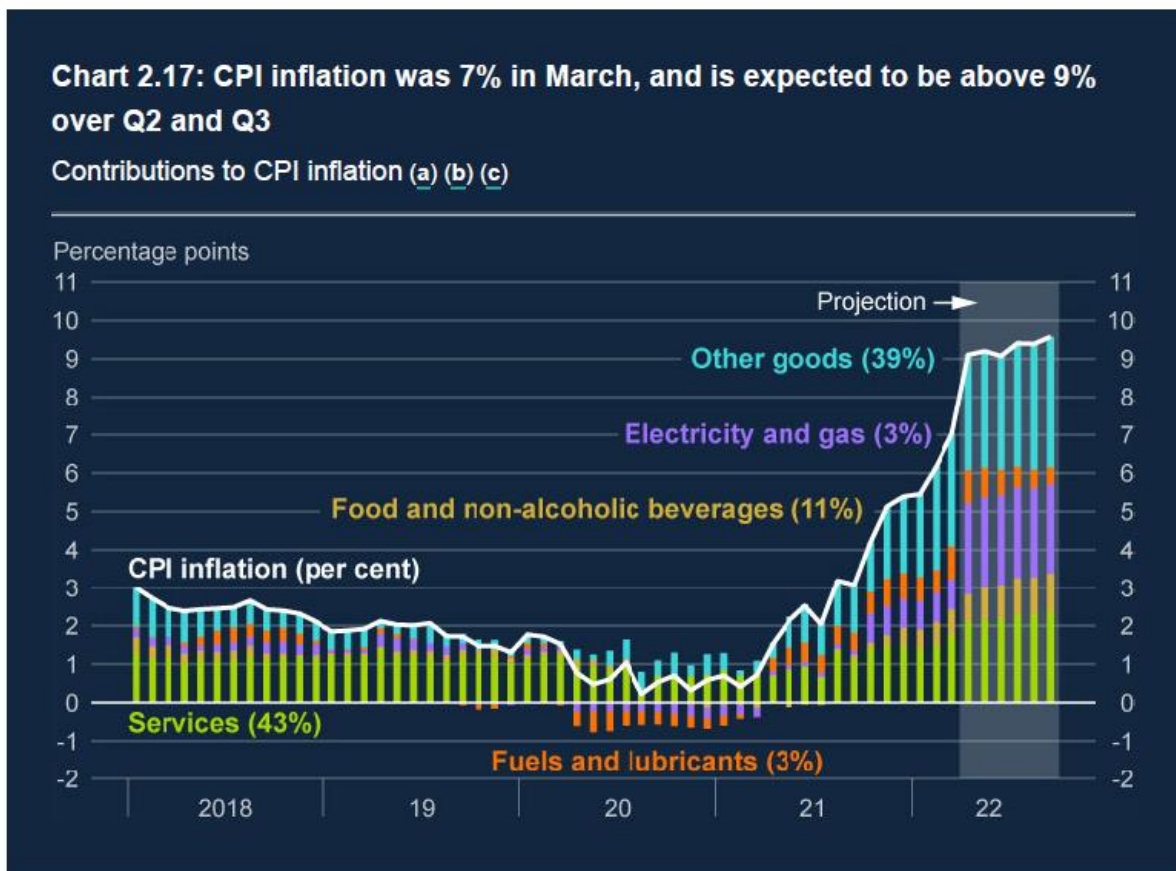
- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council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

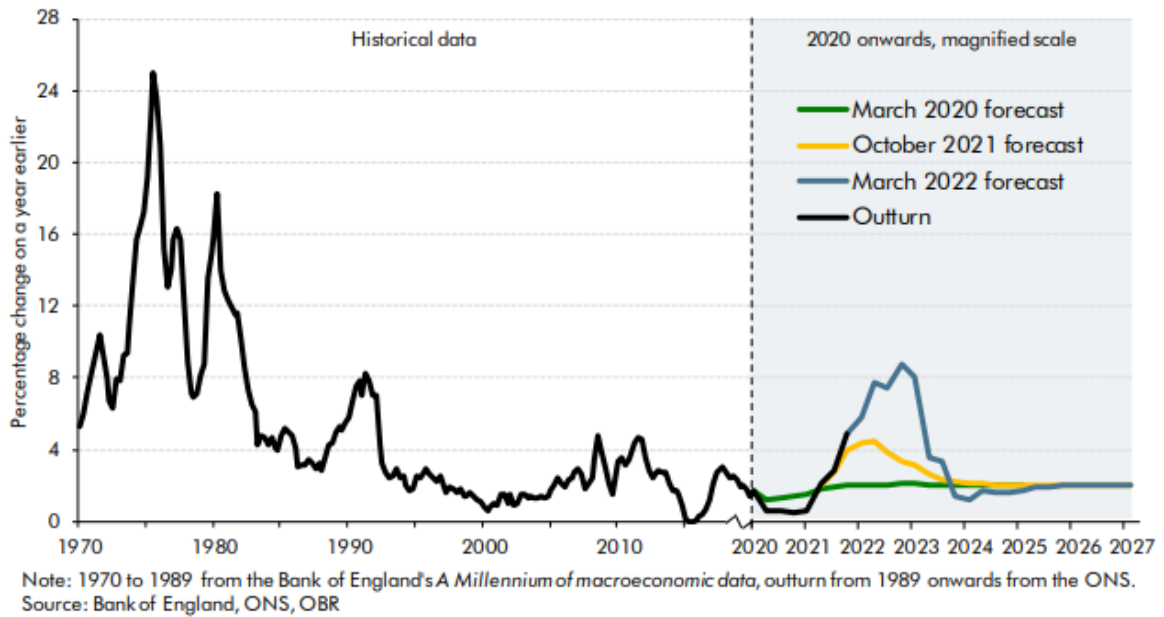
The base rate of inflation used to drive expenditure assumptions in this MTF5 is the Consumer Price Index (CPI). As shown below, from the Bank of England May 2022 Monetary Policy Report, this has been rising through the year. CPI reached 9.4% in June 2022.



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



## 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

<b>Core Spending Power</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>2028/29 £m</b>	<b>2029/30 £m</b>	<b>2030/31 £m</b>
Business rates income	<b>9.607</b>	<b>11.027</b>	<b>11.676</b>	<b>6.197</b>	<b>6.285</b>	<b>6.373</b>	<b>6.537</b>	<b>6.862</b>	<b>6.955</b>
Less: Business rates growth	(5.335)	(6.755)	(7.404)	(1.933)	(1.936)	(1.937)	(2.012)	(2.247)	(2.247)
<b>Settlement Funding Assessment</b>	<b>4.272</b>	<b>4.272</b>	<b>4.272</b>	<b>4.264</b>	<b>4.349</b>	<b>4.436</b>	<b>4.525</b>	<b>4.615</b>	<b>4.708</b>
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
	<b>17.990</b>	<b>17.016</b>	<b>17.307</b>	<b>15.248</b>	<b>15.691</b>	<b>16.102</b>	<b>16.526</b>	<b>16.942</b>	<b>17.360</b>

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.

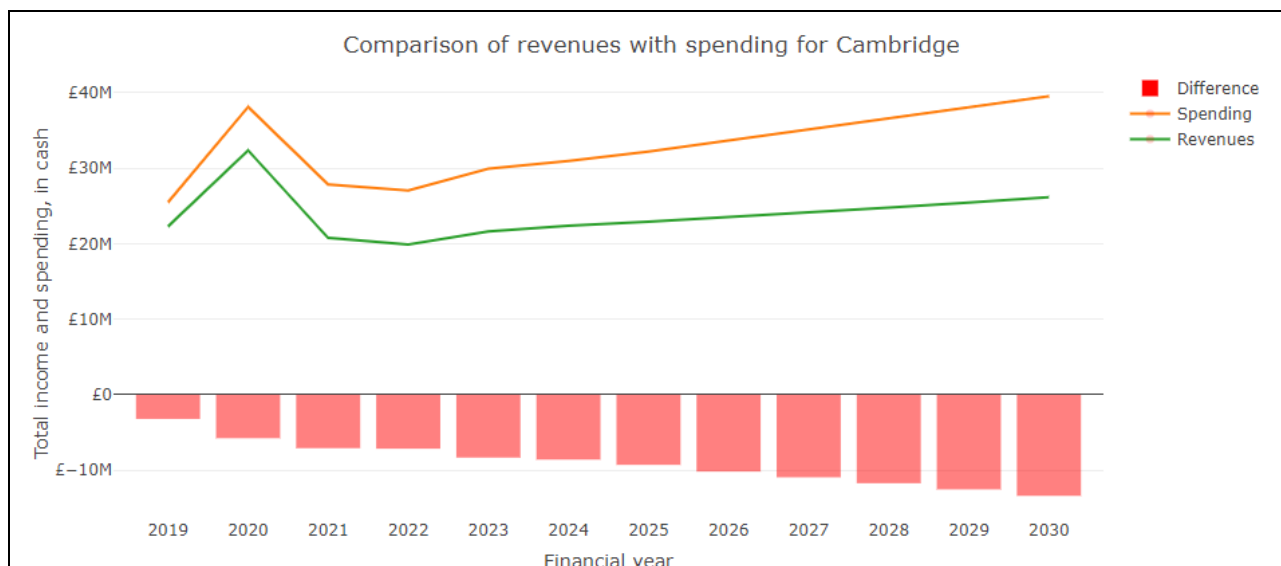
#### **2022/23 pay offer (£1,122k)**

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.

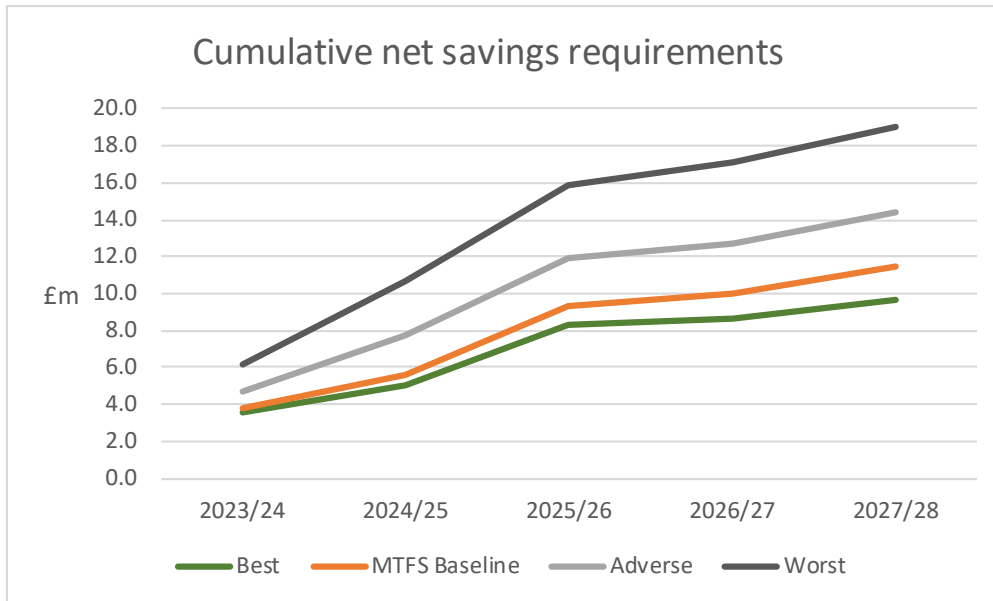


Applying revised assumptions to the council's own financial model and allowing for indicative pressures, the baseline net savings requirement totals around £11.5m for the 5-year period.

Description	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<b>Net savings requirement – new each year (BSR Feb 2022)</b>	<b>5,459</b>	<b>229</b>	<b>604</b>	<b>655</b>	<b>874</b>	<b>7,821</b>
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)	
<b>Total changes to savings requirement</b>	<b>(1,668)</b>	<b>(26)</b>	<b>3,031</b>	<b>3,065</b>	<b>3,694</b>	
<b>Revised (MTFS) net savings requirement (new each year)</b>	<b>3,791</b>	<b>1,871</b>	<b>3,661</b>	<b>689</b>	<b>1,503</b>	<b>11,515</b>

## 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
	<b>Approved since BSR Feb 2022:</b>							
	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
	<b>Total Approved since BSR Feb 2022</b>	<b>1,548</b>	<b>36,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,895</b>

#### 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
	<b>Proposals</b>							
SC826	WREN solar project	-	1,170	130	-	-	-	1,300
SC654	Redevelopment of Silver Street Toilets	141	-	-	-	-	-	141
	<b>Total proposals</b>	<b>141</b>	<b>1,170</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,441</b>

## 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.

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

# 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

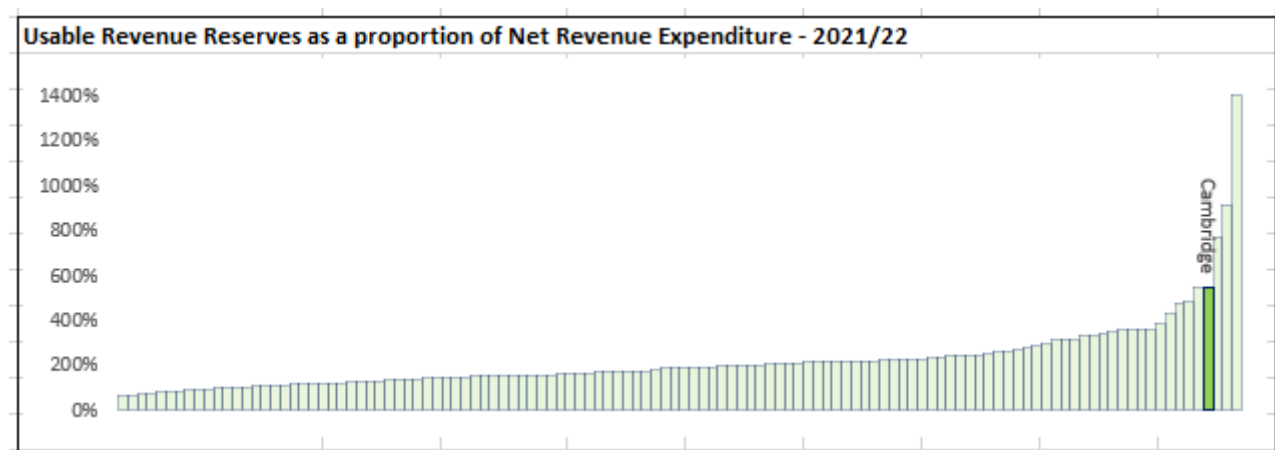
The table below shows current and projected levels of the GF reserve, assuming that all savings requirements are delivered in the year to which they relate, as identified in Section

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
<b>Balance at 1 April (b/fwd)</b>	<b>(25,533)</b>	<b>(22,115)</b>	<b>(21,055)</b>	<b>(20,815)</b>	<b>(20,765)</b>	<b>(20,715)</b>
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
<b>Balance at 31 March before business rates growth (c/fwd)</b>	<b>(22,115)</b>	<b>(21,055)</b>	<b>(20,815)</b>	<b>(20,765)</b>	<b>(20,715)</b>	<b>(20,665)</b>
Business rates growth – indicative growth element (at risk)	(5,335)	(6,755)	(7,404)	(1,933)	(1,936)	(1,937)
<b>Balance at 31 March including business rates growth</b>	<b>(27,450)</b>	<b>(33,145)</b>	<b>(40,309)</b>	<b>(42,192)</b>	<b>(44,078)</b>	<b>(45,965)</b>

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)
<b>Total</b>	<b>(51,243)</b>	<b>(29,682)</b>

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 is 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 MTF5. 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.

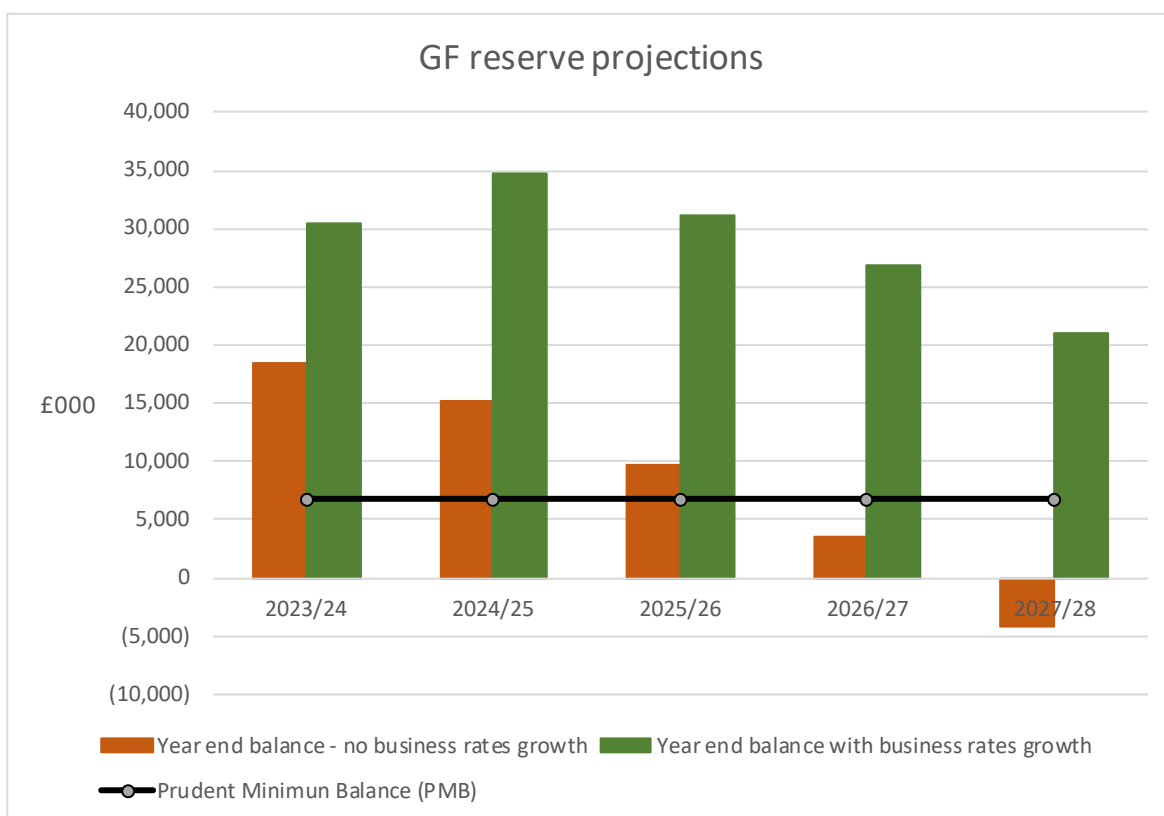
<b>Our Cambridge indicative savings - £m</b>	<b>Low</b>	<b>High</b>	<b>Achievable</b>	
Efficiency savings	(1.30)	(4.00)	(2.50)	
Flexible savings (based on political decisions)	(0.20)	(6.00)	(3.50)	
	<b>(1.50)</b>	<b>(10.00)</b>	<b>(6.00)</b>	
Reduce to allow for optimism bias			<b>(5.00)</b>	
Potential allocation of savings to Housing Revenue Account (23%)			1.15	
			<b>(3.85)</b>	
<b>Timing of indicative savings</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
Percentage by year	30%	40%	30%	100%
<b>General Fund saving (£m)</b>	<b>(1.16)</b>	<b>(1.53)</b>	<b>(1.16)</b>	<b>(3.85)</b>

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	<b>2,636</b>	<b>331</b>	<b>2,506</b>	<b>689</b>	<b>1,503</b>	<b>7,665</b>

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
<b>2022</b>	
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
<b>2023</b>	
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
<b>Expenditure</b>											
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)
<b>Net service budgets</b>	<b>28,078</b>	<b>26,469</b>	<b>24,303</b>	<b>22,906</b>	<b>19,736</b>	<b>20,415</b>	<b>19,876</b>	<b>19,773</b>	<b>19,663</b>	<b>19,554</b>	<b>19,445</b>
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
<b>Net spending requirement before in-year savings</b>	<b>26,343</b>	<b>24,054</b>	<b>19,179</b>	<b>18,909</b>	<b>16,380</b>	<b>17,605</b>	<b>17,612</b>	<b>18,055</b>	<b>18,491</b>	<b>18,928</b>	<b>19,365</b>
In-year savings	0	(3,791)	(1,871)	(3,661)	(689)	(1,503)	(1,086)	(1,113)	(1,131)	(1,151)	(1,206)
<b>Net spending requirement</b>	<b>26,343</b>	<b>20,263</b>	<b>17,308</b>	<b>15,248</b>	<b>15,691</b>	<b>16,102</b>	<b>16,526</b>	<b>16,942</b>	<b>17,360</b>	<b>17,777</b>	<b>18,159</b>
<b>Funded by:</b>											
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
<b>Total funding</b>	<b>(26,343)</b>	<b>(20,263)</b>	<b>(17,308)</b>	<b>(15,248)</b>	<b>(15,691)</b>	<b>(16,102)</b>	<b>(16,526)</b>	<b>(16,942)</b>	<b>(17,360)</b>	<b>(17,777)</b>	<b>(18,159)</b>

# 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)
<b>Capital-GF Projects</b>							
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 public 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
<b>Capital-GF Projects</b>			<b>131751</b>	<b>31034</b>	<b>7321</b>	<b>10</b>	<b>0</b>
<b>Capital-Programmes</b>							
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
<b>Capital-Programmes</b>			<b>11,899</b>	<b>466</b>	<b>466</b>	<b>700</b>	<b>0</b>
<b>Capital-GF Provisions</b>							
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
<b>Capital-GF Provisions</b>			<b>630</b>	<b>15</b>	<b>765</b>	<b>0</b>	<b>0</b>
<b>Total GF Capital Plan</b>			<b>144,280</b>	<b>31,515</b>	<b>8,552</b>	<b>710</b>	<b>0</b>

# 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
<b>Allowing three years cover on operational risk</b>			<b>4,542,000</b>
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
<b>General risks</b>			<b>2,312,000</b>
<b>Prudent Minimum Balance (PMB)</b>			<b>6,854,000</b>
<b>Target (PMB + 20%)</b>			<b>8,225,000</b>

# 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
<b>Total</b>	<b>(20,259)</b>	<b>(2,056)</b>	<b>22,315</b>	<b>0</b>

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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## Update on the Direction of the Future Council and Organisational Design

### To:

Councillor Mike Davey Executive Councillor for Finance, Resources and Transformation

### Report by:

Nick Kemp, Transformation Director Tel: 07875700079 Email: [Nick.Kemp@cambridge.gov.uk](mailto:Nick.Kemp@cambridge.gov.uk)

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### Wards affected:

All Wards

## Key Decision

### 1.0 Executive Summary

1.1 This paper provides:

- An update on the progress made on the development of a future organisation design for the council
- Proposals for agreement on the new organisational design and work required to ensure delivery
- An indicative savings and investment profile for the next phase, recognising dependencies and collaboration with Medium-Term Financial Strategy (MTFS) and accommodation papers
- An outline timeline and sequencing of changes required over the next two years

1.2 The paper sets out the direction of travel for the future organisation design, building upon previous advice agreed over the last year. The changes are described in three parts:

- Service Delivery
- Leadership and Decision Making
- People, Accommodation and Digital

1.3 Once the direction of travel is agreed, further work will be undertaken to complete the organisation design and to develop business cases and more detailed delivery plans.

1.4 At this early stage in our redesign, approximately £2.5m of net savings can be achieved through efficiency and productivity by Q1 2025-26. These will be achieved through restructuring operations and improving our use of digital solutions that will enable us to reduce the costs of some of our processes. Achieving these saving will require some investment and it should be noted our work in this area is still in progress. The forecast

efficiency and productivity savings may increase as additional opportunities are identified and estimated numbers are confirmed.

- 1.5 Additional savings options have been identified from the reduction in the council's office accommodation resulting from a more flexible use of office space. It is likely that there will be opportunities to generate income from underused space. A more complete assessment of office accommodation can be found in the Future Office Accommodation Report, also submitted to the 10 October, Strategy and Resources (S&R) Committee.
- 1.6 Based on the medium-term financial outlook for the council, growing population in Cambridge, and significant inflationary pressures, it should be noted that even with the identified savings and income opportunities, it is very unlikely that the council will be able to achieve a balanced budget in the medium term without reducing some of its activities. Many other local authorities are currently in this financial position. Delays in achieving a balanced budget would need to be compensated through managed use of reserves.
- 1.7 A full glossary of terms used in this report is included in Appendix A.

## **2.0 Recommendations**

The Executive Councillor is recommended to:

- Note the progress made, and the proposals for changes to operations, future council infrastructure and identified areas for saving and reinvestment
- Confirm support for the direction of travel
- Agree that officers move forward with the development of changes that will achieve the savings required by Q1 April 2025
- Note the programme timetable (section 8)



### **3.0 Introduction, Background and Progress to Date**

3.1 Our current organisational design has remained largely unchanged for over a decade. However, the demands and challenges faced by the council and the opportunities available through transforming the way the council operates are significant. As part of the Our Cambridge transformation programme, the council now needs to update its organisational design, so that it can more effectively meet the needs of residents and the city now and in future.

3.2 As a reminder, Our Cambridge comprises of three workstreams: Transforming Delivery (focuses on making tangible changes to our organisation), Partnerships and Communities (working to create better relationships with partners and the communities we serve), and Organisational Change (reshaping the council and its ways of working). The Organisational Design forms one project within the Organisational Change workstream.

3.3 During the 3-month period between June and August, senior officers led activities across all areas of the council's services to identify opportunities for operational efficiencies and new ways of working to improve the outcomes for residents and the city. This work included:

- A series of workshops and engagements with stakeholders to identify and test opportunities for redesign.
- A review of best practices and the direction being adopted by other councils with similar characteristics (Oxford, Norwich, Stevenage etc). We also analysed our delivery against sector benchmarks.
- The development of a more complete analysis of performance and costs, both of council services and their impact upon the city and its residents.

3.4 As a result, three key areas were identified:

- Service Delivery, focusing on how we can reorganise service delivery structures and processes
- Leadership and Decision Making, including a review of existing structures, governance arrangements and the management information available for decision making
- People, Accommodation and Digital, assessing the costs and potential return from these essential resources and how the future design can optimise their value

3.5 The review over the summer has identified the following benefits will be achieved from the changes identified so far:

- Services joined up to deliver better customer experience

- Better informed decisions will enable the council to target its activities more effectively and efficiently, and achieve better outcomes
- More agile council with the ability to change and respond to circumstances more quickly
- Increased opportunities to maximise potential of shared services or system-wide solutions with our partners
- Improved forward plan for careers and resourcing key skills required by the council
- Future proofed digital capabilities

3.6 We have based our organisation design on the principles set out in the council's transformation report to the S&R Committee in July. These, as well as the broader model for transformation, can be found in Appendix A.

3.7 If the overall direction of travel as set out in this paper is agreed, the organisation design will be further developed to establish the detail of how the council will change, so that it can improve its contribution to residents and deliver its savings target by 1 April 2025. At time of writing, the savings target for the Our Cambridge programme is £5 million revenue improvement from the General Fund and Housing Revenue Account. This represents a proportion, but not the entirety, of the wider savings target of Cambridge City Council, as set out in the MTFS. As the financial picture for the Council develops, we may need to revisit this target and the programme's role in achieving a balanced budget.

3.8 A full glossary of terms is included in Appendix A.

## **4.0 Organisational Design – Service Delivery**

4.1 The current design of the organisation means resident experiences are often being spread across roles and teams, with issues or opportunities falling between the gaps, resulting in the council offering services that are not as good as they might be. The council's Making it Real activities in April and May started to refocus employees on finding ways of doing better within the existing structures. The initiative was the first step in the council's broader review of our services that includes its current work on organisation design.

4.2 The design proposals recommend that the council merges or regroups activities to bring together similar skills or similar work. It also seeks to cluster work around similar outcomes. These changes will improve collaboration, enable efficiencies, and help the council optimise its contribution to the city and its residents (see Figure 1). Creating a more joined-up approach will deliver benefits, including:

- Removing duplication of effort (combining functions with similar outcomes to enable collaboration, improve efficiencies and shared purpose)
- Maximising efficiencies (streamlining processes, harnessing digital and data improvements (see section 6.3))
- Creating the conditions for the successful development and implementation of new service models and / or further income opportunities (when our services and partners are ready to take this step)
- Financial savings (see section 7)



Figure 1: Proposed changes to our Organisation Design<sup>1</sup>

4.3 We anticipate the most direct impact to resident experience will come from changes outlined in this section. Examples of the benefits to residents:

- A centralised function (that encompasses street cleaning, grounds maintenance, facilities management, estate repairs and management) would see better coverage across the city and logical internal ownership, resulting in more rapid delivery when something breaks.

<sup>1</sup> Please note – this is not a management structure, but a reflection of an organisation design that enables collaboration, efficiencies, and delivery improvements

- Dedicated and cohesive support services for residents with more complex needs and vulnerabilities could mean those residents receive one single point of contact to help move them through the various elements of the council and wider systems of support.
- A more integrated and responsive corporate centre to support the organisation in adapting to changing circumstances would mean as emergencies arise (such as Homes for Ukraine), we can respond quicker with a team who can help and manage impacts on other council activities.

4.4 In summary, bringing key functions together and orienting them around a shared purpose will not only help us achieve our savings targets, but will ultimately provide a better resident-centred delivery, reduced inefficiencies, improved customer experience and an ability to deliver better outcomes for the whole city.

#### 4.5 **Service Delivery – key features**

- Reshaping our services to reduce duplication and fragmentation of services, bringing together activities around the needs of citizens or the city
- Bringing together services that are essentially operational in nature (for example, ground maintenance, street cleaning, estate repairs), creating a hub that can deliver this type of service more quickly and at less cost
- Consolidating our disparate corporate functions to maximise efficiencies and ensure that we are focusing on those activities that will enable us to respond to issues more quickly and continually develop our value to residents and the community (for example, digital, improved leadership structure (see Section 5.0)).

## 5.0 **Organisational Design - Leadership and Decision Making**

5.1 For the council to transform the way it delivers services, it needs to have the right leadership equipped with the right information, governance, and structures. Equally importantly, it requires leaders who can work with others to continually adapt the council's ways of working, to respond to the changing needs of residents and take advantage of emerging opportunities as our relationships with partners and communities mature.

5.2 The organisation design redefines and repositions the role of leadership. In particular, the significant contribution leaders will play in creating an entrepreneurial public service culture, promoting and developing collaborative solutions and the need to act with pace and purpose.

5.3 The organisation design proposals recommend that work is undertaken to develop more effective management information, that provides a more complete and reliable

assessment of both the performance of the council in the city, and the performance of services within the council. It is recommended that further investment is made in this area, including a review and likely restructure of financial structures, so that they more directly reflect the new design.

5.4 This report recognises the existing dialogue with members in relation to governance arrangements. These conversations will form part of our future design work and be included in this area of the council's transformation.

5.5 The opportunities and benefits available to us in this area include:

- Greater collaborative leadership, supporting increased resilience across the organisation as a whole
- A clearer definition of leadership (i.e. mobilising action towards a shared purpose) and its distinction from management (i.e. the organisation and management of tasks and people) that supports and informs flatter, more efficient and cost effective service design
- Improved decision making and speed between decision and execution, with more effective and simplified budget management and business planning
- Financial savings (section 7)

5.6 **Leadership and Decision-Making Key Features:**

- The recommendations around leadership and governance set out within the Centre for Governance & Scrutiny Report (CfGS) will be taken forward as part of the organisation design work within this design theme.
- The current officer leadership structure will be reviewed and, where required, the council's leadership capability will be restructured to focus on priority council outcomes and reduce the cost of leadership and decision making.
- Further research will be undertaken into the options available to the council to access and interpret high quality and relevant information, against which decisions can be made, including the investment in bringing together relevant data from multiple sources / agencies.
- There will be a review of the current frame of cost centres and accounting lines to ensure that leaders are equipped with a process that enables them to adjust forecast spending and investment more flexibly, to support specific council outcomes.
- Options will be considered for the development of a single set of management information tools and performance indicators that align to member priorities and shared purpose.

## 6.0 Organisational Design – People, Accommodation and Digital

### 6.1 People: Outline and benefits

6.1.1 The council faces the complex demands of a growing city with new needs, a requirement to reduce the cost of services and current high levels of inflation. Faced with these conditions the organisation design needs to consider the way people are engaged in the delivery of its services, both as employees and partners. Some areas that require further definition within the emerging organisation design include:

- Active marketing of Cambridge City Council as a great place to work, including learning the lessons from our Council partners on whether a 'four day week' can support staff wellbeing and productivity
- Potential to secure people from partners and other councils to reduce the opportunity costs of vacancies and to promote career development
- Redefined role profiles and working structures
- Guaranteed development opportunities / investment in people's potential and career ambitions, using the annual reporting cycle to identify and accelerate talent quickly, helping us further retain and grow our people
- Stronger and more developed career pathways, including secondment opportunities from local partners, businesses, and agencies
- More effective cost management of interim and consultancy resources

6.1.2 Benefits from this work will include:

- Reduced unforced attrition and the costs, the opportunity costs of vacancies and recruitment / agency costs (figure 2, section 7)
- Potential for the council to partner with other agencies to provide career paths across the wider system – talent growth and retention
- Opportunities for specialist resource to be obtained through processes that reduce the cost of agency fees and reduce time taken to engage resources
- More engaged teams with clear talent pipelines and more robust succession planning

### 6.2 Accommodation: Outline and benefits

6.2.1 The emergence of a widely adopted 'hybrid working' model for many office-based employees has been factored into the council's organisation design. Changes to work styles and the council's strategy of working more collaboratively both across its own services and with its partners will have implications for:

- The choices and broader options the council has in the provision of employee accommodation, details of which will be defined in the Future Office Accommodation Report also being considered by the Strategy and Resources Committee in October
- Investment decisions in council, digital and technological infrastructure
- A broader range of potential work locations that extend beyond the council's own accommodation or home base as part of a 'work anywhere' culture

6.2.2 While a full benefits and opportunities assessment is not included as part of this report, some anticipated benefits from reviewing the number and size of places from where we work and deliver services include:

- The creation of workplaces that reflect progressive and current working styles and practices provides an opportunity to ensure our physical infrastructure reflects the culture and behaviours we want our people to display (e.g. more collaborative, digitally enabled spaces)
- Reduction of our carbon footprint, in line with the council's target to be net zero carbon by 2030
- Designing inclusive spaces for employees
- Ensuring residents have equal and convenient access to our services
- Financial savings (see figure 2, section 7)

### 6.3 **Digital:** Outline and benefits

6.3.1 The council and communities' reliance on digital technologies will continue to increase. This provides the council with opportunities to improve the flexibility, quality and costs associated with our transactional services, including the capacity to focus face-to-face time where it adds the most value, either because of individual circumstances, or the nature of the issue at hand.

6.3.2 The benefits of an increased digital capability within the Council, include:

- Greater opportunity to collaborate and learn with partners
- Better, more targeted options for residents to engage with the Council in whatever way best fits their lifestyle
- Maximisation of efficiencies in the future organisational design
- Financial savings (see figure 2, section 7)

### 6.4 **People, Accommodation and Digital Key Features**

- Support the development of a series of new initiatives to improve the way we engage people in the council's business

- Invest in new digital technologies to improve service delivery for residents’ needs (see Finance section 7)
- The creation of appropriate digital leadership to set strategic direction and appropriate governance for the digital elements of both customer facing and staff facing services.

## 7.0 Finance

7.1 This section outlines the savings proposed within the new design.

7.2 Figure 2 represents a breakdown of where we have identified potential savings. These have been categorised across the three organisation design sections, as well as separated into efficiency savings (where we think we can make savings by delivering services more efficiently) and flex savings (which are variable based on further political decisions).

Potential speed of savings delivery - one * for short term *** for longer term		Low	High	Achievable p.a. (net)
Efficiency savings (doing what we do, better)	<b>Service Delivery</b>			
	City Operations (Ops Hub)**	£0.3m	£1m	£0.7m
	Additional purpose-based groupings	TBC	TBC	TBC
	Maximising income**	£0m	£0.2m	£0.1m
	Shared Services***	£0.1m	£0.2m	£0.1m
	Service efficiencies**	£0.3m	£0.5m	£0.3m
	<b>Leadership and Decision Making</b>			
	Political governance**	£0.0m	£0.3m	£0.1m
	Executive leadership*	£0.2m	£0.4m	£0.3m
	Financial decision making*	£0m	£0.2m	£0.1m
	<b>People, Accommodation and Digital</b>			
	Data/digital***	£0.2m	£0.7m	£0.5m
	Agency/consultancy reduction**	£0.2m	£0.5m	£0.3m
	<b>Total Efficiency Savings</b>	<b>£1.3m</b>	<b>£4m</b>	<b>£2.5m</b>
Flex savings (variable savings/revenue based on political decisions)	<b>People, Accommodation and Digital</b>			
	Accommodation and council used space**†	£0m	£2m	£1m†
	<b>Service Delivery</b>			
	Reducing/stopping services* or ***	£0.2m	£1m	£0.4m (sec 7.4)
	Additional headcount reduction* or ***	£0m	£3m	£2.1m (sec 7.4)
<b>Total 'Flex' savings</b>	<b>£0.2m</b>	<b>£6m</b>	<b>£3.5m</b>	
<b>Total</b>	<b>£1.5m</b>	<b>~£9.7m</b>	<b>£6m (-20% optimism bias) = £5m</b>	

Figure 2 - Breakdown of Potential Savings

† Savings potential for Council Used Space based on conservative estimate of leasing out Mandela and amalgamating into the Guildhall option. Further detail and other options with different levels of savings are available in the Future Office Accommodation Report.

7.3 The efficiency savings identified will contribute to becoming a smaller organisation and some headcount reduction, because merging of functions will lead to some natural reduction in duplication. An achievable estimate of savings through the totality of efficiencies currently stands at £2.5m.



- 7.4 The amount saved as part of accommodation decisions will then determine the degree to which we will need to look at revising the costs of discretionary services and associated staff numbers to meet our targets.
- 7.5 The next step towards determining the impact on our discretionary services and associated staff numbers is to complete an options appraisal for our 'flex' savings. This is one of the key activities which we are looking to complete and bring back to members in Q4 22-23. For more detail on the proposed timeline, please see section 8.
- 7.6 As we become a smaller more capable organisation, our responsibility to our staff is to minimise redundancies and impacts to people. As such, we will maximise the potential of natural attrition, voluntary approaches and hiring freezes which can play a role in avoiding the need for redundancies. However, it is prudent to expect that the council will incur some one-off redundancy costs at some point in this programme.
- 7.7 It should also be noted that income generating opportunities from Council-owned buildings have not been considered as part of this report, as they form the detail in the Future Office Accommodation Report.
- 7.8 Some of these savings may require investment to be achieved. Where we can, one-off costs will be covered by the Our Cambridge Programme. However, we may need to seek further investment. These include:
- Increased investment in people and leadership capability development
  - Further digital and data investment
  - Increasing size of corporate team to build adequate change and digital leadership functions

## **8.0 Proposed Timeline**

- 8.1 Delivery of the proposals outlined in this document sits as part of the wider Our Cambridge programme, which includes key dependencies and other parallel projects such as the Shared Vision project. Figure 3 shows the change agenda specifically relating to the organisation design agenda. For the full list of current projects and their allocation across the workstreams, please see Appendix A.
- 8.2 The timing and priority of the organisational redesign plan has been established to enable:
- Those activities that will create significant financial savings to be delivered as early as possible
  - Projects and changes needed to develop and extend the organisation design are made early, and

- Make the most efficient use of resources available, while recognising we will need to take a flexible and pragmatic approach as the time necessary to realise the benefits of change may vary as we move into the implementation phase.

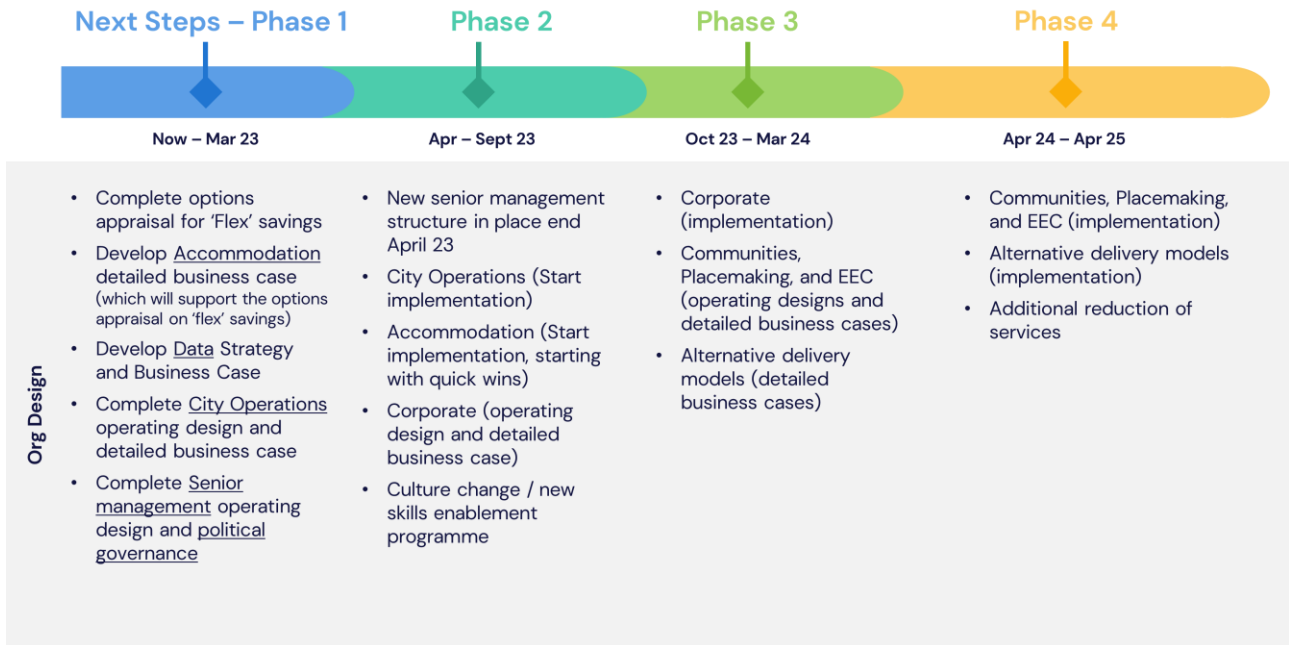


Figure 3 - Proposed Indicative Timeline

8.3 It should be noted that this timeline indicates the sequencing of anticipated changes over the period of the transformation but does not assume or infer member approval to the specific changes. Specific changes to the council's service provision will be subject to the existing governance processes at both member and officer level. Changes will only be commissioned once approval has been given.

## 9.0 Implications

- | <b>a. Financial</b>  | <b>Implications:</b> | <b>Page:</b> | <b>13</b> |
|--|----------------------|--------------|-----------|
| <p>The financial implications relating to opportunities for savings and income are set out throughout the report, as well as summarized in Section 7 (Finance). At this stage, all savings and investments outlined are indicative, and require further business case development to ensure there is a robust evidence base for proposed changes.</p>  |                      |              |           |
| <p><b>b. Staffing Implications:</b> This report sets out the direction of travel and there are several saving opportunities put forward that could impact on staff, through changes to how our services are organised or reductions in service delivery. Those areas / projects that are progressed will be subject to a full business case and we will follow the Council's Organisational Change policy in consulting staff and Unions on any proposed changes. There are no immediate staff implications directly coming from this paper.</p> |                      |              |           |
| <p><b>c. Equality and Poverty Implications:</b> There is the potential for both positive and negative impacts, depending on which areas for savings and income generation are supported. Those areas / projects that are progressed will be subject to a full business case, including the completion of an Equalities Impact assessment as part of the project documentation.</p>   |                      |              |           |
| <p><b>d. Net Zero Carbon, Climate Change and Environmental Implications:</b> There is the potential for positive impacts, depending on which areas for savings and income generation are supported, and further decisions therein. Those areas / projects that are progressed will be subject to a full business case, including the completion of the Climate Change Rating assessment as part of the project documentation.</p>  |                      |              |           |
| <p><b>e. Procurement Implications:</b> No general implications at this stage, but these will be fully considered as each proposal / business case is developed.</p>  |                      |              |           |
| <p><b>f. Community Safety Implications:</b> No general implications at this stage, but these will be fully considered as each proposal / business case is developed.</p>   |                      |              |           |

## 10.0 Consultation and communication considerations

- 10.1 The Our Cambridge programme has a live communication strategy and plan designed to keep all people (residents, staff, members, senior management, partners, etc) informed as the programme progresses.
- 10.2 The approach for communications include:
- Member engagement, including engagement sessions such as the Members Reference Group, Labour Group Pre-Briefings, Opposition briefings, All-Member Updates and written updates included in the Councillor Briefing emails
  - Town Hall briefings available to all staff led by the Chief Executive, Director of Transformation, and relevant Members/members of the transformation team

- Transformation Special edition of Insight, specifically focusing on changes coming from Transformation
  - Additional written updates such as news stories within Insight, CityNet articles, All-staff emails, etc.
- 10.3 In addition to this, staff have been engaged through team meeting briefings on the work of the Our Cambridge Programme and have been participating through the Making it Real initiative.
- 10.4 The communications and engagement approach will be multi-channel to ensure all stakeholders are informed and engaged on the proposals and next steps. Stakeholders include residents, staff, Members, trade unions and partners. The language used will be clear, concise, and accessible, prioritising translating technical language.
- 10.5 Residents will be engaged via a press release shared with local press; information published on Cambridge City Council’s website and signposted via social media platforms. The report will also be published on the external-facing website. To ensure the report is communicated via the wider resident population, we will also share with partners to cascade on our behalf.
- 10.6 Staff engagement will take place through a mix of digital and offline channels to ensure equal opportunity for engagement for colleagues who are office-based and those who are unable to access the internet. All content – such as FAQs, briefings, news stories etc – will be communicated via this online / offline approach.
- 10.7 As we move to the next stage of the programme, there will be decisions on organisational structure, and based on the options appraisal for our ‘flex’ savings, which services will be reduced and / or stopped (which has further consequences for headcount). No decisions relating to this have been made at this stage, but any made will follow the steps outlined in the Proposed Timeline (Figure 3, sec 8.3), as well as the Council’s Organisational Change policy and processes, at the appropriate times.
- 10.8 As part of the budget-setting consultation occurring in approximately Dec 22 to Jan 23, we’ll be able to pull further insights on issues that are being considered as part of the Transformation programme and feed these in.

## **11.0 Background papers**

- 11.1 Background papers used in the preparation of this report:
- General Fund Medium Term Financial Strategy (Version 2, 21 October 2021)
  - Independent Review of the Budget Setting Process and Wider Governance Issues (July 2022)
  - Update on the Our Cambridge Programme Including the Direction of the Future Council as Part of the Wider Cambridge System (July 2022)

## 12.0 Appendices

- **Appendix A – Background and Further Information on Our Cambridge and the Organisation Design**

## 13.0 Inspection of papers

- 13.1 To inspect the background papers or if you have a query on the report please contact Tori Campbell, PMO Manager, email: [tori.campbell@cambridge.gov.uk](mailto:tori.campbell@cambridge.gov.uk).

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# Appendix A – Background and Further Information on Our Cambridge and the Organisation Design

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# Glossary of Terms

Jargon	Explanation
Agile council	A council that has the skills, confidence and ability to change and adapt quickly
Centralised function	A way of grouping teams so that people who do similar activities or have the same reason for doing something, work in one big group, as opposed to smaller groups as part of other teams
Change and digital leadership functions	The role in the council who takes accountability (buck-stops-with-them) for keeping us moving forward with change/digital and supports the rest of us to keep our skills and knowledge up to date
Costed business cases and delivery plans	The documents which show how much the piece of work is going to cost, how much it will save/money it will make, what other benefits this work can bring and the steps to making the changes
Direction of travel	An update on the key themes and recommendations so far, as well as an indication about what is yet to come
Discretionary services	Non-statutory services, or services which we are not legally obligated to provide
Efficiency and productivity savings	Where we think we can save money by delivering services more efficiently
Flex savings	Where the way and amount of money we can save will change based on further political decisions
Full benefits and opportunities assessment	Documents detailing the possible advantages of specific project(s)
Functions	Grouped service areas that align to similar goals
Making it Real	This was a project as part of Our Cambridge. It was an employee-engagement initiative, which saw teams across the organisation come together to understand their purpose as part of Cambridge City Council. Data was collected on areas for improvement and ways of working.
Management information	Relevant and timely data (both quantitative and qualitative) that supports decision making and prioritisation
Natural attrition, voluntary approaches and hiring freezes	Approaches to maintaining a sustainable workforce during periods of transformation. Respectively, not hiring into roles when people leave, offering voluntary redundancy options and preventing new recruitment into the organisation
Operating design vs Organisation design	The detailed plan accounting for all teams, explaining how they will be structured, including team sizes and role profiles  The strategic plan for how the Council will align its services to achieve corporate goals
Operational efficiencies	Opportunities to improve how a service is structured or works that will achieve savings in time/money
Options appraisal	Document detailing the various choices available to meet the goal/target
Outcomes for residents and the city	The different ways the people of Cambridge will experience the effects of our work
Placemaking	The grouping of teams who lead on planning, designing and growing the physical aspects and public spaces of Cambridge in a sustainable and inclusive way
Realise the benefits	Ensure we are delivering the expected return on investment
Reserves	The savings account for anticipated future expenditures, such as major repairs and improvements
Service models	The ways the Council delivers its services (e.g. Shared Services, Local Authority Trading Companies, Partnerships, etc.)
Shared purpose	The recognised and agreed reason for why a group of people do something
Shared vision	The recognised view of the future, as set by Council leaders
Systemic solutions	Opportunities to provide results that work for the whole Cambridge ecosystem (residents, partners, businesses, the Council, etc.)
Transactional services	Repeatable processes with logical flows
Unforced attrition	Allowing natural decline of the workforce by not filling a post when someone voluntarily leaves



# Section 1: Background Information

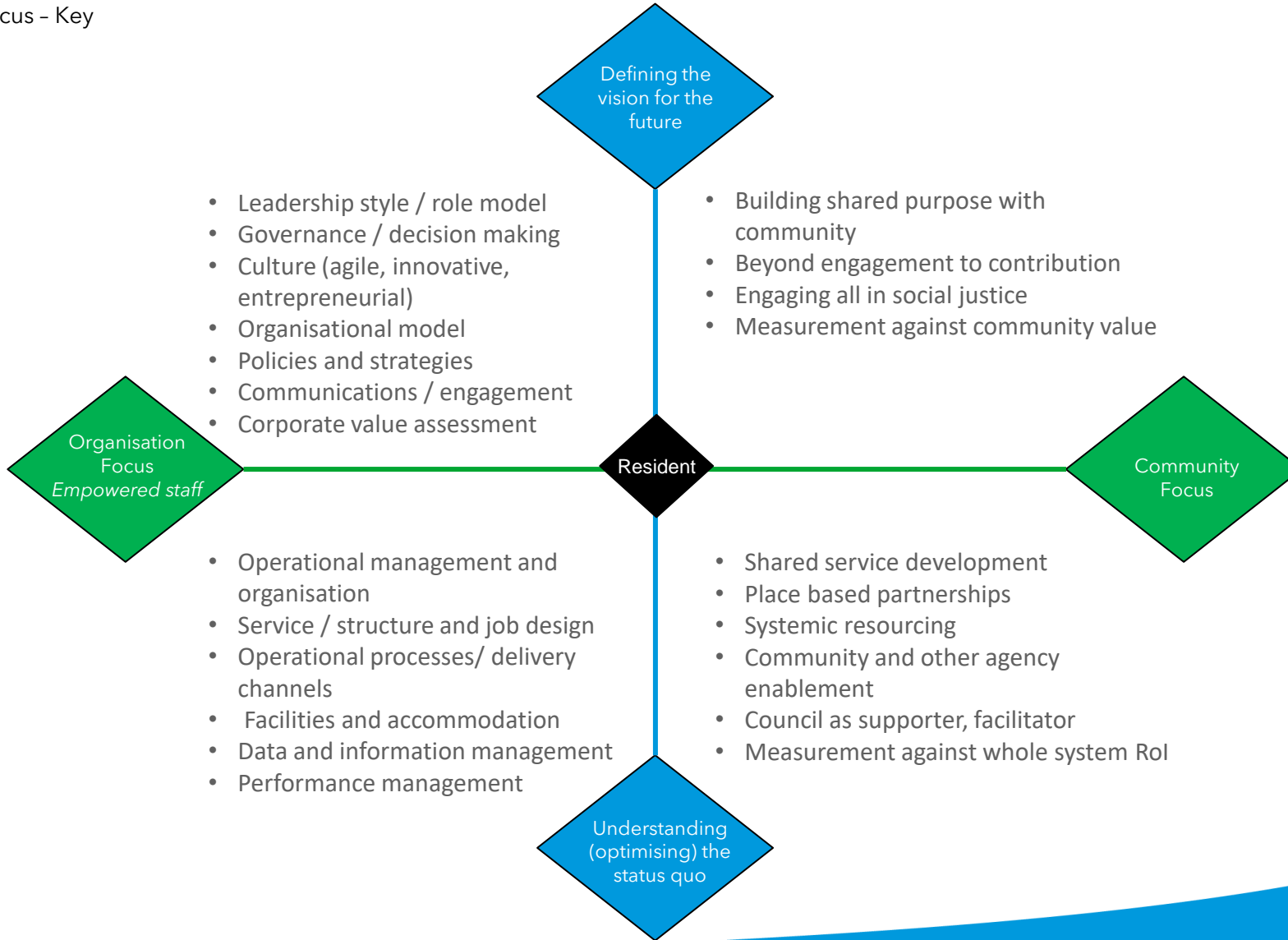
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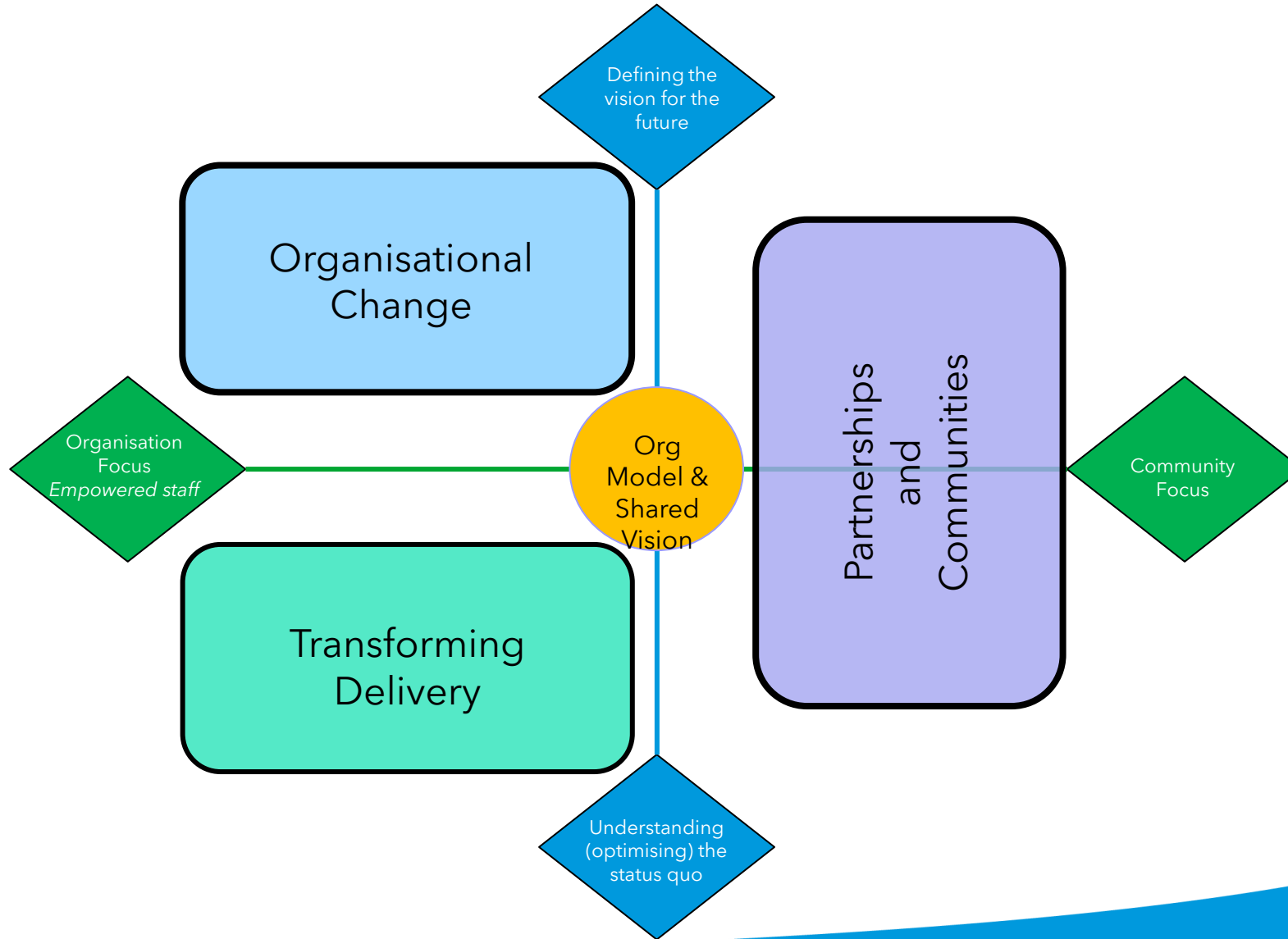
Cambridge conversation - catalyst for change

Priority of Focus - Key outcomes

Page 138



# Where today fits into our transformation agenda



# Our Cambridge – Key Projects

### Programme Level

**2 Projects**

- Shared Vision for Cambridge
- Financial Baseline (Closing)

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**Planning Transformation**

This project is a transformation activity in one of our shared services, led by South Cambs. As such, while it is part of the programme, it is primarily an inward dependency and not subject to our governance. To ensure joint benefits and alignment, Stephen Kelly (Strategic Director of Planning) sits on the Our Cambridge Transformation Board.

### Organisational Change

**2 Projects**

- Organisational Design
- Making it Real

*Please note that **Organisation Design** (which is the focus of this paper) is only one of 19 projects currently in the Our Cambridge programme*

### Partnerships & Communities

**7 Projects**

- Partnership By Default
- Community Wealth Building
- CitizenLab
- Place Based Social Impact
- City Portrait
- Vaccine Champions Programme
- Heating and Health

### Transforming Delivery

**8 Projects**

- Hybrid Working
- Tascomi
- Alloy (Paused)
- Orchard
- Early Opportunities (Closing)
- Website and Portals Review
- Data Strategy
- Robotic Process Automation



# The steps in developing the organisation design

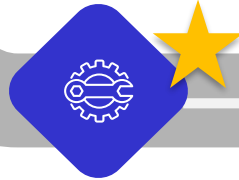
## ● Organisation Blueprint – April and May

Considered other local authority strategies. Defined design principles and value streams that reflected member priorities. Tested potential of working more closely with communities and partners.



## ● Outline Design – June to today ['Aunt Sally']

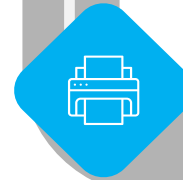
8 Senior Officers (Design Leads) working together to identify how the council might work better. Building on the Making It Real initiative but looking more strategically at opportunities to create efficiency savings, improve services and generate income.



**We are here!**

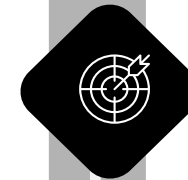
## ● Detailed organisation design following S&R

Following members review of the outline design the programme will work up the details, providing a more comprehensive analysis of costs, saving and the timetable for delivery.



## ● Operating Design – starting by the year end

Developing the detailed structures and roles that will transform the way we work. Throughout this process we will work closely with staff to make sure that we take people with us every step of the way.



# Design principles – included as part of Our Cambridge update which went to Strategy and Resources Committee in July

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1. **Customer driven** – our services will be prioritised to reflect the community we serve and elected member priorities
2. **Collaborative and co-operative** - makes use of the resources and potential within our partners and communities
3. **Efficient** - services offered with minimum time and cost required
4. **Commercial** – enable revenue to be optimised and unrecovered debt to be reduced
5. **Scalable** – must be capable of adjusting to reflect the size of the city and available budgets available to the council
6. **Progressive** – the design should require the council to review and measure its performance against advancements in technology and public service management
7. **Human** – the culture within the council design must respect and defend the wellbeing, health and living standards of all who work with or receive its services



## Section 2: Further Information on Organisation Design

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# Transforming the council is about more than just savings

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Bringing key functions together and orienting them around a shared purpose can achieve a better resident-centred delivery, reduce inefficiencies, improve customer experience and deliver better outcomes for the whole city.





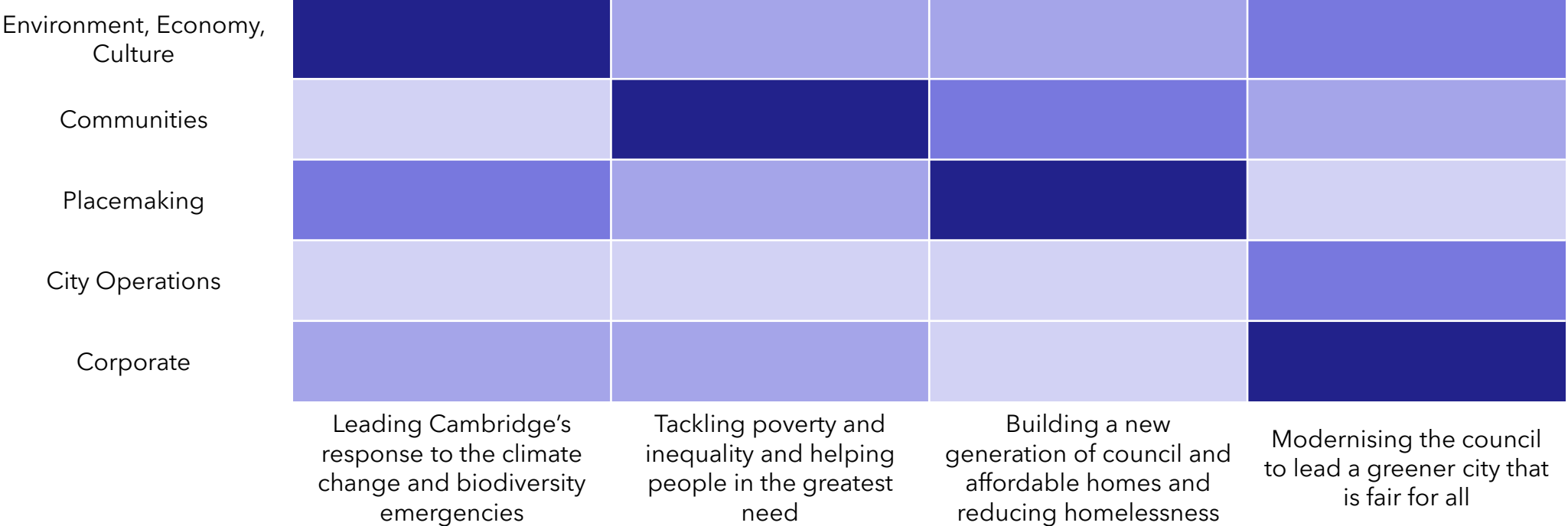
# Org Design – emerging model

[not management structure]



# How the functions support the Corporate Plan

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Lesser impact → Most impact

# Our Cambridge – Savings Overview [Indicative]

**Savings (Recurring)** Speed of savings delivery - one \* for short term \*\*\* for longer term

		Low	High	Achievable p.a. (net)
Efficiency savings (doing what we do, better)	<b>Changes to Delivery</b>			
	City Operations (Ops Hub)**	£0.3m	£1m	£0.7m
	Additional purpose-based groupings	TBC	TBC	TBC
	Maximising income**	£0m	£0.2m	£0.1m
	Shared Services***	£0.1m	£0.2m	£0.1m
	Service efficiencies**	£0.3m	£0.5m	£0.3m
	<b>Leadership and Decision Making</b>			
	Political governance**	£0.0m	£0.3m	£0.1m
	Executive leadership*	£0.2m	£0.4m	£0.3m
	Financial decision making*	£0m	£0.2m	£0.1m
	<b>Assets, Infrastructure and People</b>			
	Data/digital***	£0.2m	£0.7m	£0.5m
	Agency/consultancy reduction**	£0.2m	£0.5m	£0.3m
<b>Total Efficiency Savings</b>	<b>£1.3m</b>	<b>£4m</b>	<b>£2.5m</b>	
Flex savings (variable savings/revenue based on political decisions)	<b>Assets, Infrastructure and People</b>			
	Council used space**†	£0m	£2m	£1m†
	<b>Changes to Delivery</b>			
	Reducing/stopping services* or ***	£0.2m	£1m	£0.4m
	Additional headcount reduction* or ***	£0m	£3m	£2.1m
<b>Total 'flex' savings</b>	<b>£0.2m</b>	<b>£6m</b>	<b>£3.5m</b>	
	<b>Total</b>	<b>£1.5m</b>	<b>~£9.7m</b>	<b>£6m</b> (-20% optimism bias) = <b>£5m</b>

- The efficiency savings identified will contribute to a smaller organisation and some headcount reduction, because merging of functions will lead to some natural wastage
- An achievable estimate of the amount saveable through efficiencies currently stands at £2.5m
- **The amount saved via the accommodation strategy will then determine the degree to which we will need to look at discretionary services and headcount to meet our targets**

As we become a smaller organisation, we will maximise the potential of role of natural attrition, voluntary approaches and hiring freezes which can play a role to avoid the need for redundancies.

† Savings potential for Council Used Space based on the option of leasing out Mandela and amalgamating into the Guildhall.

# Proposed Timeline



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Org Design

- Complete options appraisal for 'Flex' savings
- Develop Accommodation detailed business case (which will support the options appraisal on 'flex' savings)
- Develop Data Strategy and Business Case
- Complete City Operations operating design and detailed business case
- Complete Senior management operating design and political governance

- New senior management structure in place end April 23
- City Operations (Start implementation)
- Accommodation (Start implementation, starting with quick wins)
- Corporate (operating design and detailed business case)
- Culture change / new skills enablement programme

- Corporate (implementation)
- Communities, Placemaking, and EEC (operating designs and detailed business cases)
- Alternative delivery models (detailed business cases)

- Communities, Placemaking, and EEC (implementation)
- Alternative delivery models (implementation)
- Additional reduction of services



## Future Office Accommodation Strategy

**To: Executive Councillor for Finance, Resources and Transformation**

**Strategy & Resources Scrutiny Committee, Monday 10 October 2022**

**Report by:**

Fiona Bryant, Strategic Director

Tel: 01223 457325      Email: [fiona.bryant@cambridge.gov.uk](mailto:fiona.bryant@cambridge.gov.uk)

Dave Prinsep, Head of Property Services

Tel: 01223 457318      Email: [dave.prinsep@cambridge.gov.uk](mailto:dave.prinsep@cambridge.gov.uk)

**Wards affected:**

All

**This report contains a Confidential Appendix that is NOT FOR PUBLICATION:** Appendix C to the report contains exempt information during which the public is likely to be excluded from the meeting subject to determination by the Scrutiny Committee following consideration of a public interest test. This exclusion would be made under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

### Key Decision

#### 1. Executive Summary

- 1.1 This report outlines the initial review carried out by the Council into its future needs for, and optimum use of its assets for civic and administrative purposes. This is to ensure that provision is efficient, effective and beneficial to customers, staff and Members.
- 1.2 The review has been carried out as a result of change in requirements arising within recent years, and in order to ensure that the Council's office and civic space align with its transformation programme and climate change outcomes. Additionally, the review is also considering best use of its assets in supporting recovery of the wider City economy.

- 1.3 As part of the Our Cambridge transformation programme, the Council needs to consider how we deliver our services more effectively in closer partnership with others and therefore how we can use space to underpin the partnership, innovation and collaborative nature of the new ways of working.
- 1.4 The Council currently holds a number of assets for staff and civic use around the City as part of its' office accommodation. While these are well located in the city centre, the review found that, for its future purposes, the Council currently holds too much accommodation space. In addition to this, the current assets are not fit for purpose in respect of new ways of working, accessibility, environmental performance, space utilisation, security, condition and affordability.
- 1.5 The report has considered a range and mix of options, primarily focussing on the main city centre offices, using a range of criteria, which are outlined in the report below at sections 1.9 and 3.1 respectively. The options include a mix of continuing to use existing but refurbished buildings, or new or alternative accommodation that better meets current and future requirements. There is also the potential to make more efficient use of the Council's other assets, including the proposed new depot and community centres, for both civic and staff meetings.
- 1.6 The report considers the initial estimated relative cost, both capital and revenue, of the respective options. Given the current overprovision of accommodation for future needs, the review found that there are opportunities for significant savings, income and capital receipt generation through rationalisation of assets. There are also additional opportunities to meet the Council's wider corporate objectives such as environmental performance improvement and to support post-Covid economic recovery in the city centre.
- 1.7 Cost savings in respect of reducing accommodation and in accordance with the Our Cambridge business transformation programme can be achieved with improved service delivery, customer focus and no direct impact on service outcomes. Different options contribute differing cost savings and income/capital streams relative to each other. Costs and values are high level and slightly historic but more focused work on preferred options will involve external support to develop these into fully up-to-date costed options and financial modelling.
- 1.8 It is recognised that some of our accommodation has historic symbolism in respect of its civic role and that this may be reflected in choice of preferred options and final decisions.

- 1.9 Longer term options considered include: \_
- Status Quo
  - Retention of either Guildhall or Mandela House as a city centre office and civic base
  - Long lease/sale of either Guildhall or Mandela or both to generate significant capital receipts, cost savings and new revenue streams
  - An alternative modern, high performing office and civic asset in an appropriate and sustainable Cambridge City location
  - Partial use of either the Guildhall or Mandela House
  - A new way of working to include a 'roving' civic meeting model taking meetings into the community using existing assets such as community centres.
  - A combination of these options
- 1.10 The initial findings demonstrate that the potential savings may range from c£1.0-£1.3m with additional capital savings estimated between £5-£13.5m. Potential savings in this area will impact on the actions required within the wider transformation programme to meet the overarching financial targets required.
- 1.11 Further detailed work will need to be done on the options before any could be progressed to a business case, and therefore the proposal was made to review all the options and to recommend a short list at this stage to progress further.
- 1.12 Executive Councillors have reviewed the options and have identified their preferred mix of options for further progress and development of a business case.
- 1.13 Pending longer-term decisions, alternative temporary use of the ground floor of the Guildhall is being progressed and new ways of working trialled at Mandela House.

## **2. Recommendations**

The Executive Councillor is recommended to:

- 2.1 Note the report and the options set out in 3.29 of the report
- 2.2 To approve the proposal to take forward more detailed investigation on two options:
  - To retain the Guildhall as the main office and civic space for the Council, dependent upon the potential to ensure it is fit for purpose for future use and the cost of achieving this
  - To investigate as a comparator the potential for an alternative office and civic space which meets the Council's needs in or around a central location.
- 2.3 Request that a further report and recommendations be brought back to Committee at a later date for a final decision on the long-term office accommodation strategy aligned with the Our Cambridge business transformation outcomes

### **3. Background**

- 3.1 The Council holds a number of assets for staff and civic use. As part of the Our Cambridge transformation programme, there is a need to consider, review and challenge the optimum use of assets to meet office and civic needs for a modern Council. This is to ensure that provision is efficient, effective and beneficial to customers, staff and Members.

The review has included initial consideration of the following:

- Purpose of, and future requirements for, office and civic space based on the Council's community leadership role in demonstrating best customer and resident focus, together with engagement in innovative working and office practice
- The need to meet climate change challenges and commitments
- The need for customer friendly and accessible assets close to sustainable and public transport routes
- Technology advances and demands
- Optimising use of assets to aid wider economic recovery and potentially generate income and receipts for reinvestment



- Potential to support Council staff needs for retention, recruitment and keeping it an attractive organisation to work for
- The need to meet current and future security concerns and requirements for public buildings
- The status of the current buildings and their potential to meet these future requirements: within an acceptable cost framework; in consideration of the Council's financial environment and savings requirements in terms of the points above, including the costs of maintenance, upgrade (Net Zero Carbon), and/or renovation; and the resource requirements to manage the work to achieve this
- The pros and cons of the various options on future service delivery

3.2 Whilst Local Authorities need to be able to serve their residents efficiently and effectively, the role of the physical workplace in delivery of customer focused services has fundamentally changed, particularly since the pandemic. The Council needs to consider how it delivers its services more effectively in closer partnership with others and therefore how it can use space to underpin the partnership, innovation and collaborative nature of the new ways of working, and the technological support needed to enable that.

3.3 The review high level findings include the following:

- It is acknowledged that there is a symbolic attachment of some stakeholders to the traditional Council presence in the City Centre. The assessment of future needs, however, identifies a significant overprovision of office space that is costly, inefficient in space and time use, and unaffordable given future financial constraints. The assets could also be used to benefit the city economy and residents more widely.
- Whilst the current office location(s) are central within the city, the current space is generally not user friendly nor fit for purpose, either for staff, or in many cases, residents. Staff find the lack of flexible, modern space and availability of technology support (due to multiple locations) can often restrict innovative ways of working.
- Customer communications modes have also changed meaning that appointment numbers for the complex cases now total only around 4 per day (542 per year). Visits to the offices by customers are only 16% per month of the number they were in 2019/2020. Email

communication has increased by 48% over the same period. Those in most need of Council services, however, do not necessarily find the offices accessible and often find them institutional (formal/formidable).

- The current accommodation is very expensive to maintain, does not allow sufficiently for modern collaborative working needs or significant potential for closer partnership working, has poor accessibility and security management provision, is very costly and complex to upgrade to meet the Council's climate change targets, and does not have the flexible space nor technology enabled provision to derive more flexible income generating potential. The potential for some assets to be improved/redeveloped to better meet need is also likely to be severely limited by scale/scope and status e.g. Listed status, and the cost of renovation, even where permitted would be significant
- Environmental performance of buildings and their impact is as much about efficient utilisation of space and time as their physical attributes and existing buildings are poor in this respect.
- Past changes have reflected the nature of the civic functions at the time and future need, much as the Council is now facing. Changes to how as a modern Council it will work in the future impact the buildings needed and how these are used.
- The Council is investing significantly in a number of wider existing and planned new buildings such as community centres and the Operational Hub which provide a range of potential opportunities to support new ways of working for staff and Councillors and how/where they engage with residents.
- Some buildings have historic civic symbolism in the City Centre, more by location than age, for example the main Guildhall itself is only 85 years old but the site has been used for civic functions for centuries.
- Significant capital value release and potential income streams/savings can be generated through using high value buildings differently. This can also contribute to the vitality of the city centre and post-Covid recovery.

- Accommodation is an area of potential significant saving/income generation/capital receipts that should have no impact on service delivery if used and utilised efficiently.
- 3.4 Further proposals for transformation of the Council and its ways of working are addressed in the 'Report on direction of future Council organisational design' to this Committee. This paper identifies the potential property options for consideration as part of organisational design report. Options will also need to take into account more detailed needs identified as a result of the staff feedback through the Making it Real conversations that have taken place. Any changes will require a practical period for implementation and it is estimated that realistically that may take 18-24 months.
- 3.5 New ways of working adopted pre and post-Covid affect how staff, Councillors and residents use buildings. Hybrid working and meetings using video conferencing enable a wider audience as well as significantly reducing travel time, cost, emissions, and improve work/life balance for staff.

### **Current Use of Council Assets for Office Accommodation**

- 3.6 The Council operates from many locations around the city but for many staff the primary locations are:
- The Guildhall (pre-Covid the principal Listed office in Market Square, civic centre and with some ground floor commercial uses)
  - Mandela House (primary customer service centre in Regent Street with staff offices)
  - 171 Arbury Road (formerly a housing team satellite office but now available for all staff)
  - 130 Cowley Road (Building Stores and Office space primarily used by Estates & Facilities' Assets and Maintenance team)
  - Temporary depot site at Cowley Road that will move to the new Operational Hub in 2024/25
- 3.7 Occupancy levels across the Council's offices are currently c20-25% (Monday to Friday average) and staff feedback suggests that this will not increase much unless return to offices is imposed. Where organisations have imposed some form of return to office policy this is often for 2-3 days per week and equates to 40-50% desk to person ratios compared to 70% pre-Covid. Following the pandemic some private sector organisations are also considering or have instituted a 4-day working week.

- 3.8 Previous reports to Councillors stated that the Guildhall in particular is no longer fit for purpose with new ways of working due to:
- Poor layout such as lack of open plan space, inconsistent room sizes and inflexibility of spaces e.g. Council Chamber and offices
  - Poor lighting, ventilation, heating and air conditioning
  - Technology challenges such as provision of extensive WiFi and audio visual technology
  - Poor and multiple provision of welfare facilities
  - Very poor accessibility and security
- 3.9 Mandela House has issues in this respect too but the pre-Covid refurbishment improved the building significantly for staff. The Guildhall has not been available for staff during the pandemic as Mandela House provided a far better work environment and has sufficient space for staff coming into the office, although changes would still be required to meet future needs.
- 3.10 The Listed building status of the Guildhall significantly constrains and increases the costs of major renovation of the Guildhall to enable a more modern, cross-organisational way of working for staff. The civic space is traditionally beautiful and ornate, located directly in the city centre, but its civic use and wider more flexible use for the benefit of residents (Council Chamber, Committee rooms and large and small halls) is restricted for many uses by physical scale, accessibility, layout, and modern fit for purpose aesthetics.
- 3.11 For many of the residents, the Guildhall is not necessarily the most geographically accessible location. Some of our residents most in need of help live further away and find the formality somewhat institutional and formidable. In regard to access to public buildings, it is also challenging with only two wheelchair accessible entrance for a building with multiple entrances. The Council Chamber is also fairly inaccessible for wheelchairs except by lift to the dias. For public or Councillor seating in the main chamber there are limited places for wheelchairs and these allow limited access and block row entrances.
- 3.12 There is an enhanced need for security in public buildings. Whilst the Guildhall has locational benefits, it is not really fit for the purposes of a modern Council as set out above
- 3.13 Mandela House is in a good central location for the customer service centre but, given the 21<sup>st</sup> century move towards a more digital relationship with the majority of our customers, it is too big and not necessarily as relevant a location/space for the majority of those

customers. For example, many meeting rooms are largely inaccessible to the public. Despite the increase in digital relationship, there is still likely to be need for ongoing face to face relationships with the Council in the future but on a much smaller scale and managed differently. Some councils, for example, have opted for home visits for some residents with complex cases to resolve on value for money grounds.

- 3.14 The refurbishment of Mandela House in 2019 improved the office space, encouraging more open cross team working and communications. It has allowed the Council to operate successfully throughout the pandemic with clever use of the space available, as well as to offer space to partners (e.g., 3C ICT and GCP). However, it still has its restrictions – availability of mixed collaboration, meeting and quiet/private space alongside limited space for wider civic uses and very inefficient layout. Some further limited work is being undertaken to make some improvements to the first floor.
- 3.15 130 Cowley Road space will be consolidated into the proposed new operational hub by the end of 2024. Alternative temporary use of the ground floor of the Guildhall is being progressed pending longer-term decisions and transition fully to new ways of working.

### **Future Office requirements**

- 3.16 The Council owns administrative buildings, the Guildhall and Mandela House, in the City Centre. The main operational part of the Guildhall itself is only c85 years old but the site has been the civic presence for hundreds of years and is perceived as significantly symbolic in relation to civic functions and related activities. Mandela House hosts the current customer service centre and does not have the same symbolism nor is it Listed but is of a similar age.
- 3.17 The world of work is rapidly changing, exacerbated and accelerated by the pandemic. Whilst current legislation requires Council decision making in person, the improved efficiency and productivity achieved through hybrid working for those who can, is a benefit of the pandemic. The Council and staff would like to retain this benefit and it can be accommodated whilst still meeting business need.
- 3.18 As well as helping promote further wellbeing for most, in a city like Cambridge where recruitment and reward are often affected by living/commuting costs and house prices, a more flexible approach can help build more agile capacity and skills with diversity across a wider geography (subject to business need). With a more planned approach to facilities, the Council can also ensure operational team staff can experience the benefits and facilities best suited to workplace-based employment.

- 3.19 For the future the Council needs to consider all of the following needs criteria:
- the total volume/capacity of space required over a standard period
  - Location or locations to best suit customers, residents and staff (operational and office based, shared services) needs and close to public transport modes
  - Civic/Member requirements including the potential for wider visibility/ access across the City
  - space usage and size/type of rooms, e.g., touchdown, collaboration, innovation, quiet, civic, office, access/public access/accessibility, security, safety, customer service, welfare/amenity
  - Infrastructure, e.g., Audio Visual and virtual conference equipment, highly efficient
  - Cost potential for sharing and/or additional income derivation through changed use/realisation of current assets or more flexible use of modern/new assets.
- 3.20 Current office space usage is calculated at around c20-25% of capacity. The result of the Making it Real conversations are being analysed and will help inform future needs more precisely. Based on current usage, it is anticipated that accommodation for c150-200 staff will be required reflecting new ways of working such as:-
- Traditional equipped desks for booking or drop in
  - Laptop drop in areas for staff visiting for shorter periods of time
  - Collaboration areas for service or project teams to meet and work together when face to face meeting is required
  - Informal breakout and social spaces for ad hoc meetings and breaks
  - A range of small, medium and large meeting rooms suitable for in-person and hybrid meetings
  - Technology to enable effective hybrid meetings, room and desk booking
- 3.21 Initial estimates suggest that office space in region of 2,500 to 3,000 sq m will be required, approximately 40-50% of current space. Working with specialist hybrid working consultants/space planners could achieve a lower space need. It is very likely that the Council will be a smaller organisation in the future but it will also require better facilities, technology and spaces to support partnership working, collaboration and convening stakeholders.
- 3.22 The Councillor and Civic requirements are focused on the following:

- Flexible and multi-purpose meeting space suitable for Council and committee meetings with sufficient provision of IT and audio-visual equipment
- Group meeting rooms using wider meeting room space rather than dedicated space
- Mayoral parlour, possibly access to space for visiting dignitaries and delegations

It is assumed that Members will make use of the shared office, meeting and social spaces with staff where possible to maximise utilisation of such space rather than a dedicated Members Room. Though Planning and Licensing committee take place during the day many Councillor and Civic meetings often take place at evenings and weekends and any space will need to reflect this.

- 3.23 Most of the current uses of Council buildings are generic and can be re-provided and improved elsewhere. Much better multiple use of space can be made through innovative design, and collaboration with others. This gives opportunity for cost savings, new capital and revenue receipts as well as meeting other Council objectives such as sustainability, economic development and improved public realm.
- 3.24 The Council has challenging savings targets which need to be considered in relation to all options under consideration:
- to reduce annual General Fund spend by £7.5m after five years, which equates to cumulative reductions of around £33m, and.
  - Limits on General Fund capital receipts spending to around £4m per annum over this period.
- 3.25 In that context, the Council needs to challenge itself in all areas including how and where it delivers civic meetings. The current civic spaces are very underutilised due to infrequent meetings, lack of multifunctionality of rooms and poor accessibility limiting alternative use. Public attendance at meetings is also very low. As staff move to more flexible working and wider use of Council buildings, the same should apply to civic meetings.
- 3.26 A number of other assets across the City can provide space for a wide number of uses. For example, whilst our community centres (Clay Farm, Meadows, Mill Road, Storey's Field) might not be able to meet all total staff space requirements, but they do have the potential for welcoming staff for touch-down and operational staff welfare facilities provision, as well as hosting larger meetings. Additionally they are generally located close to those most in need of our services and could

host multiple partner teams to collaboratively manage complex support needs on regular days.

- 3.27 They are also open during times where they could host the less frequent civic events such as Council and Committee meetings (helping reduce the need for facilities staff to work overtime in existing buildings). They could also be made available during opening hours for political/group meetings.
- 3.28 On a rota basis this could encourage further public accessibility by holding civic meetings in more “local” facilities for the residents, promoting further visibility for Members perhaps reflecting not just civic symbolism in the city centre but in different parts of the city as well. Additional uses would enhance centre income opportunities by promoting the centres more or through cafes etc for reinvestment in services or inclusion of equipment for hybrid meetings.
- 3.29 Longer term options considered included the following. Appendix B has a RAG rating assessment of each option and confidential Appendix C has more detailed information about each option.
  1. Status Quo
  2. Retention of the Guildhall as a city centre office and civic base reliant on understanding the full cost and efficiency implications
  3. Retention of Mandela House as a city centre office and civic base reliant on understanding the full cost and efficiency implications
  4. Release of either Guildhall or Mandela or both to generate significant capital receipts, cost savings and new revenue streams and the provision of an alternative modern, high performing office and civic asset in an appropriate and sustainable Cambridge City location, which could also generate further revenue
  5. Partial use of either the Guildhall or Mandela House
  6. A new way of working to include a ‘roving’ civic meeting model taking meetings into the community using existing assets such as community centres. This could also apply to multi-purpose and multi-organisation service teams e.g. having complex support teams from across the public sector based in different community centres on regular days to meet customers close to their homes.
  7. A combination of these options



3.30 The estimated costs, potential income streams, capital receipts and savings are dealt with in more detail in the confidential Appendix C. These are based on historic costs but are considered to give a good indication of relative merits and quantum for the options.

## 4. Implications

### a) Financial Implications

- i) The Cambridge property market remains strong with good demand for offices, laboratory space, residential, student accommodation and hotels. Interest and enquiries from the Council's neighbouring landowners and developers continue to be received for either freehold or long leasehold development opportunities.
- ii) Significant cost savings and new income streams could be achieved to contribute to the Council's saving targets. Current and forecast costs are set out below, current based on pre-Covid figures:-

	Approx. Building Revenue Cost Per Annum *1	30 Year Maintenance Plan and NZC Capital Cost	Average Cost Per Annum over 10 yrs Rev + Cap	Total Rev and Cap Cost to 2023/24 to 2029/30	Current Asset Value at Mar 2022
Guildhall	£631,391	£13.5m	£1.342m	£9.394m	£8.750m *2
Mandela House	£542,377	£5.2m	£0.918m	£6.426m	£9.965m
171 Arbury Road	£71,844	£1.2m	£0.154m	£1.078m	£0.958m
130 Cowley Road	£215,971	N/A			Leased In
<b>TOTAL</b>	<b>£1,461,583</b>	<b>£19.9m</b>	<b>£2.414m</b>	<b>£16.898m</b>	<b>£19.673m</b>

\*1 Excluding income received from former Visitor Information Centre area, 2020/21 figures \*2 Excluding Restaurants

- iii) This indicates that if the existing building footprint is reduced by c50%, annual savings in the region of £1.0m-£1.3m could be achieved and long-term maintenance cost savings of c£5.2m for Mandela House or c£13.5m for the Guildhall. If a main building is retained there would need to be consideration of the need for and cost of renovation.
- iv) If the Council was to renovate either the Guildhall (if permitted to) or Mandela House into a fit for future purpose facility, the estimated cost could be c£10m (to be confirmed and in addition to the Net Zero Carbon upgrade costs). This could form 30-50% of all capex requirements to 2030 under the current plan for £4m General Fund Capex per annum.

- v) More detailed information on financial implications for the options is included in the confidential Appendix C.

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

- i) It is proposed that the Strategic Director, Head of Property Services and Transformation Director will work closely to move forward the next stage of the office accommodation work. A Transformation Team project manager or business analyst will provide project management support on the office accommodation aspects of the Our Cambridge programme which will feed in future requirements based on the agreed organisational design outcome and Making it Real conversations.
- ii) There will be a need for specialist architectural, space planning, procurement and valuation support to do more detailed work on the identified options to be taken forward.

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

- i) An EqIA has not been prepared at this stage as this will be specific to the options to be taken forward for more detailed assessment. Savings and additional income/capital receipts achieved through this strategy can contribute to savings targets and service delivery.

#### **d) Net Zero Carbon, Climate Change and Environmental Implications**

- i) Each option will need detailed assessment but with the target that all should achieve Net Zero Carbon. This will be challenging with some buildings in terms of actual deliverability and cost. Overall, it is anticipated that any option will see investment and improvement with a outcome of a medium to high positive climate change rating.
- ii) The Council targets achieving Net Zero Carbon for its own operations by 2030. Its current buildings provide significant challenges due to age, condition, construction, inefficient layout/usage, Listed status and poor functionality and facilities for staff. It also has buildings which need refreshing or major overhauls to update these so they are in a good state of repair, fit for purpose and meet current legislation where possible, eg, accessibility.
- iii) Environmental performance is a combination of physical and behavioural factors. Poor utilisation of buildings in terms of either layout or time in use leads to an overprovision of space, all of which takes resource to manage, heat, light, repair and maintain etc. It is also likely that other buildings are underused for similar reasons and so the

greater flexibility and efficiency of use of space can lead to much better utilisation which in turn has environmental benefit.

- iv) The current energy performance of the office space leaves much room for improvement. The Guildhall, for example, is the second largest energy consumer after Parkside Pools. Recent work has also been done to refresh condition surveys and identify costs a) to achieve and maintain a good state of repair over the longer term and b) to achieve Net Zero Carbon status for each property to help inform decisions.
- v) These reports indicate the following forecast expenditure for the administrative buildings. The table below shows the Display Energy Certificate or Energy Performance Certificate ratings for these buildings. The 30-year maintenance plan and net zero carbon costs are for all future costs within the next 30 years.

<b>Property</b>	<b>Current EPC or DEC Rating</b>	<b>30 Year Maintenance Plan and NZC Costs</b>
Guildhall	C	£13.5m
Mandela House	D	£5.2m
171 Arbury Road	D	£1.2m
130 Cowley Road	D	-
<b>TOTAL</b>		<b>£19.9m</b>

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

- i) This is not addressed in this report but will form part of further work on the preferred options and how these might be delivered.
- ii) Any external support required will be addressed under the Council's usual procurement rules.

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

- i) There are no community safety implications considered at this stage.

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

- i) It is not proposed to undertake formal consultation at this stage but this will be addressed further as the shortlisted options are agreed. It is recognised that there will be significant customer and public interest in this.

## **6. Background papers**

- i) Background papers used in the preparation of this report:  
  
Reports undertaken by Potter Raper on the Guildhall, Mandela House and 171 Arbury Road

## **7. Appendices**

**Appendix A: Operational Building Cost Breakdown**

**Appendix B: Options RAG Rating Assessment**

**Appendix C: Confidential Appendix**

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Dave Prinsep, Head of Property Services, tel: 01223 457318, email: [dave.prinsep@cambridge.gov.uk](mailto:dave.prinsep@cambridge.gov.uk)

**Appendix A: Operational Building Cost Breakdown**

Property	Description	Asset Value from Accounts	Estimated Costs based on 2020/21 costs							
			TOTAL COST P.A.	Business Rates	Utility Costs	Repair & Maintenance	Staff Cost	Security	Other costs	Rent
<b>Guildhall</b>	Main offices/civic spaces	<b>£8,750,000</b>	£631,391	£239,920	£99,310	£162,760	£120,401	£8,490	£510	
<b>Mandela House</b>	Main offices/customer service centre	<b>£9,965,000</b>	<b>£542,377</b>	£181,820	£116,870	£132,550	£103,427	£7,710		
<b>171 Arbury Road</b>	Area office	<b>£957,833</b>	<b>£71,844</b>	£26,880	£4,159	£16,827	£13,700	£1,218	£9,060	
<b>130 Cowley Road</b>	Area office	<b>N/a Leased in</b>	<b>£215,971</b>	£28,670	£32,940	£41,950	£41,301	£6,670	£6,440	£58,000
	<b>Total Asset Value</b>	<b>£19,672,833</b>								
	<b>Total Cost p.a.</b>		<b>£1,461,583</b>							

Appendix B: Options RAG Rating Assessment

OPTION	BUILDING RETAINED	FITNESS FOR PURPOSE							COST					REVENUE & CAPITAL RECEIPTS			
		NEW WAYS OF WORKING	CIVIC SPACE	CIVIC SYMBOLISM	LOCATION	STAFF WELFARE FACILITIES	BUILDING SECURITY	CONDITION	NET ZERO CARBON	30 YR REP AND MAINTENANCE	NET ZERO BY 2030	ANNUAL RUNNING COST	REFURBISHMENT NEW WAYS OF WORKING	REPROVISION OF CUSTOMER SERVICE CENTRE	SAVINGS OPPORTUNITY	CAPITAL RECEIPTS	INCOME GENERATION OPPORTUNITY
1. STATUS QUO	GUILDHALL	Red	Yellow	Green	Green	Yellow	Red	Red	Red	Red	Red	Red	n/a	n/a	Red	Red	Yellow
	MANDELA	Yellow	n/a	Yellow	Green	Green	Yellow	Green	Red	Yellow	Yellow	Red	n/a	n/a	Red	Red	Yellow
	171 ARBURY ROAD	Yellow	n/a	n/a	Yellow	Yellow	Green	Green	Red	Yellow	Red	Yellow	n/a	n/a	Red	Red	Yellow
2. RETAIN GUILDHALL, RELEASE MANDELA HOUSE	GUILDHALL	Red	Yellow	Green	Green	Yellow	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Green
	171 ARBURY ROAD	Yellow	n/a	n/a	Yellow	Yellow	Green	Green	Yellow	Yellow	Red	Yellow	Green	Yellow	Yellow	Yellow	Red
3. RETAIN MANDELA, RELEASE GUILDHALL	MANDELA	Yellow	Yellow	Yellow	Green	Green	Yellow	Green	Yellow	Yellow	Red	Green	Yellow	Yellow	Green	Green	Green
	171 ARBURY ROAD	Yellow	n/a	n/a	Yellow	Yellow	Green	Green	Yellow	Yellow	Red	Green	n/a	Red	Red	Red	Red
	ALT CIVIC SPACE	Green	Green	Yellow	Green	Green	Yellow	Green	Green	Green	Green	Green	n/a	Green	n/a	Green	Green
4. RELEASE GUILDHALL AND MANDELA HOUSE, NEW OFFICES	171 ARBURY ROAD	Yellow	n/a	n/a	Yellow	Yellow	Green	Green	Yellow	Yellow	Red	Yellow	n/a	Red	Red	Red	Red
	ALT CIVIC SPACE	Green	Green	Yellow	Green	Green	Yellow	Green	Green	Green	Green	Green	n/a	Green	n/a	Green	Green
	NEW BUILD OFFICE	Green	n/a	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Red
5A. PARTIAL USE OF GUILDHALL	GUILDHALL	Red	Yellow	Green	Green	Yellow	Red	Red	Yellow	Red	Red	Red	n/a	Red	Yellow	Red	
5B. PARTIAL USE OF MANDELA HOUSE - DEVELOPMENT OPPORTUNITY	MANDELA (REDEV)	Green	n/a	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Yellow	
6. NEW WAYS OF WORKING – ROVING CIVIC MODEL	ALT CIVIC SPACE	Green	Green	Yellow	Green	Green	Yellow	Green	Green	Green	Green	Green	n/a	Green	n/a	Green	Green

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Four Day Working Week Trial

**To:** Cllr Mike Davey, Executive Councillor for Finance, Resources and Transformation, 10 October 2022

**Report by:** Deborah Simpson, Head of HR

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**Wards affected:**

All

### Non-Key Decision

#### 1. Executive Summary

- 1.1 South Cambridgeshire District Council (SCDC) is proposing a four-day working week trial for 470 office-based staff over three months from January to March 2023. A second phase would involve considering how this could be applied to the Greater Cambridge Shared Waste Service.
- 1.2 This report provides information about the proposed trial, including implications for the Greater Cambridge Shared Planning Service.

#### 2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Note the information contained in this report and at **Appendix A** about the trial of a 4-day working week, including that, SCDC want to involve Cambridge City Council (CCC) in the preparations, share updates on progress with the Strategy & Resources Scrutiny Committee, and that both councils explore how this could be applied to Shared Waste.
- 2.2 Note that the role of Greater Cambridge Shared Planning in the trial is contingent on the agreement of the Executive Councillor for Finance, Resources and Transformation, and that formal preparations for the

involvement of the shared planning service in the trial will not proceed until a decision has been taken.

- 2.3 Agree that Greater Cambridge Shared Planning should take part in the trial on the basis that assurance will be provided, and mitigations developed during the preparatory phase to maintain service standards for Cambridge residents, including to halt the trial if necessary.
- 2.3 Agree that future decisions which have significant implications for shared services, including a '4-day week' trial for Shared Waste, must be made jointly and that proposals to improve governance arrangements to address this should be presented to both councils for agreement.
- 2.4 Agree that CCC will need to consider the evidence regarding the benefits, risks and costs of a '4-day week' in relation to its own transformation plans during 2023/24.

### 3. Background

- 3.1 Councillors will be aware of SCDC's announcement on Friday 2 September about the proposed four-day working week trial for 470 office-based staff over three months from January to March 2023. A subsequent trial involving the Greater Cambridge Shared Waste Service would take place in due course, subject to agreement from both Councils.
- 3.2 The SCDC trial is for **working a four-day week for five days' pay** (30 hours in four days for 37 hours pay), with all the same benefits and entitlements of a five-day week for holiday and sickness (with pro-rata for part-time staff). This is different to compressed hours where employees work the same number of hours over shorter days.
- 3.3 A shorter working week for the public sector first gained prominence in the UK as part of a series of policy announcements made by the Labour Party in 2019<sup>1</sup>. A national '4-day week' campaign<sup>2</sup> subsequently developed from those proposals.
- 3.4 There is a growing body of evidence that organisations offering a four-day week benefit from improved employee satisfaction, reduced staff

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<sup>1</sup> <https://labour.org.uk/press/mcdonnell-commits-labour-shorter-working-week-expanded-free-public-services-part-labours-vision-new-society/>

<sup>2</sup> <https://www.4dayweek.co.uk/about-us>

sickness, cost savings, increased productivity and improved recruitment and retention. The approach is currently being piloted by over 70 companies and organisations in the UK, involving over 3,300 staff<sup>3</sup>.

- 3.5 Local government has a recruitment and retention crisis, which is now more challenging as UK labour markets are tighter than they have been for over 25 years. The sector has grown dependent on higher cost agency workers and interims to fill gaps in its workforce and capability.
- 3.6 The public sector cannot compete with the private sector on pay but can offer more flexible working arrangements and more purposeful employment. If successful and adopted by other authorities, a 4-day week could make local government a significantly more attractive place to work and help resolve its recruitment and retention challenge.
- 3.7 By making SCDC a more attractive place to work the authority believes there is the potential to reduce agency staff and sickness. Planning is an area with high agency staff costs, which not only impacts the service budget, but also tends to result in difficulties maintaining consistency in case management. This is often because agency staff tend to move more often, and cases are often handed over mid-way through the process.
- 3.8 If the trial is successful SCDC could save up to £1m by recruiting permanent staff to replace agency staff. However, not all agency roles could be replaced as some are required for short term, project-based work so the full £1m saving is not expected. Should CCC consider adopting a similar approach we could replace some agency staff with permanent staff but would not expect the same level of savings due to a different staff profile.
- 3.9 A key measure of the trial is whether employee health and wellbeing can improve. In order to collect clean baseline data to assess impacts (using an industry approved Health and Wellbeing survey that was administered right up until 1 September), SCDC kept the proposals confidential from all but a few senior officers and members until just before plans were made public on Friday, 2 September.

## **Four Day Week 3-month trial**

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<sup>3</sup> <https://www.bbc.co.uk/news/business-61570021>

- 3.10 The SCDC report on ‘Trialling a 4-day week at the Council’ was considered and approved by their Cabinet on Monday 12 September. The report is attached as **Appendix A**.
- 3.11 The trial would begin in January for 3 months preceded by a detailed preparatory phase beginning in October. CCC would be involved throughout that process. During the trial the council would receive regular updates on performance, particularly to monitor any impacts on planning services for Cambridge residents, as well as wider insights that emerge.
- 3.12 The trial would only involve staff employed by SCDC. It is not envisaged that staff employed by Cambridge City Council, or shared services, other than shared planning, would be involved.
- 3.13 There is interest in considering how the lessons learnt and principles could be applied to operational services, in particular Shared Waste, so that council employees have an equal opportunity to test a new way of working. However, the approach may be different as waste operatives may not be able to find efficiencies in the same way as office-based staff.
- 3.14 CCC should follow the trial closely, examine the evidence resulting from it, and the lessons learnt. We can gain significant insight without taking the same risk as SCDC. CCC should actively engage in the trial and consider the outcomes and pros and cons of adopting this type of approach as part of the Our Cambridge transformation programme.
- 3.15 SCDC would be the first public body in the UK to trial a 4-day week. It has been piloted in different formats in the public sector in Iceland and Finland. There are plans to test it in Scotland, Spain and other countries.
- 3.16 Research conducted in Wales suggests that 57 percent of the Welsh public would support the Welsh Government piloting a scheme to move towards a 4-day working week in the public sector<sup>4</sup>. The Women’s Budget Group - an independent, not-for-profit network that promotes a gender equality economy – recently made the case that a 4-day week is needed to ensure a green transition is equitable<sup>5</sup>.
- 3.17 The SCDC proposal has been very positively received across the local government sector. The national press and social media reaction to the

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<sup>4</sup> <https://autonomy.work/portfolio/a-future-fit-for-wales-a-sww-for-all/>

<sup>5</sup> <https://wbg.org.uk/analysis/reports/shorter-working-week/>

proposed trial has been broadly supportive, though with some negative comments. There are benefits and risks for SCDC, residents, partners and staff, including for the provision of planning services in Cambridge.

#### **4. The Greater Cambridge Shared Planning Service**

4.1 Cambridge City Council and South Cambridgeshire District Council have a shared planning service. Staff are employed by SCDC. Senior planners think that three months is sufficient time to develop a plan to implement a 4-day week and put in place appropriate performance monitoring as well as mitigations to address any negative changes to performance. They do not anticipate a drop in standards.

4.2 Planning staff have generally been positive about the opportunity of a 4-day week and have already suggested ideas that could save time. The proposed trial is very likely to act as a further catalyst for their transformation activity and could improve the productivity of the service.

4.3 The preparatory phase in advance of the three month trial, in which CCC officers would be part of, is likely to involve:

- establishing baseline data for health and wellbeing and key performance indicators
- a review of current working practices to improve efficiency and effectiveness
- Identifying strategies for those areas potentially classified as high risk
- the use of case load workflow monitoring data to regularly assess impact on colleagues and service standards; and,
- frequent communication with Councillors about performance

4.4 Only permanent staff would take part in the trial; agency or seconded staff would not be included. Flexi-time would be suspended for those taking part in the trial. This currently allows for up to 2 days flexi leave per month to be taken for the corresponding number of excess hours worked in the period. Excess hours should be reduced during the trial.

4.4 The Chief Executive of SCDC, Liz Watts, gave a briefing to Cambridge City Councilors on Tuesday 13 September. She provided further information about the trial as well as assurances about preparations and

the involvement of city council members and staff, as well as potential implications for the planning service.

- 4.5 CCC's Strategy and Resources Scrutiny Committee would receive update reports on the performance of shared planning during the development and pilot phases, as well as on wider workforce, wellbeing and productivity insights emerging from the trial.

## **5. Public statement from SCDC on the Proposed Trial**

- 5.1 Below is an extract from the SCDC Council website following consideration and approval of the recommendations by the Cabinet on Monday 12 September.

### **Trial of four-day working week confirmed – News item on SCDC website**

*A three-month trial of a four-day week for desk-based staff at South Cambridgeshire District Council will begin in January – with further trials involving bin crews to follow if it's successful.*

**At a meeting of the Council's Cabinet today** (Monday 12 September 2022) Cabinet Members agreed to proceed with the trial. Similar trials, including around 3,300 staff, are already underway at 70 other UK organisations. Cambridge City Council have a joint planning service with South Cambridgeshire District Council, and their Strategy and Resources Scrutiny Committee will consider the proposals and implications for that service on 10 October 2022.

*The Cabinet meeting began with a two-minute period of silence, following the passing of Her Majesty Queen Elizabeth II last week.*

*A four-day week is when people work one less day per week but still get paid the same salary. It is not the same as compressed hours, which is working the traditional 37-hour week over four long days. A four-day week, which for a full-time employee at the Council would consist of 30 hours, can make an organisation stand out from others and be more attractive to talent.*

*It is also seen as a tangible incentive to encourage staff to stay and has been shown to increase productivity during trials at Microsoft in Japan and Buffer in the USA.*

*A three-month planning period at the Council will now take place between October and December before the trial begins in January 2023. There are approximately 470 desk-based Council staff who will be able to take part. This will apply to Council colleagues on all pay grades.*

*If this is successful, South Cambridgeshire District and Cambridge City Councils will consider expanding the trial to involve bin crews later next year. Bin crews, another shared service, are not part of the first trial. Additional time would be needed, by both councils, to plan and establish exactly how a four-day week would work for them and residents. Refuse*

crews currently empty bins for around 127,000 households across Greater Cambridge each week.

To monitor service levels from January to the end of March, the Council will use its standard performance metrics which are regularly updated. These will keep a check on things like how long it takes the Council to process benefits claims, Council house rent collections, how fast planning applications are determined, including for Cambridge residents, staff turnover, call answering times and more. Industry-standard health and wellbeing surveys will also be used to measure success and be compared against the results from a survey carried out last month (August 2022) before the four-day week trial was announced to staff. The next steps, which could include a longer trial period, would be dependent on the performance of Council and shared services during the first three months of 2023, and would need to be developed with Cambridge City Council.

As part of the trial, the Council will also now look to see whether it can extend the hours that it is open to the public via the telephone, a soon-to-be-launched webchat service and Teams / Zoom meetings.

For more than a year, the Council has only been able to fill around eight out of every ten (or fewer) of its vacancies. Between January and March 2022, only around half were filled. There are currently 23 agency staff covering office-based roles, which should ideally be filled by people in permanent positions. Over a whole year, these agency staff could cost the Council more than £2million. If the Council filled all these posts with permanent staff, it would only cost around £1million per year.

Not being able to fill vacant posts – or switching between agency staff to cover them – is also disruptive to services for residents. For example, when case officers change during the process of a planning application, it can cause delays and frustration because a lot of context and institutional memory is lost.

Combined, these factors have led to the Council looking at the viability of a four-day week through the desk-based trial between January and March next year followed by a trial among waste crews.

Another aspiration of the trial is to investigate whether it would help the Council to attract a more diverse workforce. For example, for those families where childcare costs can be a big blocker from working, or those people with caring responsibilities, it could be a more attractive option than the traditional five-day working week model. This is because the cost of childcare or caring could be reduced, which can also help support wider cost of living rises.

The Council's Employment and Staffing Committee will receive update reports and be asked to report back with recommendations following the end of the trial. Cambridge City Council's Strategy and Resources Scrutiny Committee will also receive update reports relating to the performance of the Greater Cambridge Shared Planning Service during the development and pilot phases, as well as on wider workforce insights emerging from the pilot.

The Leader of South Cambridgeshire District Council, Cllr Bridget Smith, said: "We have taken a big step forward in looking to address not only our own recruitment issues, but also the staffing challenges facing local government across the country. But first of all, this must

*be a trial that works for our residents and businesses, as well as the Council. This is why we now have a three-month period to carefully plan and prepare. Once we have run this initial test involving our desk-based staff, we will be looking to trial this way of working amongst our bin crews too. This has always been our intention, but the practicalities of working through how this could work for a service that empties tens of thousands of bins every day will take a little longer to work through.*

*“This is all about seeing whether the benefits on productivity, staff wellbeing and recruitment can be seen in local government as demonstrated in the private sector. We only filled around half our vacancies during the first few months of this year and using temporary agency staff instead is expensive. Additionally, we think that this will help us attract a more diverse workforce. If we can help reduce the financial burden of caring and childcare costs, I believe we will open ourselves up as an employer to more people and in turn help them deal with the rising cost of living.”*

*The 4 Day Week Campaign started a trial involving about 70 companies in the UK back in June this year (2022). That trial covers around 3,300 employees. There are also trials either underway or soon to be started in the USA, Canada, Australia, and New Zealand. Research from Henley Business School shows that those organisations offering a four-day week benefit from an improved ability to attract and retain talent.*

*Joe Ryle, Director of the 4 Day Week Campaign, said: “We congratulate South Cambridgeshire District Council on becoming the first ever UK local authority to give the go-ahead to a four-day week trial. Offering a four-day week is the best thing that councils can do to tackle the recruitment crisis in Local Government and we expect more councils to follow their lead. The four-day week brings many other benefits including increased productivity, improved wellbeing of staff and a reduction in carbon emissions.”*

## **6 Implications**

### **a) Financial Implications**

There are no financial implications arising from this report which is for information.

### **b) Staffing Implications**

This report provides information on the proposed trial of a 4-day working week for SCDC employees.

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

An EQIA has not been prepared on SCDC’s proposed trial. The purpose of the trial is to gather evidence including on equality impacts.

### **d) Net Zero Carbon, Climate Change and Environmental Implications**



A climate change assessment has not been prepared on SCDC's proposed trial.

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

There are no procurement implications arising from this report which is for information.

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

There are no community safety implications arising from this report which is for information.

### **7 Consultation and communication considerations**

The Chief Executives of Cambridge City Council and South Cambridgeshire District Council have been consulted on this report.

### **8 Background papers**

Background papers used in the preparation of this report:

- SCDC Cabinet Report – Trialling a 4-day week at the Council considered on Monday 12 September 2022
- News item SCDC Website following the Cabinet meeting

### **9 Appendices**

- Appendix A - SCDC Cabinet Report– Trialling a 4-day week at the Council

### **10 Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Deborah Simpson, Head of HR, tel: 01223 458101, email: [deborah.simpson@cambridge.gov.uk](mailto:deborah.simpson@cambridge.gov.uk).

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<b>Report to:</b>	Cabinet	12 September 2022
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Resources	
<b>Lead Officer:</b>	Liz Watts, Chief Executive	

## Trialling a four-day week at the Council

### Executive Summary

1. The Council has significantly changed the way it works as a result of the Covid-19 pandemic, with an increase in the use of technology, more flexible working, and more home working, all while maintaining standards across frontline services for residents and businesses. We are however still faced with recruitment issues, across a range of services, and an increasingly challenging financial environment. The need to continue to develop new ways of working that will protect services to residents and businesses, whilst maintaining a motivated and highly productive workforce has led to a proposal to trial a four-day week.
2. Trials of a four-day week are being undertaken across the UK, Ireland and US, under the auspices of the 4 Day Week Global Campaign<sup>1</sup>. Research from Henley Business School<sup>2</sup> showed that, for those organisations already offering a four-day week, the benefits included improved ability to attract and retain talent, improved employee satisfaction, reduced staff sickness, cost savings and increased productivity.
3. A three-month trial is proposed, initially only for desk-based staff, to assess whether these benefits could be secured for the Council. If successful, it is proposed that a further trial would be run for blue collar colleagues.

### Key Decision

4. No

### Recommendations

It is recommended that:

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<sup>1</sup> [4 Day Week Global](#)

<sup>2</sup> [Four Better or Four Worse? A White Paper from Henley Business School HenleyBS\\_A4\\_whitepaper\\_2019\\_AW2.indd](#)

5. Cabinet approves a trial to be run from January – March 2023, preceded by a planning period of three months.
6. Cabinet requests the Employment & Staffing committee to receive update reports at its meeting on 10 November 2022 and 23 February 2023, with a view to reporting back to Cabinet after the end of the trial making recommendations as appropriate.

## Reasons for Recommendations

7. To assess whether a four-day week could deliver benefits to the Council, and understand better the opportunities and challenges involved in changing the way we work.

## Details

### Why change and why now?

8. If the pandemic taught us anything it is that we can do things differently. Nobody believed – or even imagined – that it would be possible to run the vast majority of Council services from our colleagues' homes. But the experience of the pandemic has also caused people to think differently about their work/life priorities, and the workforce is now a more complex place to recruit and retain into. The Council wishes to create a workplace that is the very best it can be, which in turn delivers the best possible service to residents. Therefore, a trial of this type of working is merited. It is a bold suggestion that shows how much the Council values its colleagues while at the same time seeks to maintain and improve service standards.
9. The 4 Day Week Global Campaign started a trial including about 70 companies in the UK on 6 June. A news story and links are here: [Huge 4-Day Work Week Experiment Begins in The UK: The Largest Ever Conducted \(sciencealert.com\)](https://www.sciencealert.com/huge-4-day-work-week-experiment-begins-in-the-uk-the-largest-ever-conducted)
10. A four-day week is when people work one less day per week but still get paid the same salary. It is different from 'compressed' hours (when the same number of hours are worked over fewer days).
11. Some organisations have introduced a four-day week where the entire business closes (except for a skeleton staff) for one day. This would clearly **not** be possible in the council, and so we would look to spread days off across the week (and pro rata for part time colleagues). During the planning period we would identify whether, with increased flexibility from colleagues, we would be able to **extend** our opening hours to residents and other customers.
12. When a four-day week works well, the benefits include:
  - Improved employee health and wellbeing
  - More motivated employees
  - Improved productivity

- Reduced sickness rates
- Better retention
- Improved recruitment
- No loss of performance
- Improved quality of work output
- Reduced cost of agency staff

### **What would the Council gain from a trial?**

13. Our success as a council depends on our people. Recent anecdotal evidence from across the council suggests that some colleagues feel stressed and are struggling at work. This picture was reflected at the recent LGA conference and is regularly reported in the local government press; it is not just an issue local to South Cambridgeshire District Council (SCDC).
14. A staff survey has been carried out to identify these issues in much greater detail and early results will be reported to Cabinet at the meeting.
15. We also know the challenges we have recruiting; Fill rate has been 80% or less for the last five quarters (55% in Q4 of 21/22) as reported to Employment & Staffing Committee on 9 June 2022<sup>3</sup>. If the trial were to prove successful and we moved to being a four-day week employer, people would immediately benefit from a better work-life balance, and our recruitment problems would likely be significantly reduced as this would be seen as a significant benefit to potential applicants.
16. Our current use of agency staff across the Council to fill posts that we can't recruit to is significant. When considering office-based staff, excluding agency staff whose posts are externally funded, as of August 2022, we have 23 agency staff. If we were to extrapolate their costs over a 12-month period, it would be £2,065,000. If these posts were filled with permanent staff, the costs would be approximately £1,100,000. Saving close to £1,000,000. If the trial were to be extended to manual staff, these savings would be increased – we average 25 agency staff in the depot at any one time. Obviously there is no guarantee that all of these savings could be delivered – for example, there are often occasions when we choose to appoint agency staff for a short term contract – it is clear from the scale of agency costs that there are savings to be made.

### **What would our customers gain from a trial?**

17. The knock-on effect of improving our ability to recruit and retain cannot be underestimated. Many of our jobs are knowledge intensive and turnover can mean institutional memory is quickly lost. A number of services fill vacancies with agency staff (especially in Planning) which is both expensive (as shown above) but also suboptimal in terms of consistency and continuity. For example, it is incredibly disruptive when case officers change during the process of a planning

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<sup>3</sup> [\(Public Pack\)Agenda Document for Employment and Staffing Committee, 09/06/2022 10:00 \(moderngov.co.uk\)](#)

application or compliance case. Customer service could therefore be expected to improve, with fewer points of failure through 'handover' caused by turnover. We will also investigate the possibility of extending opening hours to the public as part of the trial.

### **Planning Period (October – December 2022)**

18. Evidence from previous trials is clear that the key to successful implementation is a detailed planning period during which employees are engaged in contributing ideas and proposals as to how they/their teams could become more productive.
19. This would be a real opportunity for the Council to work collaboratively with colleagues, unions and councillors, to identify how we can improve productivity. The sorts of suggestions we might expect would be shorter meetings, with a critical interrogation of the value of each and every Teams call. Also, it would press home the importance of ensuring those meetings that occur have clear outcomes. Suggestions may also include better diary management (ensuring that 'important' work isn't constantly the victim to 'urgent' work), reducing demand failure through more 'right first time' work, better communications (for example fewer/shorter and clearer emails). Enabling colleagues to identify where they can become more productive and removing any barriers is an essential precursor to the trial period itself.

### **Trial Period (January – March 2023)**

20. The formal trial period would take place from January – March 2023, to align with our performance reporting data. If the initial results are positive, the plan would be to continue the four-day week during April and May, whilst we analyse the full results and report back to Employment and Staffing Committee and Cabinet in May 2023. However, this extension during April and May is entirely dependent on initial findings and experiences during the formal trial period.

### **How will we measure success?**

21. At the end of the trial, we would assess success using the following measures:
  - Performance (using our standard suite of Key Performance Indicators (KPIs) for Quarter 4) which will indicate whether there is any impact (positive or negative) on service levels across the Council
  - Health and Wellbeing (using an industry approved survey for all colleagues in the trial)
  - Further detailed interviews with a selection of colleagues, union representatives and councillors to get deeper understanding than the secondary data sources above.
22. If we could show that there had been no adverse impact on performance, and that people's health and wellbeing had improved, we could move to a more formal one year trial, during which we would start to collect longer term data on recruitment and retention, measuring three things:

- Are we getting larger numbers of applicants for roles that we struggled to recruit to previously?
- For those people who are leaving the organisation, are there fewer adverse exit interviews (ie their reasons for leaving are not related to a negative experience of working at SCDC)?
- What are the cost savings delivered by reducing the use of agency staff?

23. At this stage we would also look to undertake a trial with our blue collar colleagues.

### **Communications Plan**

24. As noted in the risks section below, there will likely be significant interest in the trial from our communities, partners and the media. This is because we would be one of the very first local government employers to trial a four-day week. Being first to trial anything – especially on a national scale like this – is of course fully expected to lead to wider interest in Council activities than perhaps has previously been the case. A detailed communications plan has been drafted to ensure residents, businesses, staff, councillors, partners and other key stakeholders are kept informed and updated at the appropriate stages.

### **Partners**

25. Strong partnership working is key to the Council's operations, particularly where we share services. Key partners have had informal briefings in the run up to this report being published, to ensure that they understand the rationale behind the trial, and are clear about how we will measure the outcome of the trial, and further briefings will take place during September if Cabinet support the proposed trial.

### **Options**

Cabinet could decide not to approve the trial.

### **Implications**

26. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

### **Financial**

27. There would be no cost to undertaking the trial.

## Legal

28. As this is only a 3-month trial no contract or employment policy variations will be required and holiday entitlement, pension and other benefits will remain unchanged.

## Staffing

29. As set out in the report.

## Risks/Opportunities

30. There are risks involved with any change to working patterns. Since this is a trial, these risks would be time-limited. They include:

- Adverse publicity. Although some other councils are considering a trial, SCDC would probably be the first to undertake one. Inevitably we will attract publicity, and a clear communications plan has been drafted to ensure residents, businesses, staff, councillors, partners and other key stakeholders are kept informed and updated at the appropriate stages. . Although much of the media coverage has actually been very positive about the 4 Day Week Global Campaign trials, including from major news media such as the Financial Times<sup>4</sup>, a public sector trial may be perceived negatively.
- Potential for short term disruption (as was experienced with the move to homeworking during March 2020. The devil is in the detail - for example organising who is working when, and a host of other detailed HR issues such as for part time staff whose reduction in hours during the trial will be on a pro-rata basis. This is why we need a planning period in advance of the trial.
- Dissatisfaction from agency/contractor/bank staff who would not be included in the trial.

## Equality and Diversity

31. Given that at this stage we are only recommending a trial, no Equality Impact Assessment has been undertaken. Should we move to an extended trial we would certainly need to assess all of the equality issues. It is anticipated that these will emerge during the planning period and trial, thereby making them easier to accurately assess post trial, should extension be considered.

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<sup>4</sup> [UK companies trial four-day working week with same pay | Financial Times \(cam.ac.uk\)](https://www.cam.ac.uk/news/2020/04/uk-companies-trial-four-day-working-week-with-same-pay)



## **Climate Change**

32. Evidence from the Henley Business School (link above) suggests that 67% of employees would drive their car less if they were to work a four-day week. Given that the Council already offers significant home-working, it is not clear whether this benefit would be achieved, but it will be monitored.

## **Health & Wellbeing**

33. As set out in the report.

## **Consultation responses**

34. No consultation has taken place yet. The planning period is intended to be an extensive engagement exercise with colleagues and the unions. Post-trial, depending on the outcome, further consultation would be expected with partners and stakeholders.

## **Alignment with Council Priority Areas**

### **A modern and caring Council**

35. A trial will be a significant exercise in understanding whether we can achieve the benefits outlined above, thus maintaining services to residents and improving the health and wellbeing of employees.

## **Background Papers**

Employment & Staffing Committee 9 June 2022: Retention and Turnover Report Quarter 3 and Quarter 4 2022 [Q4 2021-22 ESC Report Combined Final Turnover.pdf \(moderngov.co.uk\)](#)

## **Report Author:**

[Liz Watts](#) – Chief Executive  
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## Cambridgeshire and Peterborough Combined

### Authority - Update

**To:**

Councillor Anna Smith, Leader of the Council  
Strategy & Resources Scrutiny Committee [10/10/2022]

**Report by:**

Andrew Limb, Head of Corporate Strategy

Tel: 01223 457004 Email: Andrew.Limb@cambridge.gov.uk

**Wards affected:**

All

Not a Key Decision

### 1. Executive Summary

- 1.1 This is a regular report to provide an update on the activities of the Cambridgeshire and Peterborough Combined Authority (CPCA) Board since the 11 July 2022 meeting of Strategy & Resources Scrutiny Committee.

### 2. Recommendations

- 2.1 The Executive Councillor is recommended:

To provide an update, alongside the Council's representative on the Board on issues considered at the meetings of the Combined Authority Board held on 28 July and 31 August and 21 September 2022.

### 3. Background

- 3.1 Meetings of the Cambridgeshire and Peterborough Combined Authority Board were held on 28 July, 31 August and 21 September

and the decision sheets from the meetings are attached/will be circulated as Appendices for the committee's consideration.

## **4. Implications**

### **a) Financial Implications**

*Page: 2*

None

### **b) Equality and Poverty Implications**

An EqIA has not been produced as there are no direct equality and poverty implications from this update report.

### **c) Net Zero Carbon, Climate Change and Environmental Implications**

None

### **d) Procurement Implications**

None

### **e) Community Safety Implications**

None

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

The Combined Authority will continue to issue communications about its activities and consult on its work.

## **6. Background papers**

6.1 The background papers used in the preparation of this report are listed in the appendices below.

## **7. Appendices**

Appendix A [Decision sheet for CPCA Board meeting 28.07.2022](#)

Appendix B [Decision sheet for CPCA Board meeting 31.08.2022](#)

**8. Inspection of papers**

If you have a query on the report, please contact: Andrew Limb, Head of Corporate Strategy, tel: 01223 457004, email: Andrew.Limb@cambridge.gov.uk.

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**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

## Combined Authority Board Decision Summary

Meeting: Wednesday 28 July 2021

Published: Monday 2 August 2021

Decision Review deadline: Monday 9 August 2021

Each decision set out below will come into force and may then be implemented at 5.00pm on the fifth full working day after the publication date, unless it is subject of a decision review (call in). [see note below on call in].

### Part 1 - Governance Items

#### 1.1 Announcements, Apologies for Absence and Declarations of Interest

**Apologies for absence were received from Councillor L Nethsingha (substituted by Councillor E Meschini) Councillor B Smith (substituted by Councillor N Gough) and Councillor E Murphy.**

**Mr Adams made a declaration of interest in relation to Item 4.4: Business Board Expenses and Allowances Scheme in relation to his role as Chair of the Business Board. Mr Adams left the meeting for the duration of this item and the vote.**

1.2 Minutes of the Combined Authority Board meeting on 30 June 2021

**The minutes of the meeting on 30 June 2021 were approved as an accurate record and signed by the Mayor.**

1.3 Petitions

**No petitions were received.**

1.4 Public Questions

**No public questions were received.**

1.5 Forward Plan

**The Combined Authority Forward Plan was noted.**

1.6 Lead Member Responsibilities

It was resolved to:

- a) Note and agree the responsibilities for the Environment and Climate Change lead member portfolio, **subject to the adding the following wording:**
  - i. To act as **Lead and** champion in the cause of:
- b) Note and agree the responsibilities for the Public Health lead member portfolio, **subject to the adding the following wording:**
  - ii. To act as **Lead and** champion in the cause of:
  - iii. **To promote reductions in health inequalities across the Combined Authority area.**
- c) Note and agree the Mayor's nominations to the new lead member portfolios:



- i. **Councillor Chris Boden: Lead Member for Public Health**
- ii. **Councillor Bridget Smith: Lead Member for the Environment and Climate Change**

## 1.7 Appointment process for two Independent Persons

It was resolved to:

Agree the appointment process and role description to recruit two Independent Persons, **subject to the following amendment being made:**

**The Independent Person will not be:**

**~~An active~~ A member of a political party.**

## 1.8 Appointment of Independent Remuneration Panel to review the Members Allowance Scheme

**The report was withdrawn.**

## 1.9 Performance Report and Devolution Deal Update

It was resolved to:

- a) Note the latest Performance Dashboard
- b) Note the update against Devolution Deal Commitments

## Part 2 - Finance

### 2.1 Budget Monitor Report: July 2021

It was resolved to:

- a) Note the financial position of the Combined Authority for the year to date.
- b) Approve the recommendation from the Business Board to amend the budgets for the Local Growth Fund (LGF) management costs for 2021-22 and 2022-23.

## Part 3 – Combined Authority Decisions

### 3.1 Future Transport Strategy and One CAM Limited

It was resolved to:

- a) Note the decision of the Chief Executive to stop task orders in relation to the delivery of the work of One CAM Limited.
- b) Note the recommendation of the Board of One CAM Limited that the work of the company be suspended until a comprehensive review of the One CAM programme and the Local Transport Plan be completed, and authorise a material reduction in the activity of One CAM Limited pending a final decision in relation to the CAM Programme.
- c) Request that the Chief Executive and the Director of Delivery and Strategy bring a report to the September meeting of the Combined Authority Board recommending future steps in relation to the One CAM project and the further use or permanent closure of One CAM Limited
- d) Request that the Chief Executive and the Director of Delivery and Strategy bring a further update on revisions to the Local Transport Plan to the Board in September along with the outcome of a review on the use of consultants in the delivery of this work.

### 3.2 Zero Emission Bus Regional Areas (ZEBRA) Phase 2

It was resolved to:

- a) Note the contents of this paper.
- b) Delegate authority for the Director of Delivery and Strategy, in consultation with the Chair of the Transport Committee, to prepare, submit and publish a business case to the Department for Transport (DfT) for the ZEBRA Phase 2 application for alternative fuel buses and necessary infrastructure.

### 3.3 Phase 3 University of Peterborough – Masterplan and Short-Term Financing

It was resolved to:

- a) Approve a £100,000 grant to Peterborough City Council (PCC), to contribute to the £300,000 Master Planning works,
- b) Give consent as the majority shareholder in the Peterborough HE Property Company Limited (Prop Co 1) to allow Prop Co 1 to consider and approve a short term cashflow financing proposal for Phase 3 of the University of Peterborough (UoP).

### 3.4 Market Towns Programme - Approval of Change Requests for Huntingdonshire and East Cambridgeshire to extend funding expenditure timelines

It was resolved to:

- a) approve the request received from Huntingdonshire District Council to extend the funding timeline on their Market Towns budget allocation of £3,100,000 to March 2024 as match investment to the St Neots Future Hugh Street Fund Scheme.
- b) approve the request received from Huntingdonshire District Council to extend the funding timeline and spend profile on their remaining budget allocation of £609,655 to March 2023 for St Neots Masterplan (Phase 1).

- c) approve the request received from East Cambridgeshire District Council to extend the funding timeline on their remaining Market Towns budget allocation of £2,144,000 to March 2023 for the towns of Ely, Soham and Littleport.

### 3.5 March – Future High Streets Funding Bid: Additional Combined Authority Match Funding

It was resolved to:

- a) Consider the four options identified from the independent appraisal report in response to Fenland District Council's application for an additional £1.1m of Combined Authority funding towards the March Future High Streets Fund Programme under Market Towns Programme.
- b) Approve the additional £1,100,000 requested by Fenland District Council (Option 1), subject to the business case being received by the Board.**

### 3.6 Digital Skills Bootcamps

It was resolved to:

- a) Approve the contract for Skills Bootcamps, Wave 2 Lot 1 and associated funding for the delivery of Digital Bootcamps in the East of England. The contract value is £1,826,250 with delivery of the Bootcamps to be complete by 31st March 2022.
- b) Delegate to the Director of Business & Skills, in consultation with the Chief Finance Officer, authority to award and enter into contracts with consortia partners.

### 3.7 Angle Holdings - Directorship

It was resolved to:

- a) Approve the removal of Mr James Palmer as a director of Angle Holdings Limited;

- b) Approve the appointment of Mayor Dr Nik Johnson as a director of Angle Holdings Limited;
- c) Note that Angle Holdings Limited will complete the appointment, and relevant regulatory filings.

### 3.8 Investment Fund Gateway Review

It was resolved to:

Note Ministers' decision that the Combined Authority Investment Fund has passed its first Gateway Review, and the consequent confirmation of the next tranche of £100 million Gainshare funding.

### 3.9 Active Travel Management

It was resolved to:

- a) Agree the approach to submitting active travel funding proposals to the government set out in this paper.

By recommendation to the Combined Authority

Part 4 – Business Board recommendations to the Combined Authority Board

### 4.1 Strategic Funding Management Review July 2021

It was resolved to:

- a) Reject the Project Change Request for the Wisbech Access Strategy Project.

- b) To note that officers will work with Wisbech Access Strategy Project lead to explore all implications and consequences of next steps for the project and report to next Combined Authority Board meeting.
- c) Note the other programme updates contained in the report to the Business Board on 14 July 2021.
- d) **Support, in principle, the use of £1.88m of existing medium term financial plan (MTFP) budget to complete design work and land acquisitions for the three remaining schemes within the Wisbech Access Strategy project, subject to the business case being received by the Board.**

#### 4.2 Business Board Annual Report and Delivery Plan

It was resolved to:

- a) approve the Business Board's Annual Report (2020-21) and Annual Delivery Plan (2021-22), and approve submission of both documents to the Department for Business, Energy & Industrial Strategy (BEIS);
- b) approve a new budget of £15k to implement design work to develop and produce a publishable version of the Annual Report and Delivery Plan, and digital platform, to better communicate and showcase achievements of the Business Board, to be funded from Enterprise Zones Reserve Fund.

#### 4.3 Business Board Performance Assessment Framework and Recruitment Process

It was resolved to:

Approve the use of the Enterprise Zones Reserve Fund to fund the evaluation of the Business Board and individual private sector members, to a maximum budget cap of £35k (plus VAT).

#### 4.4 Business Expenses and Allowances Scheme

It was resolved to:

Approve an amendment to be made to the Business Board Expenses and Allowances Scheme to include the option for members to forgo remuneration payments.

#### 4.5 High Performance Computing Study and Roadmap

It was resolved to:

Approve £46,000 Enterprise Zone Reserve funding to commission the development of a feasibility study for the High-Performance Computing and Artificial Intelligence capability to support the Digital cluster development across the Greater Cambridge and wider Combined Authority area.

#### **Notes:**

- a) Statements in **bold type** indicate additional resolutions made at the meeting.
- b) Five Members of the Overview and Scrutiny Committee may call-in a key decision of the Mayor, the Combined Authority Board or an Officer for scrutiny by notifying the Monitoring Officer.

For more information contact: Richenda Greenhill at [Richenda.Greenhill@cambridgeshire.gov.uk](mailto:Richenda.Greenhill@cambridgeshire.gov.uk) or on 01223 699171.

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**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

## Combined Authority Board Meeting: Decision Statement

Meeting: Wednesday 31 August 2022

Decision Statement published: Monday 5 September 2022

Decision review deadline for Decision Statement: Monday 12 September 2022

Any key decision/s set below will come into force and may be implemented after 5.00pm on the fifth clear working day after publication of the decision, unless they are called-in [see note below on call in], except for any key decision on a matter dealt with under the special urgency provisions set out in the Constitution which may be implemented immediately.

### Part 1 - Governance Items

#### 1.1 Announcements, Apologies for Absence and Declarations of Interest

**Apologies for absence were received from Councillor S Conboy, substituted by Councillor T Sanderson.**

**Councillor C Boden declared an interest in Item 1.4: Public Questions, as a Cambridgeshire County Council appointed Trustee of FACT, which provides the No.68 bus route in Wisbech.**

## 1.2 Minutes – 27 July 2022 and Action Log

**The minutes of the meeting on 27 July 2022 were deferred to 21 September 2022 for approval.**

**The Action Log was noted.**

## 1.3 Petitions

No petitions were received.

## 1.4 Public Questions

Three public questions were received from Councillor S Hoy, Cambridgeshire County Councillor, Fenland District Councillor and Leader of Wisbech Town Council; Councillor B Hunt, East Cambridgeshire District Council; and G James, local resident. A copy of the questions and responses (when published) can be viewed on the [meeting webpage](#).

## Part 2 – Combined Authority Decisions

Key Decision added under Special Urgency Arrangements

Multiply – The Approach to Programme Delivery (KD2022/052)

It was resolved to:

- a) Accept the Multiply grant funding of £3,999,186 from the Department for Education and approve the creation of a new budget line in the Medium-Term Financial Plan (MTFP) for 2022/23, 2023/24 and 2024/25 financial years as per Table A in Appendix 1 to this report, subject to receipt of the grant funding offer letter from the DfE.

- b) Delegate authority to the Interim Associate Director of Skills, in consultation with the Chief Finance Officer and Monitoring Officer, to commission, enter into and sign grant funding agreements and contracts for services to the providers listed in Tables D and E in Appendix 1 to this report for 'on-menu' delivery and further allocations for 'off-menu', subject to receipt of the grant funding agreement.
- c) Approve the funding allocations to Further Education colleges, local authority Institutes of Adult Learning and procured Independent Training Providers (ITPs), subject to receipt of grant funding from the DfE.
- d) Approve the approach to programme management of Multiply and note the analysis of numeracy levels in the sub-region.

## 2.1 Green Home Grant LAD2 (KD2022/039)

It was resolved to:

- a) Note the ongoing work with BEIS to manage the recovery plan for the Green Homes Grant (LAD2 programme) and the revised forecast covering the scheme extension by an additional three months to complete installations by 30 September 2022.
- b) Approve the return of additional underspend to BEIS of £33.35m that is detailed in an MOU variation attached as Appendix 1.
- c) Delegate authority to the Interim Chief Executive, the Monitoring Officer and the S73 Officer to return any remaining unspent capital funds at scheme end in line with the revised MOU and scheme conditions.

## 2.2 Sustainable Warmth Budget (KD2022/049)

It was resolved to:

- a) Note the ongoing challenges and work to manage the recovery plan for the Sustainable Warmth project and the revised forecast covering the scheme to complete installations by 31 March 2023.
- b) Approve the return of underspend to BEIS of £62,619,025 that is detailed in an MOU variation attached as Appendix 1.

- c) Delegate authority to the Interim Chief Executive and Monitoring Officer to return any remaining unspent capital funds at scheme end in line with the original MOU and scheme conditions.
- d) Approve the establishment of a Sustainable Warmth (Retrofit) project board, based on the outline structure in this paper and delegate authority to the Interim Chief Executive, in consultation with the Lead Member for the Environment and Climate Change, Chief Finance Officer and Monitoring Officer, to agree terms of reference.

## 2.3 Changing Futures

It was resolved to:

Approve the allocation of funds from the corporate response fund of £60,000 per annum for three years (2022-2025, total £180,000) in support of the collaborative Changing Futures project to Cambridgeshire County Council - the accountable body.

## Part 3 – Governance Reports

### 3.1 Forward Plan

**It was resolved to approve the Forward Plan for August 2022.**

## Part 4 – Exempt Matters

It was resolved that the press and public be excluded from the meeting on the grounds that the report contains exempt information under Part 1 of Schedule 12A the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed. That is, information relating to an individual; information which is likely to reveal the identity of an individual; and information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption was deemed to outweigh the public interest in its publication.

#### 4.1 EXEMPT Minutes of the Extraordinary meeting of the Combined Authority Board 20 May 2022

**The minutes of the meeting on 20 May 2022 were deferred to 21 September 2022 for approval.**

#### 4.2 EXEMPT Employment Matters Part 1

It was resolved to:

1. In relation to Paul Raynes, Director of Delivery and Strategy:
  - a) Approve Recommendation 1a.
2. In relation to interim arrangements:
  - a) To note the proposals set out in this report regarding cover arrangements for Director Delivery & Strategy (6.1.2).

#### 4.2 EXEMPT Employment Matters Part 2

It was resolved to:

1. In relation to Robert Parkin, Chief Legal Officer (Monitoring Officer):
  - a) Approve recommendation 1a.
2. In relation to interim arrangements:
  - a) To note the proposals set out in this report regarding cover arrangements for Chief Legal Officer (Monitoring Officer) (6.1.2).

**Notes:**

- a) Statements in **bold type** indicate additional resolutions made at the meeting.
- b) Five Members of the Overview and Scrutiny Committee may call-in a key decision of the Mayor, the Combined Authority Board or an Officer for scrutiny by notifying the Monitoring Officer, except for any key decision on a matter dealt with under the special urgency provisions set out in the Constitution which may be implemented immediately.

For more information contact: Richenda Greenhill at [Richenda.Greenhill@cambridgeshire.gov.uk](mailto:Richenda.Greenhill@cambridgeshire.gov.uk) or on 01223 699171.



## Review of Corporate Enforcement Policy

**To:**

Councillor Anna Smith Leader of the Council - Strategy & Resources Scrutiny Committee 10/10/2022

**Report by:**

Yvonne O'Donnell Environmental Health Manager

Tel: 01223 457951 Email: Yvonne.odonnell@cambridge.gov.uk

**Wards affected:**

All

Not a Key Decision

### 1. Executive Summary

1.1 In 2014 the new enforcement policy was adopted. The Policy included a provision for it to be reviewed after three years.

1.2 The policy was reviewed in 2017 and brought to Strategy and Resources Scrutiny Committee in October 2017 where it was adopted.

1.3 The policy was due to be reviewed in October 2020, however with the pandemic this was delayed. The earliest opportunity to review the policy was this year in 2022.

1.4 A review took place with all services who carry out enforcement activities and this allowed for amendments to be completed taking into account any operational and legislative changes.

1.5 The main amendments were to make the policy more succinct, taking out references to paper copies and adding links to appropriate documentation as references.

1.6 The amendments have not affected the application or principals of the policy.

## **2. Recommendations**

2.1 The Leader of the Council is recommended to consider the proposed changes and adopt the revised Corporate Enforcement Policy 2022 as attached in Appendix A

## **3. Background**

3.1 The Legislative and Regulatory Reform Act 2006 (2006 Act) requires Local Authorities to have regard to the Principles of Good Regulation when exercising a specified regulatory function.

3.2 A new Regulators' Code came into force in April 2014 and Regulators must have regard to the Code when developing policies and operational procedures that guide their regulatory activities

3.3 The Council fully supports the principles set out in the 2006 Act and the Regulators Code and has set out within this Enforcement Policy the procedures to be adopted by all services and officers exercising any enforcement functions

3.4 The Corporate Enforcement Policy forms the basis under which specific service enforcement policies are derived. The Council expects all officers taking enforcement decisions to take this policy as a guide when making their decision.

3.5 The policy is essential to provide clarity to residents and businesses in the way we act, as well as minimising risks associated with failed enforcement action.

3.6 It is important the policy is kept up to date to ensure that it both follows operational changes within the Council and legislative changes that may have come into force. The policy must remain robust and able to stand up to scrutiny in the case that a member of the public or business makes a complaint relating to the way we have handled their case or the decision we have made to take enforcement action.

3.7 Each service which deals with enforcement has its own standards setting out the level of service and performance that the public and businesses can expect from them. These standards work in conjunction to the policy. These



standards are published within individual service areas and are hyper linked into the policy. They allow for greater clarification around specific enforcement roles.

3.8 The main change to the policy is providing links to external government documents, thereby providing a more succinct policy.

3.9 The draft policy has been out to consultation, primarily on the Council website for feedback from residents and businesses. No feedback has been received.

3.10 The policy will be published on the Council's website. Directors, Heads of Service and managers will need to cascade the amended policy to operational staff and ensure it is taken into account in all enforcement actions

## **4. Implications**

### **a) Financial Implications**

The policy has no direct costs as services are staffed to undertake the relevant enforcement roles. Working to an up to date policy will reduce enforcement risks and support the potential award of costs for carrying out enforcement work.

### **b) Staffing Implications**

There are no staff implications other than communicating the change and ensuring action is taken in accordance with the policy.

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

An EQIA has been previously completed in 2014 with the introduction of the new enforcement policy. An updated EQIA has been completed as attached in Appendix B

### **d) Net Zero Carbon, Climate Change and Environmental Implications**

Not Applicable

### **e) Procurement Implications**

There will be no procurement implications

## **f) Community Safety Implications**

The Policy is used to guide the way we enforce appropriate legislation that regulates the environment

## **5. Consultation and Communication Considerations**

The Amended policy has been consulted on via the website  
An internal consultation has been carried out with key service areas.  
The update policy will be placed on the website.

## **6. Background Papers**

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

## **7. Appendices**

Appendix A Corporate Enforcement Policy 2022  
Appendix B EQIA

## **8. Inspection of Paper**

To inspect the background papers or if you have a query on the report please contact Yvonne O'Donnell Environmental Health Manager 01223 457951 [yvonne.odonnell@cambridge.gov.uk](mailto:yvonne.odonnell@cambridge.gov.uk)



# **Corporate Enforcement Policy**

**October 2022**

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# 1. Introduction

The Legislative and Regulatory Reform Act 2006 (2006 Act) requires Local Authorities to have regard to the Principles of Good Regulation when exercising a specified regulatory function.

A new Regulators' Code came into force in April 2014 and Regulators must have regard to the Code when developing policies and operational procedures that guide their regulatory activities. If a regulator concludes, on the basis of material evidence, that a specific provision of the Code is either not applicable or is outweighed by another relevant consideration, the regulator is not bound to follow that provision but should record that decision and the reasons for it.

The Council fully supports the principles set out in the 2006 Act and the Regulators Code and has set out within this Enforcement Policy the procedures to be adopted by all services and officers exercising any enforcement functions. The Council is committed to services which are courteous and helpful and seeks to work with individuals and businesses, wherever possible, to help them comply with the law.

The Council, nevertheless, acknowledges the need for firm action against those who flout the law and put consumers and others at risk. The Council expects all officers taking enforcement decisions to take this Policy as a guide when making their decision. Every case must be decided on its own individual facts. Officers must ensure that, if they depart from the Policy when they make their decision, they can provide reasons for doing so.

This document represents the Council's Corporate Enforcement Policy, and supersedes any previous corporate policy statements on enforcement. It may be supplemented in some cases, by more specific and detailed service policies.

## 2. Enforcement activity

The Council has a duty and a power (both statutory and discretionary) to take action to enforce a wide range of statutes relating to:

- public health and safety,
- quality of life,
- anti-social behaviour,
- preservation of public and residential amenity
- maintenance of the environment and
- protection of public funds.

All of these activities will be carried out having regard to the general principles of good enforcement practice outlined in this Policy. Although not exhaustive the service areas falling within the scope of this policy include:

<p>Shared Building Control Service (3C)</p> <p>Current Standards can be found <a href="#">here</a></p>	<p>Building Regulations and related advice</p> <p>Dangerous Structures</p> <p>Demolitions</p> <p>Safety at Sports Grounds and Temporary Stands</p> <p>Street Naming and Numbering</p> <p>Street Nameplates</p> <p>Administration of 3<sup>rd</sup> party notifications CPS, Als etc.</p>
<p>Environmental Health</p> <p>Current Services Standards can be found <a href="#">here</a></p>	<p>Statutory Nuisance</p> <p>Food Safety</p> <p>Health and Safety</p> <p>Environmental Protection</p> <p>Private Sector Housing</p> <p>Illegal evictions and Harassment</p> <p>Licensing</p>

	<p>Animal Welfare</p> <p>Public Health</p>
<p>Shared Planning Services (Planning Compliance )</p> <p>Current Service Standards can be found <a href="#">here</a></p>	<p>Development and Use of Land -Planning</p> <p>Listed Buildings</p> <p>Conservation Areas</p> <p>Advertising</p> <p>Trees Preservation</p>
<p>Streets and Open Spaces</p> <p>Current Service Standards can be found <a href="#">here</a></p>	<p>Public Realm Enforcement</p> <p>Street Trading</p> <p>Market Trading</p> <p>Illegal Encampments</p> <p>Moorings</p>
<p>Revenue and Benefits</p> <p>Current Service Standards can be found <a href="#">here</a></p>	<p>Revenue Recovery</p> <p>Council Tax and National non-domestic rate fraud</p>
<p>Community Safety</p> <p><a href="#">Antisocial behaviour (ASB) - Cambridge City Council</a></p> <p><a href="#">Community safety - Cambridge City Council</a></p>	<p>Antisocial Behaviour</p> <p>Community Safety</p>
<p>Housing Services</p>	<p>Environmental Crime</p> <p>Tenancy related matters</p>

### **3. Delegation of authority**

The Council's Scheme of Delegations specifies the extent to which enforcement powers are delegated to officers. Whilst delegation is mainly to officers, in some specific circumstances the decision to take enforcement action lies with the relevant Council Committee.

### **4. Objective**

The approach adopted by services when carrying out the Council's duty to apply or enforce a wide range of legislation is intended to:

- Assist businesses and others in meeting their legal obligations without unnecessary expense
- Focus on prevention rather than cure
- Ensure that we enforce the law in a fair, equitable and consistent manner
- Take firm action when it is necessary and appropriate to do so.
- Carry out enforcement that is risk-based, consistent, proportionate and effective.

### **5. Principles of enforcement**

Although primary responsibility for compliance with the law rests with individuals and businesses, the Council will provide information and advice to help them understand their legal obligations and will seek to raise awareness about the need to comply.

#### **5.1. Overview**

The Council believes in the principles of good enforcement, as set out in the 2006 Act, which must be adopted by the Council's services. The principles covered are:

- Courtesy and Helpfulness
- Clear Standards and Practices
- Consistency
- Openness
- Proportionality
- Training of Staff

The Council will employ the provisions of the Regulators' Code ('RC'). [www.gov.uk/government/publications/regulators-code](http://www.gov.uk/government/publications/regulators-code) We will observe any requirements of national bodies and, where practicable, national good practice guidance. Where appropriate, services will provide enforcement advice and



information in accessible formats such as minority languages, large print, Braille and face to face.

We will adhere to the principles of the RC, as follows:

- Regulators should carry out their activities in a way that supports those they regulate to comply and grow
- Regulators should provide simple and straightforward ways to engage with those they regulate and hear their views
- Regulators should base their regulatory activities on risk
- Regulators should share information about compliance and risk
- Regulators should ensure clear information, guidance and advice is available to help those they regulate meet their responsibilities to comply
- Regulators should ensure that their approach to their regulatory activities is transparent

## **5.2. Specific Commitments**

### **5.2.1 Regulators should carry out their activities in a way that supports those they regulate to comply and grow**

Effective and well-targeted regulation is essential in promoting fairness and protection from harm. We will ensure that our enforcement is proportionate and flexible enough to allow and encourage economic progress, and provide help and encouragement to businesses in order that they can meet regulatory requirements more easily. We will keep under review our regulatory activities and interventions to ensure that we do not impose unnecessary burdens, paying particular attention to the impact we may have on smaller businesses. In this connection, we will consider the impact our regulatory interventions may have on such businesses to ensure that our interventions are fair and proportionate (by giving consideration to their size and the nature of their activities).

### **5.2.2 Regulators should provide simple and straightforward ways to engage with those they regulate and hear their views**

We will create effective consultation and feedback opportunities to enable continuing cooperative relationships with businesses and other interested parties. We will ensure that our employees provide a courteous and efficient service to businesses and seek the comments and views of regulated businesses. The Council has established and published a comprehensive complaints procedure which is available to any aggrieved party. <https://www.cambridge.gov.uk/compliments-complaints-and-suggestions>

In response to non-compliance that we have identified we will clearly explain what the non – compliant item or activity is, the advice being given and the action required or decision taken, and the reasons for these. We will provide an opportunity to discuss any such actions that need to be taken and any appeal process available.

### **5.2.3 Regulators should base their regulatory activities on risk**

Risk assessment will underpin our approach to planned regulatory activity (comprising inspections, data collection, advice and support, and enforcement and sanctions). We will target our efforts and resources where they would be most effective and rate risks to regulatory outcomes. We will base our risk assessment on all available and good-quality data and consider the combined effect of:

- the potential impact of non-compliance on regulatory outcomes; and
- the likelihood of non-compliance (where we will take into account past compliance and potential future risks and willingness to comply)

#### **5.2.4 Regulators should share information about compliance and risk**

We follow the principle of “collect once, use many times” when requesting information from businesses. To help target resources and activities and minimise duplication we will share wherever possible information with other enforcement agencies.

#### **5.2.5 Regulators should ensure clear information, guidance and advice is available to help those they regulate meet their responsibilities to comply**

Ensure that businesses are provided with, or signposted to, clear and accessible information on legal requirements relating to their operations. Targeted and practical information will be provided through a variety of means including on-site visits, telephone advice lines and online guidance (both national and local guidance). We will endeavour to distinguish between legal requirements and advice or guidance which seeks to improve the basic level of practice. The response to a request for advice will be to provide such advice and to help secure compliance rather than directly triggering enforcement action.

#### **5.2.6 Regulators should ensure that their approach to their regulatory activities is transparent**

In consultation with business and all other relevant interested parties, we will draw up clear standards setting out the level of service and performance that the public and businesses can expect from our enforcement services, our approach to check on compliance, this enforcement policy, the fees and charges, if any and how they are calculated.. We will publish these standards within individual service areas and also our annual performance as measured against them. We will justify our choice of enforcement action to relevant interested parties, follow up enforcement actions where appropriate and enforce in a transparent, fair and consistent manner following the Code for Crown Prosecutors.

The information published will be easily accessible through single point on the Councils website which will be clearly signposted and kept up to date

#### **5.2.7 Other Considerations**

- The Council will consider the desirability of using formal enforcement in the case of a person who is elderly or is, or was at the relevant time, suffering from significant mental or physical ill health. It will balance this with the need to safeguard others, taking into account the public interest.
- The Council will consider its Safeguarding for Children and Vulnerable Adults Policy when determining what enforcement action we are considering. We are committed to safeguarding and promoting the welfare of children, young people and vulnerable adults. We take our responsibilities seriously and expect all of our staff to share this commitment.
- The Council will consider its Equality and Diversity Policies and Plans when determining what enforcement action we are considering and how we communicate the message. We believe in the dignity of all people and their right to respect and equality of opportunity. We value the strength that comes with difference and the positive contribution that diversity brings to our city. <https://www.cambridge.gov.uk/our-equality-and-diversity-policies-and-plans>
- The Council operates a closed circuit television (CCTV) in the city. The code of practice for its operation can be found at this address: [HDC CCTV System Code of Practice \(huntingdonshire.gov.uk\)](https://www.huntingdonshire.gov.uk/HDC-CCTV-System-Code-of-Practice)
- The Council will have regard to the Crown Prosecution Service public policy statements on dealing with cases which involve victims and witnesses who have a learning disability and victims and witnesses who have mental health issues.
- The Council's approach to the collection of Local Taxes [Council Tax & Business Rates] and in the recovery of overpaid Housing & Council Tax Benefit is one which seeks to strike a balance between the need to maximise income to the Council and the desire not to cause further hardship to the poorest within the community
- The Council will apply the principles of the Regulation of Investigatory Powers Act 2000 (RIPA) to all activities where covert surveillance, covert human intelligence sources, or communications data are used. In doing so, the Council will also take into account its duties under other legislation, in particular the Protection of Freedoms Act 2012; Human Rights Act 1998; and Data Protection Act 1998, and its common law obligations.
- The use of Body Cams must be in line with Cambridge City Councils Code of Practice ([www.cambridge.gov.uk/body-worn-cctv-cameras](https://www.cambridge.gov.uk/body-worn-cctv-cameras)).

## **6. Enforcement options**

The Council recognises the importance of achieving and maintaining consistency in its approach to enforcement. For many areas of our enforcement activity government guidance already exists in the form of Codes of Practice, Planning Policy Guidance, and Government Circulars etc. There may also be local or regional Codes of Practice such as the Charter and Code of Practice for the collection of debts, which have been produced locally to promote consistency in our enforcement activity. When making enforcement decisions officers must have regard to any relevant national or local guidance as well as the provisions of the Human Rights Act 1998, Equalities Act 2010 and this Enforcement Policy.

### **6.1 Prevention**

We believe that the first step in enforcement is to promote good practice, ensure policy compliance and prevent contravention of the law by raising awareness and promoting good practice.

This approach will be applied when we are not aware of any specific contraventions of the law.

### **6.2 Approvals, Consents and Licences**

We provide a range of approvals consents and licences as specified by individual pieces of legislation. Most of these are compulsory, such as planning applications, licensing applications and building regulation approvals, but a few are optional. These are an important part of the preventative aspect of our work.

We will work with applicants to help them to understand what is required to gain approval through pre-application advice, published guidelines, and post-application discussion.

Applications may be approved as they are submitted, varied by agreement and then approved, approved subject to conditions, or rejected. Applicants, or their agents, will always be notified, in writing, of the outcome of their application, including the reasons if rejected. Details of any rights of appeal will be provided at the time the decision is notified.

Any rejection notice will inform the applicant, or their agent, of the reasons for refusal and any right of appeal.

### **6.3 Informal Action**

Where practicable we would prefer to avoid unnecessary costs for the customer, preferring their time and money to be invested in solutions rather than legal procedures. We will therefore use our best efforts to resolve situations where the law may have been broken without issuing formal notices, or taking other kinds of formal action.

Informal action will involve offering advice, mediation where appropriate, requests for action, or warnings, or seeking and monitoring the delivery of undertakings or timetabled schedules of action. Informal action will be supported throughout by contact between the customer and Council officers.

This approach may be applied provided that the consequences of non-compliance are considered acceptable.

## **6.4 Formal Action**

In most situations before formal action is taken, we will provide an opportunity to discuss matters and, hopefully, resolve points of difference. The extent of this will depend on the seriousness of the contravention, and may not be possible where immediate action is considered necessary, e.g. where there is an immediate risk to health, safety or the environment, or where the formal action takes the form of a fixed penalty notice.

Circumstances where formal action will be considered include (but are not restricted to):

- There is a significant contravention of legislation
- The wording of legislation requires the Council to take a specified action
- An informal approach has failed
- There is a history of non-compliance with informal action
- There is a lack of confidence in the successful outcome of an informal approach
- Standards are generally poor, suggesting a low level of awareness of, and compliance with, statutory responsibilities
- The consequences of non-compliance, for health, safety, the environment, or other Council priorities, are unacceptable and/or immediate
- There is demonstrable harm to the amenity of the area
- Effective action needs to be taken quickly in order to remedy conditions which are deteriorating
- Formal action is expected to achieve the desired outcome without incurring expense or inconvenience that is disproportionate to the risks
- Legal requirements, relevant formal guidance, or other Council policies or strategies require formal action to be taken
- A charge applied by a Fixed Penalty Notice has not been paid

Formal action can take any form that the Council is empowered by legislation to take. The following will be the most commonly used.

### **6.4.1 Statutory Notices**

Many of the various pieces of legislation that we enforce provide for the service of 'statutory notices' on individuals, businesses and other organisations requiring them to meet specific legal obligations.

Where a 'statutory notice' is served, the method of appealing against the notice and the timescale for doing so will be provided in writing at the same time. The notice will explain what is wrong, what is required to put things right and what the likely consequences are if the notice is not complied with. In some cases a 'statutory notice' can be served to prevent the occurrence or recurrence of a problem e.g. a noise nuisance. In most cases, failure to comply with a 'statutory notice' will result in more severe formal action being taken.

In some cases such as Housing Notices there will be a charge for when the notice has been served.

### **6.4.2 Financial penalties**

Government guidance on the issuing of fixed penalty notices can be found in the Code of Practice for Litter and Refuse: Part 1A - effective enforcement ([publishing.service.gov.uk](http://publishing.service.gov.uk)). Government guidance for the issuing of civil penalties can be found in the [Civil penalties under the Housing and Planning Act 2016 - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

#### **6.4.2.1 Fixed penalty notices:**

The Council has powers to issue fixed penalty notices in respect of some breaches. A fixed penalty notice is not a criminal fine and does not appear on an individual's criminal record. If a fixed penalty is not paid, the Council may commence criminal proceedings or take other enforcement action in respect of the breach

If a fixed penalty is paid within the specified timescale in respect of a breach the Council will not take any further enforcement action in respect of that breach. Payment of a fixed penalty does not provide immunity from prosecution in respect of similar or recurrent breaches.

The Council is only able to issue fixed penalty notices where it has specific powers to do so. If fixed penalty notices are available, their issue is at the Council's discretion. In some circumstances, in particular where breaches are serious or recurrent, it may be that prosecution is more appropriate than the issue of a civil/fixed penalty notice.

#### **6.4.2.2 Civil penalties:**

The Council has powers to issue civil notices in respect of some breaches. If a civil penalty is not paid, the Council may commence proceedings or take other enforcement action in respect of the breach

If a civil penalty is paid within the specified timescale in respect of a breach the Council will not take any further enforcement action in respect

of that breach. Payment of a civil penalty does not provide immunity from prosecution in respect of similar or recurrent breaches.

The Council is only able to issue civil penalties where it has specific powers to do so. If civil penalties are available, their issue is at the Council's discretion. In some circumstances, in particular where breaches are serious or recurrent, it may be that proceedings are more appropriate than the issue of a civil penalty.

### **6.4.3 Work In Default**

In general, it is the responsibility of others to achieve compliance with the law. In certain cases the Council may undertake work to achieve compliance on behalf of others, and may seek a warrant to gain entry to land or premises to do so. This may occur if the responsible person fails to comply, cannot comply by virtue of genuine hardship, or is unable to comply by virtue of being absent. In these cases the Council's costs will be recovered from the responsible person. If the costs cannot be recovered, they will usually be placed as a charge against the property, to be recovered at a later date.

### **6.4.4 Cautions**

A simple caution (previously known as a formal caution) may be issued as an alternative to a prosecution and will be considered during any decision to prosecute.

A caution is a serious matter, which will influence any future decision should the company or individual offend again. It can be referred to in any subsequent court proceedings, but this will not apply if the caution was issued more than 3 years before. Where the offer of a caution is refused, a prosecution will generally be pursued.

No pressure will be applied to a person to accept a caution.

The Council maintains a central register of cautions administered.

### **6.4.5 Prosecution**

The Council recognises that the decision to prosecute is significant and would be a last resort and could have far reaching consequences on the offender. The decision to undertake a prosecution will normally be taken by the relevant /Head of Service or Senior Manager i, as outlined in the Scheme of Delegation

All relevant evidence and information will be considered before deciding upon a prosecution in order to enable a consistent, fair and objective decision to be made. The Council will have regard to the Attorney General's Code for Crown Prosecutors ([The Code for Crown Prosecutors | The Crown Prosecution Service \(cps.gov.uk\)](https://www.cps.gov.uk)), which means that the following criteria will be considered:

- Whether the standard of evidence is sufficient for there to be a realistic prospect of conviction;
- Whether the prosecution is in the public interest;

The public interest test will be considered in each case where there is enough evidence to provide a realistic prospect of conviction. The Council will consider whether there are public interest factors tending against prosecution which clearly outweigh those tending in favour, or it appears more appropriate in all the circumstances to divert the person from prosecution.

In deciding on the public interest the Council will make an overall assessment based on the circumstances of each case.

Where there has been a breach of the law leading to a work-related death, the Council will liaise with the police, coroner and the Crown Prosecution Service (CPS) and, if there is evidence of manslaughter, we will pass the case to the police or, where appropriate, to the CPS and /or the Health & Safety Executive (HSE).

## **6.5 Restorative Justice**

Where appropriate and available, the Council will consider the use of Restorative Justice. Restorative Justice is a process through which parties with a stake in a specific offence collectively resolve how to deal with the aftermath of the offence and its implications for the future.

## **6.6 Proceeds of Crime**

Where appropriate the Council will consider the use of the Proceeds of Crime Act 2002. The Proceeds of Crime Act allows Local Authorities to recover assets that have been accrued through criminal activity.

## **6.7 The Rent Repayment Orders and Financial Penalties (Amounts Recovered) (England) Regulations 2017**

Where appropriate the Council must consider the use of rent repayment orders where a relevant offence has been committed. The Council must serve a notice of intended proceedings containing the following

- informing the landlord that the authority is proposing to apply for a rent repayment order and explain why,
- state the amount that the authority seeks to recover, and
- Invite the landlord to make representations within a period of not less than 28 days.



## **7. Training and appointment of officers**

All officers undertaking enforcement duties will be suitably trained and qualified so as to ensure that they are fully competent to undertake their enforcement activities.

Officers may have a variety of delegated powers to assist them in carrying out investigations. For example, this can include the power to require answers to questions and the power to enter premises, usually during reasonable hours e.g. normal opening times. Officers will carry an identity card and their authorisation with them at all times. We will not insist on entry into a person's home without giving 24 hours notice or producing a Court Order. In the event of any doubt as to an officer's powers, confirmation can be obtained from any Council notice describing their powers, or by contacting the Council. It is an offence to obstruct an authorised officer who is conducting an inspection or investigation. Obstruction may lead to prosecution.

## **8. Shared Regulatory Roles**

Where the Council has a complementary regulatory role or is required to inform an outside regulatory agency of an incident or occurrence it will do so. Such external agencies include (but are not restricted to):

- Police
- Fire Authority
- County Council services
- Other Council services
- Health and Safety Executive
- Environment Agency
- Utility Providers
- Other Councils

Officers will attempt to co-ordinate visits and actions with other agencies to achieve the most efficient and effective outcomes and to minimise inconvenience for those who are being visited, inspected, or subject to other enforcement action.

Wherever possible, in situations where there is a shared enforcement role, the most appropriate authority will, by mutual agreement, carry out the enforcement action.

Exchange of information with other enforcement teams within the Council will take place wherever applicable. Liaison will also take place between relevant services and Members within the Council to avoid potential conflicts of interest.

## 9. What You Can Expect From Us

- We will be objective to ensure that our decisions are not influenced by gender, ethnic origin, religious or political beliefs, disability or sexual orientation
- We will enter into discussion and offer advice to anyone to try to ensure that they do not unnecessarily expose themselves to the possibility of formal action through a lack of understanding or information
- We will be consistent in our approach by following the criteria and guidance set down in relevant legislation, codes of practice, and our own written procedures and work instructions
- We will ensure that before deciding to offer a caution, or take a prosecution, the case will be subject to independent review by a senior manager
- We will provide a courteous and efficient service and our staff will identify themselves by name when they visit you, or speak to you on the telephone
- We will respect confidentiality subject to any legal requirements to disclose information (for example disclosure to support a prosecution)

## 10. How To Complain

If you are dissatisfied with the service you have received, please let us know. We are committed to providing quality services and your suggestions and criticisms about any aspect of our service will help us to do this. Most problems can be resolved with the Council employee who has been dealing with the matter, or you may wish to speak to their supervisor.

We will respect confidentiality subject to any requirement to disclose information (for example if it is necessary to do so in order to investigate the complaint, or to provide information to the Local Government Ombudsman). We will not normally investigate anonymous service complaints.

If you are still not happy, you can make a formal complaint using the Council's Complaints Procedure. Once we receive a formal complaint we will acknowledge receipt, in writing, immediately. A manager will investigate the complaint and will normally reply to you, in writing, within 10 working days, either giving a full answer or an indication of the likely time scale for the provision of a full answer. You will also be advised of what further action you can take if you are still dissatisfied. The Complaints Procedure can be viewed on the Council's web site at: [Compliments, complaints and suggestions - Cambridge City Council](#)

## **11. How To Contact Us**

Please visit the Cambridge City Council Website [Cambridge City council](#)

## **12. Review of Enforcement Policy**

This policy document will be reviewed every 3 years or sooner should legislation change

This document was first published in October 2014, reviewed October 2017, second review October 2022

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## 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](mailto:equalities@cambridge.gov.uk) or phone 01223 457046.

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

<b>1. Title of strategy, policy, plan, project, contract or major change to your service</b>
Corporate Enforcement Policy
<b>2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)</b>
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?**

The government expects Local Authorities to ensure that their approach to regulatory activities is transparent and accountable, and that clear service standards are set which establish what those they regulate should expect from them and how they respond to non-compliance. The response to non-compliance is based on risk, the response is determined on a case by case basis This is set out in the Councils' Enforcement Policy.

It is a requirement to have a Council Enforcement Policy and a new regulation came into force in April 2014 requiring the Enforcement Policy to be updated in line with the new Regulators Code. The Enforcement Policy applies to a number of different departments who deal with enforcement at all levels. This includes Environmental Health and Licensing, Planning, Building Control, Streets and Open Spaces, Safer Communities, Street Trading and Housing and Benefit Fraud.

There is a requirement to review the policy every 3 years, the last review was carried out on 2017 and this is a subsequent review of the policy with minor changes.

The policy may affect the way staff work and those working practices are covered in other policies such as Lone Working Policy or Health and Safety Policy.

**4. Responsible service**

**Environmental Services**

**5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service?**

**(Please tick 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):

**Businesses**

**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:

An Enforcement Steering Group was set up to include Officers from the following services: Environmental Health, Planning, Building Control, Housing Benefit Fraud, Street and Open Spaces, Safer Communities, City Centre Management, Legal and Strategy.

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

Resource and Strategy Scrutiny Committee

**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?**

Complaints received by members of the public, residents and businesses.

Feedback received from members of the public , residents and businesses

**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**

The Corporate Safeguarding policy is reflected in the Enforcement Policy and during any investigation if Officers are concerned about young people or vulnerable people they follow the correct reporting procedure.

**(b) Disability**

The Policy requires officers to consider the desirability of the type of enforcement, if any, on a person who is suffering from mental health or ill health. It will balance this with the need to safeguard others. This is a positive element of the policy.

**(c) Gender reassignment**

The policy is relevant regardless of gender.

**(d) Marriage and civil partnership**

Policy is relevant regardless of relationship status.

**(e) Pregnancy and maternity**

None



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**(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.**

Account is taken for the understanding of English and therefore the use of interpretation and translation services is used where necessary. It is important when taking enforcement action that all parties have a clear understanding of what is required. This is a positive element of the policy.

**(g) Religion or belief**

Officers aim to take account of people’s religious beliefs where possible, for example if requested not to visit on Friday due to attendance at Mosque Synagogue this is usually honoured if possible

**(h) Sex**

None

**(i) Sexual orientation**

The Policy encourages staff to believe in the dignity of all people and their right to respect and equality of opportunity. It values the strength that comes with difference and the positive contribution that diversity brings to our city.

**(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 one 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\\_159kt25q](https://media.ed.ac.uk/media/1_159kt25q)).**

The Policy has a neutral impact on low income groups and those experiencing poverty. Any action taken is considered on a case by case basis, and in line with the enforcement policies.

**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.)**

None

**12. Do you have any additional comments?**

No

### 13. Sign off

Name and job title of lead officer for this equality impact assessment: Yvonne O'Donnell  
Environmental Health Manager

Names and job titles of other assessment team members and people consulted: Heather  
Jones, Marianne Crozier, Wendy Johnson, John Shuttlewood, James Stevens

Date of EqIA sign off: October 2022

Date of next review of the equalities impact assessment: October 2025

Date to be published on Cambridge City Council website: October 2022

**All EqIAs need to be sent to Helen Crowther, Equality and Anti-Poverty Officer at  
[helen.crowther@cambridge.gov.uk](mailto:helen.crowther@cambridge.gov.uk).**

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