

Version 1
Strategy &
Resources

General Fund Medium-Term Financial Strategy

October
2017

2017/18 to 2022/23

Cambridge City Council



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

The annual Medium Term Financial Strategy sets out to predict the finances of Cambridge City Council for the next five years. Assumptions and forecasts are thoroughly reviewed and applied to the years ahead so that we can create and share a good guide to the Council's future finances. This provides a context within which we can then take appropriate decisions to manage our finances to provide high quality services, make the most of our assets for residents, and support our city priorities including tackling inequality and delivering additional affordable housing.

Financial uncertainty

In planning our finances for the next five years, we continue to be hindered by uncertainty over large parts of our income controlled by the Government. We do know that Revenue Support grant will end entirely for the Council in April 2019 and New Homes Bonus income has also been cut, and could be liable to further reduction by the Government, which would be unfair given the extra costs created by growth. We use New Homes Bonus mainly to provide much needed additional resources for planning that growth, sustainably, creating successful new communities, homelessness prevention, and carrying out capital projects that increase the benefit and value of our properties.

The Government has consulted on allowing councils as a whole to retain 100% of business rates rather than paying 50% over to the Treasury, as we do at present. Decisions are awaited on that, including on the potential role of the new Cambridgeshire and Peterborough Combined Authority. It is quite possible that the government would want local authorities to take on significant additional responsibilities in return for great devolution of business rates. We would not support such a change if those obligations are more expensive to provide than the additional income would pay for.

Our Response

With the year on year reductions in Government grants, and pressures to provide quality services to more people and businesses, it has been essential to develop strategy so that it is possible to set balanced budgets each year. We have had no choice but to develop ways of operating and running our finances which make us less reliant on Government funding, while still providing, and where possible enhancing, the hundreds of services we provide across the city.

Much of our focus involves reviewing and transforming the services we provide and how we deliver them. This includes a new priority of developing our digital strategy given the benefits from better use of technology and online access to our residents. It has also involved working in close collaboration with neighbouring councils and other partners to share services, with our partnership with South Cambridgeshire being at the heart. A further strategy has been continued releasing of funds found since 2014 to be unnecessarily locked away in reserves, and instead put them to use to produce income to make the city's real estate deliver more. We also have a major capital programme underway until 2020 and beyond.

The City Council has a very long history of investing in its own property and in new property and working those assets hard to provide income to support the cost of providing services. To develop further that income stream, since 2014 we have invested £25,000,000 in commercial property, producing an overall return of 6.5%. After technical adjustments £1,275,000 in new income has been contributed each year to the budget. A further £15,000,000 has been invested in a local authority property investment fund and this is currently producing a further £670,000 (4.46%). If that money had continued to be left earning bank interest, as happened previously, the income would have been well under 1% per year.

The Cambridge Investment Partnership has been established with our chosen partners Hill Investment Partnership to help us deliver major capital projects. This will include the 500 additional council homes in Cambridge we persuaded Government to fund over the next five years as part of the devolution agreement. This will provide additional council houses and flats to be managed by City Homes. This partnership will also enable the council to invest in providing housing at market and sub-market rents, thus providing a wider range of much needed new homes for rent in the city and further income to the Council to benefit residents into the future.

Austerity and Hardship

The country has now suffered for over seven years from the imposition of the austerity policy of successive governments. Public services for many in Cambridge have been cut, while at the same time letting market forces dictate rising costs. Failing to regulate markets, such as in energy and private rented housing, has brought great hardship to many, including by forcing public sector workers to accept far lower wages, especially when coupled with cuts in welfare benefits.

National evidence suggests this has hit lower income households far more than those on higher incomes, and the gap in wealth between rich and poor has widened significantly. A recent Centre for Cities report identified Cambridge as having the greatest inequality of any city in the UK in 2017, based on their chosen data indices on wages, pensions and other income. Parts of our city include people of great wealth while nearby there are pockets of people in poverty and severe deprivation, which continue to be a core council delivery target. The poorest in our city need direct assistance and support via community organisations we grant-fund and our extra housing investment. Everyone in Cambridge deserves the opportunity to share in the city's growing prosperity.

Central government limits the powers of local district councils to alleviate the resultant hardship, and a whole range of challenges requires a change in national policy, which is currently blind to the challenges of people on low incomes in high housing costs areas like Cambridge. As a district council we have limited powers to alleviate the resultant hardship and we need changes of national policy across a range of public services to address the challenges of people on low incomes in high housing costs areas like Cambridge. We have reviewed and reformed the way the council works so that we can maintain and even develop services and housing provision rather than cut them, by focusing our efficiencies on how we deliver, not what we deliver. And we have specifically chosen to allocate resources to support our Anti-Poverty Strategy, and to target our annual £900,000 in community grants to those helping people in greatest need.

Soon after the Labour administration was elected to take over running the city in 2014, the Anti-Poverty Strategy was launched to improve the standard of living and daily lives of Cambridge residents experiencing poverty. As well as applying its objectives across the delivery of key frontline council services, the Strategy is resourced with its own fund (the Sharing Prosperity Fund) which has so far invested over £1,300,000 extra in new, additional projects which have already helped a significant number of our low income residents, and made a real difference to their lives.

Conclusion

This Medium Term Financial Strategy continues the vital work of the Anti-Poverty Strategy, while maintaining and developing the wide range of services we provide. It also embraces the core financial objectives of this Council: sound and prudent financial management, the minimisation of the need for cuts to services, investment in more affordable housing, and a fairer and more equal city, a city we are so proud to serve.

Cllr Lewis Herbert - Leader of the Council

Cllr Richard Robertson – Executive Councillor for Finance and Resources

Section 1

Introduction

Background

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

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

The GF MTFS incorporates a review of the current year's budget position and updated projections for the 5 years from 2018/19 to 2022/23. These demonstrate the effects of any changes in assumptions made and their impact in terms of savings requirements. A key part of the MTFS process is the identification of:

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

Budget consultation

Cambridge City Council last carried out a residents' survey in 2016 including questions on priorities for the council's budget in 2017/18, alongside questions on:

- satisfaction with the council and the services it provides;
- how the council should communicate with residents and businesses; and
- how residents and businesses would prefer to engage with the council.

A similar exercise is planned for September 2017 which will inform the 2018/19 budget process and service priorities.

Some of the satisfaction 2016 questions were drawn from a standard set of questions developed by the Local Government Association to allow benchmarking against other local authorities, while other questions were similar to previous residents surveys carried out by the council, to allow comparison with results from previous years.

Findings from focus groups have been explored in more depth through two supplementary workshops. The first workshop focused on residents on low incomes, who tend to be under-represented within City Council consultations, and explored whether their views are similar or different to those expressed by respondents to the postal survey. The second workshop focused on local businesses, and explored which services they think should be prioritised in the council's budget for 2017/18, and whether their preferences for communication and engagement methods are similar to those expressed in the postal survey.

The findings from the consultation will inform the decisions that councillors make about the about the council's budget for 2018/19, as well as the Council's approach to communications and its developing digital strategy.

Timetable

Key dates and decision points are set out below:

| Date | Task |
|-------------|--|
| 2017 | |
| 9 October | Strategy & Resources Scrutiny Committee consider the GF MTFS for recommendation to Council by the Leader |
| 19 October | Council considers both GF and HRA MTFS reports |
| 2018 | |
| 4 January | Budget Setting Report (BSR) published |
| 22 January | BSR considered by Strategy & Resources Scrutiny Committee |
| 25 January | The Executive consider and recommend the BSR and Council Tax level to Council |
| 12 February | Special Strategy & Resources Scrutiny Committee to consider any budget amendment proposals |
| 22 February | Council approves Budget Setting Report and sets the level of Council Tax for 2018/19 |

Section 2

Policy context, priorities and external factors

Local policy context and priorities

Corporate Plan

The council's Corporate Plan was approved in February 2017 at the same time as the Budget for 2017/18. It sets out the aims and objectives of the council and how these will be achieved.

The Leader's Foreword to this MTFS supplements the Corporate Plan by setting a direction of travel for the council which responds to the future financial outlook.

Partnership working

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

The Greater Cambridge Partnership

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

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

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

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

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

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

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

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

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

Cambridgeshire and Peterborough Combined Authority

In November 2016, eight organisations¹ in Cambridgeshire, including Cambridge City Council, agreed a devolution deal with the government to form the Cambridgeshire and Peterborough Combined Authority (CA). The deal gives delegated powers to the

¹ Cambridge City Council; Cambridgeshire County Council; East Cambridgeshire District Council; Fenland District Council; Huntingdonshire District Council; Peterborough City Council; South Cambridgeshire District Council; Greater Cambridge Greater Peterborough Local Enterprise Partnership

Combined Authority and a new elected Mayor and brings funding to the region. Following elections on 5 May 2017, James Palmer was elected as Mayor for the Combined Authority. Councillor Lewis Herbert represents the council on the CA.

The CA will receive funding and powers from Central Government in a number of areas including:

- £100 million to deliver new homes over a five-year period in Peterborough and Cambridgeshire which includes affordable, rented and shared ownership housing, plus £70m for Cambridge City Council to deliver at least 500 new council homes.
- £20 million a year funding over 30 years to support infrastructure and boost economic growth in the region

The key ambitions for the CA include:

- doubling the size of the local economy
- accelerating house building rates
- improving transport and digital infrastructure.

It has been agreed that the Combined Authority costs will be funded from the gain share grant and therefore there will be no charge to the City Council for this. The Mayor has the power to raise a precept (i.e. a separate additional element of council tax to fund the running costs of the Mayoral office). The earliest this could take effect is from 2018/19.

The Combined authority (but not the Mayor) can levy constituent councils to make a contribution towards its functions but this would need to be unanimously agreed by those authorities through the budget making process for the CA. Each Council could also decide voluntarily to make a financial contribution to the CA.

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

Shared services

The council shares some services with neighbouring councils and is working to develop other shared services. Benefits include improvements in service delivery, efficiencies and greater resilience. The following services are delivered in two or three way partnerships:

Building Control (3)

Legal (3)

ICT (3)

Housing Development Agency (2)

Home Improvement Agency (2)

CCTV (2)

Internal Audit (2)

Waste & Recycling (2)

Payroll (2)

External factors

Brexit negotiations and the General Election

Following the referendum on 2016, the government have entered into formal negotiations with the EU to agree our exit terms. The current impact is a rise on inflation caused initially by the weakness of sterling however there are signs that this is now improving.

The June 2017 general election has seen the election of a Conservative led minority government supported when necessary by the Democratic Unionist Party. The true impact on council funding is unlikely to be seen until the Chancellor's Budget in the autumn – the first to follow the new budget timetable. From winter 2017, Finance Bills will be introduced following the Budget. The aim will be to reach Royal Assent in the spring, before the start of the following tax year. This change in timetable will help Parliament to scrutinise tax changes before the tax year where most take effect.

Although economic commentators had previously agreed that the UK would see lower growth there is a now record level of employment. The prospects for UK growth remain sound in the medium term although until Brexit negotiations have progressed further, it is difficult to make longer term predictions. There is the possibility that uncertainty triggered by the forthcoming Brexit will cause changes in the structure and operation of the European Union in future years which may further impact the economic prospects and the UK and Europe.

Inflation rates

The base rate of inflation used to drive expenditure assumptions in the GF financial forecasts is the Consumer Price Index (CPI). Previously the base level of inflation included within forecasts was 2% reflecting the Government target for CPI. However, the Bank of England's August 2017 forecast, which reflects the inflationary impact of the decline in the sterling exchange rate, shows higher expected levels of CPI inflation of around 2.6% for 2018/19 reducing thereafter to just above the target rate of 2%. We have therefore revised our assumptions to align with the Bank of England's forecasts, see Section 3. Rates used will be reviewed again for the BSR in February 2018.

Interest rates on deposits

The council lends its cash balances externally on a short-term basis, with a view to generating a return that can be spent on delivering council services whilst managing both security and liquidity of the cash. Members of the Bank of England Monetary Policy Committee (MPC) unanimously reduced the bank rate to 0.25% (previously 0.50%) on 4th August 2016, the first bank rate change since 2009. At its meeting on 2 August 2017, the Committee voted by a majority of 6-2 to maintain Bank Rate at 0.25%.

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

Interest rates on external borrowing

The Council has no GF borrowing or existing plans to borrow.

National policy context

Government spending announcements

The Chancellor has maintained the government's pledge to eliminate the budget deficit by 2025. Alongside tax revenues, which are largely determined by the pace of economic growth, this pledge will have considerable impact on the medium term outlook for local government funding. The Chancellor's next budget statement, due late in the autumn, is expected to set out how the government wants to shape its fiscal policy and may give some indication of the future trajectory of funding for local government.

The Financial Times recently reported that funding to local government has fallen by 77% since 2010. Various commentators have noted that cuts in funding for local government now appear to be having unacceptable effects on some public services. Going forward, there are some indications that this might change, possibly by increasing the share of public spending allocated to the local government sector.

Local government finance

2018/19 and future years

In December 2015, as part of the provisional local government settlement, a four year funding guarantee was offered to councils that submit an efficiency plan. The City Council's plan has been accepted by government, confirming revenue support grant (RSG) and baseline levels of business rates for 2016/17 to 2019/20.

The final local government finance settlement announced in February 2017 provides firm funding figures for 2017/18 and indicative figures for the following two years. However, only certain elements are subject to the funding guarantee. These elements are Revenue Support Grant (RSG), Transitional Grant and Rural Services Delivery Grant. Only RSG is relevant for the City Council and the settlement effectively phases this grant out over the 4-year timeframe. In addition, business rates tariffs and top-ups in 2018/19 and 2019/20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

Uncertainty remains for 2018/19 and beyond, principally due to delays in the development of the 100% business rates retention scheme arising from the 2017 general election. This work includes identifying further responsibilities to devolve to councils to match higher levels of business rates retention and a review of needs and distribution.

This MTFs therefore assumes that the level of Settlement Funding Assessment (SFA) will be as indicated in the 2017/18 settlement, included in the February 2017 BSR and as shown below. There is considerable uncertainty relating to SFA for 2020/21, 2021/22 and 2022/23, as this is beyond the current parliamentary term and after the implementation of 100% business rates retention. The overall SFA has therefore been assumed to remain at 2019/20 levels.

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue Support Grant (RSG) | 1,104 | 571 | - | - | - |
| Business rates baseline | 3,986 | 4,104 | 4,259 | 4,387 | 4,518 |
| Business rate tariff adjustment / negative RSG | - | - | (24) | (152) | (283) |
| Total SFA - per 2017/18 finance settlement | 5,090 | 4,675 | 4,235 | 4,235 | 4,235 |

New Homes Bonus

The New Homes Bonus (NHB) was launched in 2010 as a non-ringfenced payment to all local authorities based on the number of new homes added each year within its area. The eligible amount was then paid for each of a period of 6 years. A cut of approximately two-thirds of the funding available for NHB was announced in the 2015 Spending Review, followed by a technical consultation on the future of the scheme.

The outcome of the technical consultation was published alongside the provisional settlement in December 2016. This confirmed the expected direction of travel, 'sharpening the incentive' for councils to deliver new housing. Specifically:-

- The length of NHB payments was cut from six to five years in 2017/18, and further reduced to four years from 2018/19 onwards.
- A national baseline, or 'deadweight', of 0.4% was introduced, below which NHB will not be paid. The government has retained the option of adjusting this baseline, effectively providing a mechanism to control the total NHB payable to councils. The City Council receives 80% of NHB payable on increases in housing stock above the 0.4% deadweight, with the County Council receiving the remaining 20%.
- From 2018/19 the government will consider withholding NHB payments from councils without a local plan, and for houses built following planning appeals. Work continues to complete the processes for adopting the Local Plan but the specifics including timing are also dependent on the Planning Inspection process.

The government has included ways of implementing reductions in NHB for houses built following planning appeals in its technical consultation of the local government finance settlement. At present no reductions have been included in the council's forecasts.

The table below includes estimates of future NHB payments based on expected housing completions and the years of payment and deadweight indicated in the government's consultation response. Any changes in these factors could materially impact these estimates. NHB is currently used to fund both revenue and capital spending related principally to growth and place. Along with partners, the Council has committed 40% of NHB funding each year to a City Deal Investment and Delivery Fund, with remaining amounts reserved for schemes to mitigate the impacts of the A14 upgrade. However, the council's revenue expenditure and A14 mitigation take priority over the contribution to the City Deal Investment and Delivery Fund. If NHB reduces, it is the contribution to this Fund that would be impacted first. Greater reductions may require savings in revenue or capital

spending, with the spending listed above being considered against other spending priorities.

NHB receipt estimates, based on projections of future housing completions and empty homes brought back into use, are shown below, along with current commitments.

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Confirmed NHB funding at February 2016 BSR | (4,801) | (2,947) | (1,360) | - | - |
| Add | | | | | |
| Confirmed NHB receipts for 2017/18 | (1,161) | (1,161) | (1,161) | (1,161) | - |
| Estimated NHB receipts for 2018/19 | - | (1,302) | (1,302) | (1,302) | (1,302) |
| Estimated NHB receipts for 2019/20 | - | - | (1,274) | (1,274) | (1,274) |
| Estimated NHB receipts for 2020/21 | - | - | - | (610) | (610) |
| Estimated NHB receipts for 2021/22 | - | - | - | - | (952) |
| Potential New Homes Bonus Total | (5,962) | (5,410) | (5,098) | (4,348) | (4,139) |
| | | | | | |
| Commitments against NHB | | | | | |
| Funding for officers supporting growth e.g. within planning | 785 | 785 | 785 | 785 | 785 |
| Replacement of Homelessness Prevention Funding subsumed into the SFA | 564 | 564 | 564 | 564 | 564 |
| Public Realm Officer - Growth X3782 | 35 | 35 | - | - | - |
| Direct revenue funding of capital | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 |
| Contribution to A14 mitigation | - | - | 1,500 | - | - |
| Further approvals | 400 | - | - | - | - |
| A14 mitigation contribution funded from reserved amounts | - | - | (1,505) | - | - |
| Contribution to City Deal Investment and Delivery Fund | 2,385 | 2,164 | 2,039 | 1,739 | 1,656 |
| Total commitments against NHB | 5,244 | 4,623 | 4,458 | 4,163 | 4,080 |
| | | | | | |
| NHB reserved for A14 mitigation | 718 | 787 | - | - | - |
| | | | | | |
| Cumulative amounts reserved for A14 mitigation | (718) | (1,505) | - | - | - |
| NHB uncommitted | 0 | 0 | 639 | 185 | 59 |

Section 3

Review of key assumptions

Budget forecasts presented in the February 2017 Budget Setting Report were based on a number of key assumptions, for example levels of general and pay inflation, interest rates, future funding requirements and Council Tax levels.

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

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

| Key area | Assumption | Comment / Sensitivity |
|----------------------------|--|--|
| Pay Inflation | Pay progression cost estimate plus: 2018/19 - 2.0% 2019/20 - 2.0% and 2.0% thereafter (no change) | Reflects the potential change from the current Government guidance of 1% cap previously built in for 2018/19 and 2019/20. |
| Employee turnover | 3% | In general, employee budgets assume an employee turnover saving of 3.0% of gross pay budget. Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable. |
| General inflation (CPI) | 2018/19 - 2.6% 2019/20 - 2.2% 2020/21 - 2.3% thereafter 2.0% (previously 2.4% all years) | Updated central provisions have been made as appropriate for fuel, electricity and gas based on current knowledge of these markets or revised contractual commitments. The same inflation factors are applied to Central and Support Services as for direct services. |

| Key area | Assumption | Comment / Sensitivity |
|-------------------------------------|---|---|
| Major contracts | Inflation per contract | Major contracts and agreements, in term, are rolled forward based on the specified indices in the contract or agreement |
| Income and charges increases | 2.0% | Income and charges – general assumption of 2.0% ongoing, but specific reviews of all charges required by committees. Property rental income based on detailed projections and rent reviews. |
| Investment interest rate assumption | 1.0% | |
| Capital funding contributions | £1.8m | Capital funding contributions at base level of £1.8m per annum with feasibility budget of ~£80,000. |
| Council Tax increase | 2018/19 onwards 2.0% | Council Tax for a Band D property in 2018/19 of 2%. Option remains to increase yield to £5 (2.7%) per property yielding ~ £60,000. |
| Government grant (SFA) | Indicative levels of grant as notified through the final local government finance settlement in early 2017. | |

Section 4

Review of budgets and savings targets

2016/17 outturn

A favourable variance of £1,116k (2015/16: £2,479k) after approved carry forward requests of £914k (2015/16: £485k) was recorded on net service spending in the GF for 2016/17. After variances on government funding, statutory capital accounting adjustments, contributions to/ from earmarked reserves and the application of direct revenue funding for capital have been taken into account, the overall net effect was an increase in the GF reserve of £1,848k (2015/16: £2,893k)

The variance on net service spending was spread widely across the council and various categories of income and expenditure. There was an overachievement of income targets as in previous years, although this year at £585k was less than in previous years. The largest single variance was for staff and agency workers underspent by more than £0.9m (3% of budget). Other variances were generally small, full details are shown in the outturn overview report to Strategy & Resources scrutiny committee.

2017/18 budgets

Departmental budgets are regularly monitored to ensure that the service spends only what is necessary to deliver its aims and objectives. Where variances are identified, either positive or negative, appropriate measures are undertaken.

A summary of these impacts and other identified pressures and savings are given in the table below and they have been included in the revised projections for the GF and saving requirements given in Section 5.

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Changes to base assumptions (see section 3) | | | | | | |
| Inflation | - | 41 | 1 | (20) | (105) | (105) |
| Pay award | - | 253 | 522 | 542 | 565 | 565 |
| Incremental progression | - | (102) | (210) | (326) | (451) | (576) |
| Staff turnover | - | (400) | (400) | (400) | (400) | (400) |
| Total changes to base assumptions (see memo) | - | (208) | (87) | (204) | (391) | (516) |
| Proposal: | | | | | | |
| Accommodation costs at Waterbeach -2017/18 from reserves (see narrative below) | - | 144 | 144 | 144 | 144 | 144 |
| New proposals and re-phasing: | | | | | | |
| Capital expenditure met from GF Reserves (Office Accommodation Mandela House) | 450 | - | - | - | - | - |
| Pre-planning development costs for Silver Street toilets | 70 | | | | | |
| Additional contribution to Sharing Prosperity Fund | 100 | - | - | - | - | - |
| Accommodation costs at Waterbeach (see narrative below) | 144 | - | - | - | - | - |
| Total new proposal and re- phasing – financed from GF reserves | 764 | - | - | - | - | - |
| Use of reserves to attain target levels (see memo): | | | | | | |
| Adjustment to savings to attain target level of reserves at the end of 5 years and smooth savings over the final 4 year period | - | 174 | 366 | 565 | 693 | 883 |
| Total use of General Fund reserves | 764 | 174 | 366 | 565 | 693 | 883 |
| Memo – impact on savings targets: | | | | | | |
| Year on year change to base assumptions | - | (208) | 121 | (117) | (187) | (125) |
| Year on year change for Waterbeach | - | 144 | - | - | - | - |
| Year on year to attain target levels | - | (174) | (192) | (199) | (128) | (190) |
| Year on year total | | (238) | (71) | (316) | (315) | (315) |

New revenue proposals

A revenue budget bid of £70k in 2017/18 is presented to support the further development of a scheme to improve the public conveniences on Silver Street. This will allow design alternatives to be developed, further stakeholder and public consultation to be held and planning permission to be obtained. This is in addition to £30k of feasibility funding already spent on consultation and the development of proposals. This further work is expected to result in a future capital bid of approximately £530k to implement the improvements.

The Sharing Prosperity Fund (SPF) has approximately £52k funding currently uncommitted. £100k will be allocated to the fund to support projects which will help deliver the objectives of the Council's revised Anti-Poverty Strategy. Officers have identified a number of potential projects that would address key areas of need highlighted in the strategy and they will be developing more detailed project proposals for consideration and approval by the Executive Councillor in due course. These potential projects include:

- additional capacity to provide advice and support to residents in poverty on measures to reduce their energy and water bills, continuing and extending existing projects
- engagement work with low income residents living in poor quality accommodation in the private rented sector
- additional work to support residents on low incomes to access the internet and develop their digital skills
- trialling of the new Culture Card for young people from low income households

The additional funding will also provide an opportunity to develop new projects in other areas, such as adult skills or employability for instance, in line with the objectives of the revised Anti-Poverty Strategy.

£144k relates to costs of setting up and running the depot at Waterbeach which were anticipated during the planning of the shared service but not included fully in the budget. The overall savings from the shared service remain unaffected.

Applying these changes to budget assumptions gives an indication of the net savings requirements by year for the next 5 years, assuming that savings are delivered in the year that the requirement is identified. The requirement for net savings is then adjusted using GF reserves to create a consistent profile across the period.

Following these changes, the net savings requirements in the remaining 4 years of the period total around £1.0m.

| Description | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| BSR 2016 - Current Savings Target (new savings each year) | 238 | 316 | 561 | 560 | 560 |
| Previous year savings not achieved / (over achieved) | 0 | - | - | - | - |
| Changes to base assumptions | (208) | 121 | (117) | (187) | (125) |
| Net pressures | 144 | - | - | - | - |
| Savings still to be found | 174 | 437 | 444 | 373 | 435 |
| Use of reserves to smooth savings through adjustment to base expenditure | (174) | (192) | (199) | (128) | (190) |
| Savings still to be found | - | 245 | 245 | 245 | 245 |

The level of net savings requirement identified by this MTFs provides a baseline for detailed budget setting work. Experience has shown that this work will identify spending pressures, many of which are unavoidable. Whilst not unavoidable, additional expenditure may also be proposed to protect or enhance service levels. Any additional spending agreed will increase savings requirements accordingly. In previous years this process has increased savings requirements by up to £1m per year.

Section 5

General Fund – Expenditure and funding

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

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenditure | | | | | | |
| Net service budgets | 21,402 | 20,302 | 18,947 | 20,721 | 21,271 | 21,093 |
| Capital accounting adjustments | (6,155) | (6,155) | (6,155) | (6,155) | (6,155) | (6,155) |
| Capital expenditure financed from revenue | 4,793 | 1,458 | 1,786 | 1,786 | 1,786 | 1,786 |
| Contributions to earmarked funds | 5,868 | 3,951 | 3,679 | 2,924 | 2,715 | 2,715 |
| Revised net savings requirement | 0 | 0 | (245) | (245) | (245) | (245) |
| Net spending requirement | 25,908 | 19,556 | 18,012 | 19,031 | 19,372 | 19,194 |
| Funded by: | | | | | | |
| Settlement Funding Assessment (SFA) | (5,093) | (4,689) | (4,240) | (4,240) | (4,240) | (4,240) |
| Locally Retained Business Rates – Growth Element | (800) | (800) | (800) | (800) | (800) | (800) |
| Other grants from central government | 0 | 0 | 0 | 0 | 0 | 0 |
| New Homes Bonus (NHB) | (5,962) | (5,410) | (5,098) | (4,348) | (4,139) | (4,139) |
| Appropriations from earmarked funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Council Tax | (7,807) | (8,178) | (8,450) | (8,776) | (9,132) | (9,132) |
| Contributions (from) / to reserves | (6,246) | (479) | 576 | (867) | (1,061) | (883) |
| Total funding | (25,908) | (19,556) | (18,012) | (19,031) | (19,372) | (19,194) |

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

Section 6

Capital plan

Approved plan

The capital plan was approved by council in February 2017. Since then the plan has been updated for projects carried forward or rephased from 2016/17 of £30,400k and for further approval of £450k.

| Approved since BSR | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Total £000 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Approved at BSR Feb 2017: | | | | | | | |
| Programmes | 3,573 | 300 | - | - | - | - | 3,873 |
| Projects | 3,036 | 61 | 25 | 25 | - | - | 3,147 |
| Sub-total | 6,609 | 361 | 25 | 25 | - | - | 7,020 |
| Provisions | 1,145 | 220 | 56 | 487 | - | - | 1,908 |
| Total | 7,754 | 581 | 81 | 512 | - | - | 8,928 |

| | | | | | | | |
|---|---------------|------------|-----------|------------|-----------|----------|---------------|
| Changes approved and adjustments made in year: | | | | | | | |
| Programmes | 20,316 | 922 | - | - | - | - | 21,238 |
| Projects | 4,585 | - | - | - | - | - | 4,585 |
| Sub-total | 24,901 | 922 | - | - | - | - | 25,823 |
| Provisions | 4,555 | 42 | 40 | 329 | 61 | - | 5,027 |
| Total | 29,456 | 964 | 40 | 329 | 61 | - | 30,850 |

| | | | | | | | |
|-------------------------------|---------------|--------------|------------|------------|-----------|----------|---------------|
| Current approved plan: | | | | | | | - |
| Programmes | 23,889 | 1,222 | - | - | - | - | 25,111 |
| Projects | 7,621 | 61 | 25 | 25 | - | - | 7,732 |
| Sub-total | 31,510 | 1,283 | 25 | 25 | - | - | 32,843 |
| Provisions | 5,700 | 262 | 96 | 816 | 61 | - | 6,935 |
| Total | 37,210 | 1,545 | 121 | 841 | 61 | - | 39,778 |

Mid-year capital spending proposals

In addition to projects already approved (and included in the above Current Plan), the tables below list proposals that have been endorsed by the Capital Programme Board and are now proposed for funding, All items have assigned existing funding sources with four impacting on Capital Funding Available (as indicated).

| Ref. | Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Total £000 |
|------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | Approved since BSR Feb 2017: | | | | | | | |
| PR050 b | Office Accommodation Mandela House – funded from GF reserves | 450 | - | - | - | - | - | 450 |
| | | | | | | | | |
| | Total Approved since BSR Feb 2017 | 450 | - | - | - | - | - | 450 |

| Ref. | Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Total £000 |
|-------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | Proposals | | | | | | | - |
| SC648 | Local Centres Improvements Programme - Arbury Court | 59 | 141 | - | - | - | - | 200 |
| SC653 | Replacement heating system at the Waterbeach garage | 39 | - | - | - | - | - | 39 |
| SC652 | Modification to in-ground lift in Waterbeach ¹ | 18 | - | - | - | - | - | 18 |
| SC645 | Electric vehicle charge points – use of additional funding received | 205 | 145 | 151 | 25 | - | - | 526 |
| | Sub-total | 321 | 286 | 151 | 25 | - | - | 783 |
| Misc | Section 106 miscellaneous | 833 | 14 | - | - | - | - | 847 |
| | Total Proposals | 1,154 | 300 | 151 | 25 | - | - | 1,630 |

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

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

| Prioritisation category | SC648 - Local Centres Improvement Programme - Arbury Court | SC653 - Replacement boilers at the Waterbeach garage CPB to approve) | SC652 - Modification to in-ground lift in Waterbeach |
|---|--|--|--|
| Statutory requirement or business critical | No | Yes | No |
| Alignment with council objectives (averaged over 7 objectives) | 1.4 out of 5 | 0.6 out of 5 | 0.7 out of 5 |
| - delivering sustainable prosperity for Cambridge and fair shares for all | 1 | 0 | 0 |
| - tackling the housing crisis | 1 | 0 | 0 |
| - Making Cambridge safer and more equal | 1 | 0 | 0 |
| - Investing in improving transport | 1 | 0 | 0 |
| - Protecting our city's unique quality of life | 4 | 0 | 0 |
| - Tackling climate change and making Cambridge cleaner and greener | 1 | 4 | 0 |
| - Protecting essential services and transforming delivery | 1 | 0 | 5 |
| Financial impact | 0 (revenue cost neutral) | 0 (revenue cost neutral) | 1 (increased income) |
| Delivery risk – project planning | Low | Medium | Low |
| Delivery risk – project complexity | Medium | Low | Low |
| Key – scoring of alignment with council objectives | 0 Scheme does not support this objective in any way 1 Scheme provides minimal support for this objective 2 Scheme provides some support and/or indirect support for this objective 3 Scheme aligned to this objective, either directly or provides necessary facilitation (e.g. a computer system) 4 Scheme directly aligned to this objective, with some additional benefits for the council 5 Scheme will deliver this objective in a value added / innovative way with additional benefits for the council | | |

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

| Approved since BSR including proposals | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Total £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| BSR Feb 2017: | | | | | | | |
| Spend | 7,754 | 581 | 81 | 512 | - | - | 8,928 |
| Funding | (7,754) | (1,870) | (1,842) | (2,273) | (1,786) | (1,786) | (17,311) |
| Funding available and unapplied | - | (1,289) | (1,761) | (1,761) | (1,786) | (1,786) | (8,383) |
| Changes approved and adjustments made in year: | | | | | | | |
| Spend | 29,456 | 964 | 40 | 329 | 61 | - | 30,850 |
| Funding | (29,456) | (964) | (40) | (329) | (61) | - | (30,850) |
| Funding available and unapplied | - | - | - | - | - | - | - |
| Proposals: | | | | | | | |
| Spend: | | | | | | | |
| S106 | 833 | 14 | - | - | - | - | 847 |
| Other | 321 | 286 | 151 | 25 | - | - | 783 |
| Funding: | | | | | | | |
| S106 | (833) | (14) | - | - | - | - | (847) |
| Other | (215) | (145) | (151) | (25) | - | - | (536) |
| Rephase DRF / funding available from 2018/19 | (106) | 106 | - | - | - | - | - |
| Funding available and unapplied | - | 247 | - | - | - | - | 247 |
| Revised capital funding availability | - | (1,042) | (1,761) | (1,761) | (1,786) | (1,786) | (8,136) |
| | | | | | | | |
| Memo: 5% top-slice of 'BSR 2015 funding available' for feasibility budget (revenue) | 82 | 82 | 94 | 94 | 94 | 94 | 540 |

It should be noted that, in the absence of available capital funding in 2017/18, £450k has been taken directly from GF reserves to fund works at Mandela House, as approved through urgency procedures. The three schemes proposed in this MTFS put a further demand on capital funding, totalling £247k. In the absence of available capital funds, these schemes could be funded from one or a mixture of the sources listed below:

- Directly from GF reserves, reducing the headroom above the prudent minimum balance and increasing savings requirements
- Capital funding brought forward from 2018/19, reducing the available balance to £1,042k if all 3 schemes are funded, and thereby restricting the value of capital schemes that can be funded through the budget setting process for 2018/19.
- Funding made available by deleting or stopping schemes currently on the capital plan and reassigning funding to the proposed schemes.
- Future expected capital receipts, addressing the timing difference through internal borrowing. This approach would limit the opportunity to reinvest in commercial property, or to assign the capital receipts to fund forthcoming major projects.

It is recommended that the schemes are funded from the 2018/19 allocation of capital funding, with the requirement to review and challenge the levels of capital expenditure in the budget setting process for that year.

Revised plan

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

| MTFS Proposals | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Total £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Current approved plan total (as above): | 37,210 | 1,545 | 121 | 841 | 61 | - | 39,778 |
| Changes proposed: | | | | | | | |
| Programmes | 833 | 14 | - | - | - | - | 847 |
| Projects | 321 | 286 | 151 | 25 | - | - | 783 |
| Sub-total | 1,154 | 300 | 151 | 25 | - | - | 1,630 |
| Provisions | - | - | - | - | - | - | - |
| Total | 1,154 | 300 | 151 | 25 | - | - | 1,630 |
| Proposed plan: | | | | | | | |
| Programmes | 23,904 | 1,222 | - | - | - | - | 25,126 |
| Projects | 8,760 | 361 | 176 | 50 | - | - | 9,347 |

| MTFS Proposals | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Total £000 |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Sub-total | 32,664 | 1,583 | 176 | 50 | - | - | 34,473 |
| Provisions | 5,700 | 262 | 96 | 816 | 61 | - | 6,935 |
| Total | 38,364 | 1,845 | 272 | 866 | 61 | - | 41,408 |

Work continues to develop a number of larger schemes to be brought forward for funding approval through the Budget Setting Report in February 2018 and beyond. These schemes will draw on capital funding available and reported above, expected capital receipts and potentially internal and external borrowing as appropriate for the scheme. These larger schemes are likely to include the redevelopment of Mill Road Depot and development at Cambridge Fringe North East.

Section 7

Risks and reserves

Risks

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

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- The economic impact of the United Kingdom leaving the European Union may impact some of the council's income streams such as car parking income, commercial rents and planning fee income;
- Funding from central government (Settlement Funding Assessment, New Homes Bonus and other grants) may fall below projections;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals, which may be backdated to 2010, may significantly exceed the provision put aside for this purpose;
- The business rates revaluation, which came into effect in April 2017 may reduce business rates receipts;
- The impact of 100% business rates retention, coupled with any additional responsibilities handed down to the council at that time, may create a net pressure on resources;
- New legislation or changes to existing legislation may have budgetary impacts;
- Unforeseen capital expenditure, such as major repairs to offices and commercial properties, may be required;

- The implementation of proposals to tackle congestion in Cambridge may adversely impact car parking income and the delivery of services that rely on officers travelling around the city. The council may also become subject to a work place parking levy;
- The council may have to contribute to costs associated with the implementation and administration of devolution proposals; and
- The council may not be able to replace time-limited funding for commitments to maintain open spaces associated with growth sites, or implement alternative arrangements for their maintenance.

Reserves

General Fund reserve

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

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

| General Fund reserves | £m |
|--|-----------|
| February 2017 BSR | |
| - Target level | 6.37 |
| - Minimum level | 5.31 |
| September 2017 MTFS – Recommended levels | |
| - Target level | 6.42 |
| - PMB | 5.35 |

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

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Balance as at 1 April (b/fwd) | (15,412) | (9,166) | (8,687) | (9,263) | (8,396) | (7,335) |
| Total Contribution (to) / from reserves | 6,246 | 479 | (576) | 867 | 1,061 | 883 |
| Balance as at 31 March (c/fwd) | (9,166) | (8,687) | (9,263) | (8,396) | (7,335) | (6,452) |

Earmarked and specific funds

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

A review of the purpose and use of these funds was undertaken during 2014/15. A number of the funds were discontinued and balances released. These funds are now subject to annual review as part of the MTFS to ensure that principles agreed at the time are applied:-

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

| Type of earmarked or specific fund | Balance at 31 March 2017 £000 | Balance at 31 March 2016 £000 |
|------------------------------------|----------------------------------|----------------------------------|
| Major policy-led funds | 10,796 | 7,472 |
| R&R funds | 2,753 | 2,143 |
| Statutory and accounting reserves | 3,844 | 4,717 |
| Shared / partnership funds | 5,330 | 2,212 |

| Type of earmarked or specific fund | Balance at 31 March 2017 £000 | Balance at 31 March 2016 £000 |
|--|-------------------------------------|-------------------------------------|
| Other – to be closed once committed balances are spent | 1,063 | 1,243 |
| Total | 23,786 | 17,787 |

Section 8

Budget strategy

General Fund savings requirements

The February 2017 BSR identified the need to find £238k of ongoing net savings in the GF in 2018/19. Current financial projections, taking account of revised assumptions and incorporating all changes proposed as part of this GF MTFS show that work remains to be done to balance the budgets over the period 2018/19 and beyond, with additional net savings of around £1.0m to be found in the next five years.

| Description | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net savings requirement (BSR Feb 2017) | 238 | 316 | 561 | 560 | 560 |
| Contribution to savings target (Section 4) | (238) | (71) | (316) | (315) | (315) |
| Revised (MTFS) net savings requirement | 0 | 245 | 245 | 245 | 245 |

General Fund budget strategy

The budget process

The GF budget process for 2018/19 will remain broadly similar to that for previous years, working within an overall cash limit designed to meet known financial pressures. The base model used to prepare this report has driven the recommendations in respect of the 2018/19 budget process and provided indications of the level of savings required to meet both current and anticipated spending needs.

The GF MTFS has highlighted:

- Further economic uncertainty following the General Election result and with Brexit negotiations showing no early progress;
- A lack of clarity in the future direction of local government funding, following the abandonment of the Local Government Finance Bill post-election; and
- Pressure on payroll costs, partially balanced by an opportunity to increase the vacancy factor applied to these costs, ensuring consistency across council services.

Identification of further savings

The council has a record of identifying and delivering savings, through both service reviews and improvements in value for money obtained over all categories of spending. However, it is expected that the value of new savings found will decrease over time as services become leaner and more cost effective. Therefore, the council has embarked on a long term programme of transformation which will make fundamental changes to the way the council delivers services and interacts with residents, tenants and other parties. This approach was set out in the efficiency plan in Section 8 of the MTFS 2016.

Efficiency plan 2016 to 2020

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

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

The efficiency plan continues to guide the work of the council and provides the structure and mechanisms to deliver on our savings requirements. As such, BSR 2018 will present budget proposals for savings and increased income, and bids for implementation costs arising from efficiency plan initiatives.

Achieving financial sustainability and resilience

As demonstrated in this document, the council's finances remain healthy despite continuing pressures and uncertainties. However, there is no foreseeable end to austerity for local authorities and economic conditions remain challenging. It is important, therefore, to ensure that the council is prepared to manage financial challenges as they arise.

To ensure financial resilience the council must:-

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

The council maintains a sound system of financial management and control. However, it is continues to enhance its planning and monitoring with a view to ensuring that circumstances that might lead to financial stress are identified and acted upon in a timely manner. To this end, all Heads of Service now review financial and performance monitoring reports council-wide, ensuring greater challenge, visibility and ownership. Further on-going enhancements include:-

- Implementing a new financial system:-
 - Providing better tools for budget holders to monitor their income and expenditure.
 - Reinforcing the financial management responsibilities of budget holders and their support teams through training on the new system
 - Enforcing financial procedures and limits through automated workflow processes

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

Appendix A (a)

Capital Plan 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|----------------------------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Capital-GF Projects | | | | | | | | |
| PR030e | Cavendish Rd (Mill Rd end) improvements: seating & paving (S106) | J Richards | 16 | 0 | 0 | 0 | 0 | 0 |
| PR030f | Bath House Play Area Improvements (S106) | D O'Halloran | 0 | 0 | 0 | 0 | 0 | 0 |
| PR030j | The Mill Road Railway Legacy (S106) | A Wilson | 60 | 0 | 0 | 0 | 0 | 0 |
| PR030l | Ditton Fields play area improvements (S106) | A Wilson | 26 | 0 | 0 | 0 | 0 | 0 |
| PR030r | Brothers' Place landscaping and natural play improvements (S106) | I Ross | 8 | 0 | 0 | 0 | 0 | 0 |
| PR031n | Grant for 4 tennis courts at North Cambridge Academy (S106) | I Ross | 125 | 0 | 0 | 0 | 0 | 0 |
| PR031q | Bramblefields nature reserve: improve biodiversity and access (S106) | A Wilson | 12 | 0 | 0 | 0 | 0 | 0 |
| PR032g | Cherry Hinton Rec Ground pavilion refurb. (S106) | I Ross | 5 | 0 | 0 | 0 | 0 | 0 |
| PR032l | Grant to improve community facilities at Lutheran Church on Shaftesbury Road (S106) | J Hanson | 10 | 0 | 0 | 0 | 0 | 0 |
| PR032p | Reilly Way play area improvements (S106) | A Wilson | 5 | 0 | 0 | 0 | 0 | 0 |
| PR032r | Install junior fit kit at Accordia development (S106) | A Wilson | 14 | 0 | 0 | 0 | 0 | 0 |
| PR032t | Fulbourn Road open space improvements (S106) | A Wilson | 10 | 0 | 0 | 0 | 0 | 0 |
| PR032w | Accordia open space improvements (S106) | A Wilson | 10 | 0 | 0 | 0 | 0 | 0 |
| PR033j | Lammas Land tennis court upgrade (S106) | I Ross | 45 | 0 | 0 | 0 | 0 | 0 |
| PR033m | Benches on Carisbrooke Road green and next to Coton footpath near Wilberforce Road (S106) | A Wilson | 3 | 0 | 0 | 0 | 0 | 0 |
| PR033q | Additional play equipment, benches and landscaping at Christ Piece's play area (S106) | A Wilson | 13 | 0 | 0 | 0 | 0 | 0 |
| PR033q | Improvements to Histon Road Rec Ground football area (S106) | I Ross | 31 | 0 | 0 | 0 | 0 | 0 |
| PR033t | St Clement's churchyard open space on Bridge Street (S106) | A Wilson | 10 | 0 | 0 | 0 | 0 | 0 |
| PR034d | Public Art - 150th and 400th Anniversary (Cambridge Rules) (S106) | N Black | 36 | 0 | 0 | 0 | 0 | 0 |
| PR034n | Cambridge Gymnastics Academy: grant for warehouse conversion into gym facility (S106) | I Ross | 65 | 0 | 0 | 0 | 0 | 0 |
| PR034p | Cambridge 99 Rowing Club: grant for kitchen facilities (S106) | I Ross | 5 | 0 | 0 | 0 | 0 | 0 |

Appendix A (a)

Capital Plan 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|--------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| PR034r | Cambridge Rugby Club: grant for new changing rooms (S106) | I Ross | 200 | 0 | 0 | 0 | 0 | 0 |
| PR040g | Public art grant - Chesterton mural (S106) | S Tovell | 1 | 0 | 0 | 0 | 0 | 0 |
| PR040i | Public art grant - History Trails (S106) | S Tovell | 5 | 0 | 0 | 0 | 0 | 0 |
| PR040k | Public art grant - Mitcham's models and Mitcham's models at Christmas (S106) | A Wilson | 0 | 0 | 0 | 0 | 0 | 0 |
| PR040l | Public art grant - Newnham Croft stained glass window (S106) | S Tovell | 5 | 0 | 0 | 0 | 0 | 0 |
| PR040n | Public art grant - public art at Humberstone Road (S106) | S Tovell | 1 | 0 | 0 | 0 | 0 | 0 |
| PR040o | Public art grant - 'The place where we stand' (S106) | S Tovell | 3 | 0 | 0 | 0 | 0 | 0 |
| PR040r | Public art grant for Cambridge Junction Radio Local (S106) | N Black | 15 | 0 | 0 | 0 | 0 | 0 |
| PR040s | Public art grant for Kettle's Yard - Antony Gormley Performance Programme (S106) | N Black | 15 | 0 | 0 | 0 | 0 | 0 |
| PR040u | Public art grant for University of Cambridge Primary School - Eddington Flag Parade (S106) | N Black | 16 | 10 | 0 | 0 | 0 | 0 |
| PR040v | Public art grant for Pink Festival Group - showcase of queer arts (S106) | N Black | 5 | 0 | 0 | 0 | 0 | 0 |
| PR040w | Public art grant for Menagerie Theatre Company - Trumpington Voices (S106) | N Black | 17 | 4 | 0 | 0 | 0 | 0 |
| PR040x | Public art grant for Oblique Arts - Mitchams Moving (S106) | N Black | 13 | 0 | 0 | 0 | 0 | 0 |
| PR040y | Public art grant for Historyworks - Rhyme, Rhythm and Railways (S106) | N Black | 15 | 0 | 0 | 0 | 0 | 0 |
| PR040z | Public art grant for Historyworks - Michael Rosen Walking Trails 2 (S106) | N Black | 15 | 0 | 0 | 0 | 0 | 0 |
| PR041a | Grant for refurbishment of community facilities in Memorial Hall and Church Hall, Cherry Hinton Rd (S106) | J Hanson | 150 | 0 | 0 | 0 | 0 | 0 |
| PR041b | Grant to Cambridge Gymnastics Academy for trampoline and foam pit in gym (S106) | I Ross | 75 | 0 | 0 | 0 | 0 | 0 |
| PR041c | Sheep's Green watercourse improvements and habitat creation (S106) | G Belcher | 45 | 0 | 0 | 0 | 0 | 0 |
| PR041d | Grant to Camrowers and CRA Boathouse (S106) | I Ross | 9 | 0 | 0 | 0 | 0 | 0 |
| PR050a | Relocation of services to 130 Cowley Road (OAS) | W Barfield | 479 | 0 | 0 | 0 | 0 | 0 |
| PR050b | Mandela House refurbishment (OAS) | W Barfield | 1,757 | 0 | 0 | 0 | 0 | 0 |

Appendix A (a)

Capital Plan 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|--------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| PR050c | Refurnishing Guildhall 4th floor (OAS) | F Barratt | 42 | 0 | 0 | 0 | 0 | 0 |
| PR050d | Mobile working (OAS Phase II) | F Barratt | 99 | 0 | 0 | 0 | 0 | 0 |
| PR050e | Cowley Road Compound ex-Park and Ride site (OAS) | W Barfield | 566 | 0 | 0 | 0 | 0 | 0 |
| SC548 | Southern Connections Public Art Commission (\$106) | A Wilson | 13 | 21 | 0 | 0 | 0 | 0 |
| SC570 | Essential Structural/Holding Repairs - Park Street Multi Storey car park | S Cleary | 12 | 0 | 0 | 0 | 0 | 0 |
| SC571 | Procurement of IT System to Manage Community Infrastructure Levy | S Saunders | 20 | 0 | 0 | 0 | 0 | 0 |
| SC588 | NW Cambridge Development Underground Collection Vehicle | T Nicoll | 0 | 0 | 0 | 0 | 0 | 0 |
| SC590 | Structural Holding Repairs & Lift Refurbishment - Queen Anne Terrace Car Park | S Cleary | 268 | 15 | 0 | 0 | 0 | 0 |
| SC597 | Empty Homes Loan Fund | Y O'Donnell | 200 | 0 | 0 | 0 | 0 | 0 |
| SC601 | Replacement Telecommunications & Local Area Network | T Allen | 187 | 0 | 0 | 0 | 0 | 0 |
| SC604 | Replacement Financial Management System | C Ryba | 160 | 0 | 0 | 0 | 0 | 0 |
| SC605 | Replacement Building Access Control System | W Barfield | 48 | 0 | 0 | 0 | 0 | 0 |
| SC608 | Improvements to Gwydir Street Enterprise Centre | D Prinsep | 196 | 0 | 0 | 0 | 0 | 0 |
| SC611 | Grafton East car park essential roof repair | S Cleary | 200 | 0 | 0 | 0 | 0 | 0 |
| SC612 | Car parking control equipment at multi storey car parks | S Cleary | 570 | 0 | 0 | 0 | 0 | 0 |
| SC614 | Redeployable CCTV camera stock | L Kilkelly | 60 | 0 | 0 | 0 | 0 | 0 |
| SC615 | Cherry Hinton Grounds Improvements Phase 2 (\$106) | A Wilson | 239 | 0 | 0 | 0 | 0 | 0 |
| SC621 | 20 Newmarket Road - commercial property | D Prinsep | 73 | 0 | 0 | 0 | 0 | 0 |
| SC622 | Grafton East car park LED lights | S Cleary | 0 | 0 | 0 | 0 | 0 | 0 |
| SC623 | Environment and cycling improvements in Water Street and Fen Road | A Wilson | 35 | 0 | 0 | 0 | 0 | 0 |
| SC629 | Abbey Pools air plant upgrade | I Ross | 0 | 0 | 0 | 0 | 0 | 0 |

Appendix A (a)

Capital Plan 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|----------------------------|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| SC630 | Abbey Pools solar thermal upgrade | I Ross | 33 | 0 | 0 | 0 | 0 | 0 |
| SC631 | Grand Arcade car park LED lights | S Cleary | 0 | 0 | 0 | 0 | 0 | 0 |
| SC634 | Grand Arcade and Queen Anne Terrace car parks sprinkler systems | S Cleary | 399 | 0 | 0 | 0 | 0 | 0 |
| SC635 | Grand Arcade car park deck coating and drainage repairs and replacements | S Cleary | 1,000 | 0 | 0 | 0 | 0 | 0 |
| SC636 | Management of waste compound - vehicle | D Blair | 165 | 0 | 0 | 0 | 0 | 0 |
| SC639 | Re-roofing the Guildhall | A Muggeridge | 164 | 0 | 0 | 0 | 0 | 0 |
| SC644 | Acquisition of land adjacent to Huntingdon Road Crematorium | G Theobald | 315 | 0 | 0 | 0 | 0 | 0 |
| SC645 | Electric vehicle charging points | J Dicks | 230 | 170 | 176 | 50 | 0 | 0 |
| SC648 | Local Centres Improvement Programme - Arbury Court | J Richards | 59 | 141 | 0 | 0 | 0 | 0 |
| SC652 | Modification to in-ground lift in Waterbeach | D Cox | 18 | 0 | 0 | 0 | 0 | 0 |
| SC653 | Replacement heating system at the Waterbeach garage | D Cox | 39 | 0 | 0 | 0 | 0 | 0 |
| Capital-GF Projects | | | 8,760 | 361 | 176 | 50 | 0 | 0 |
| Capital-Programmes | | | | | | | | |
| PR010a | Environmental Improvements Programme - North Area | J Richards | 127 | 50 | 0 | 0 | 0 | 0 |
| PR010b | Environmental Improvements Programme - South Area | J Richards | 126 | 36 | 0 | 0 | 0 | 0 |
| PR010c | Environmental Improvements Programme - West/Central Area | J Richards | 123 | 36 | 0 | 0 | 0 | 0 |
| PR010d | Environmental Improvements Programme - East Area | J Richards | 148 | 48 | 0 | 0 | 0 | 0 |
| PR017 | Vehicle Replacement Programme | D Cox | 2,546 | 0 | 0 | 0 | 0 | 0 |
| PR035 | Waste & Recycling Bins - New Developments (S106) | T Nicoll | 231 | 100 | 0 | 0 | 0 | 0 |
| PR037 | Local Centres Improvement Programme | J Richards | 8 | 0 | 0 | 0 | 0 | 0 |
| PR038 | Investment in commercial property portfolio | D Prinsep | 20,000 | 0 | 0 | 0 | 0 | 0 |
| PR039 | Minor Highway Improvement Programme | J Richards | 75 | 30 | 0 | 0 | 0 | 0 |

Appendix A (a)

Capital Plan 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|------------------------------|--|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| PR050 | Office Accommodation Strategy Phase 2 (OAS) | F Barratt | 40 | 922 | 0 | 0 | 0 | 0 |
| PR051 | Building works at the Guildhall to reduce carbon emissions and improve energy efficiency | W Barfield | 450 | 0 | 0 | 0 | 0 | 0 |
| Capital-Programmes | | | 23,874 | 1,222 | 0 | 0 | 0 | 0 |
| Capital-GF Provisions | | | | | | | | |
| PV007 | Cycleways | J Richards | 362 | 50 | 0 | 0 | 0 | 0 |
| PV016 | Public Conveniences | A French | 0 | 0 | 0 | 0 | 0 | 0 |
| PV018 | Bus Shelters | J Richards | 5 | 0 | 0 | 0 | 0 | 0 |
| PV033B | Street Lighting | J Richards | 5 | 0 | 0 | 0 | 0 | 0 |
| PV192 | Development Land on the North Side of Kings Hedges Road | P Doggett | 2 | 0 | 0 | 0 | 61 | 0 |
| PV526 | Clay Farm Community Centre - Phase 1 (S106) | C Conlan | 0 | 0 | 0 | 0 | 0 | 0 |
| PV532 | Cambridge City 20mph Zones Project | J Richards | 0 | 0 | 0 | 0 | 0 | 0 |
| PV549 | City Centre Cycle Parking | J Richards | 25 | 0 | 0 | 0 | 0 | 0 |
| PV554 | Development Of land at Clay Farm | D Prinsep | 471 | 212 | 96 | 816 | 0 | 0 |
| PV564 | Clay Farm Community Centre -Phase 2 (Construction) | C Conlan | 2,895 | 0 | 0 | 0 | 0 | 0 |
| PV583 | Clay Farm Commercial Property Construction Costs | D Prinsep | 130 | 0 | 0 | 0 | 0 | 0 |
| PV594 | Green Deal | J Dicks | 547 | 0 | 0 | 0 | 0 | 0 |
| PV595 | Green Deal - Private Rental Sector | J Dicks | 1,258 | 0 | 0 | 0 | 0 | 0 |
| Capital-GF Provisions | | | 5,700 | 262 | 96 | 816 | 61 | 0 |
| Total GF Capital Plan | | | 38,334 | 1,845 | 272 | 866 | 61 | 0 |

Appendix A (b)

Capital Plan Funding

| Description | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| External Support | | | | | | |
| Developer Contributions | (4,477) | (135) | 0 | 0 | 0 | 0 |
| Other Sources | (1,969) | (25) | (25) | (25) | 0 | 0 |
| Prudential Borrowing | 0 | 0 | 0 | 0 | 0 | 0 |
| Specified Capital Grants (SCG) | (180) | (120) | (126) | 0 | 0 | 0 |
| Supplementary Credit Approvals (SCA) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total - External Support | (6,626) | (280) | (151) | (25) | 0 | 0 |
| City Council | | | | | | |
| Developer Contributions | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Revenue Financing (DRF) - GF Services | (1,160) | 0 | 0 | 0 | 0 | 0 |
| Direct Revenue Financing (DRF) - Use of Reserves | (4,778) | (1,458) | (1,786) | (1,786) | (1,786) | (1,786) |
| Earmarked Reserve - Capital Contributions | (1,784) | (922) | 0 | 0 | 0 | 0 |
| Earmarked Reserve - Climate Change Fund | (392) | 0 | 0 | 0 | 0 | 0 |
| Earmarked Reserve - Repair & Renewals Fund | (2,991) | (15) | 0 | 0 | 0 | 0 |
| HRA Capital Balances | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal Borrowing - Temporary Use of Balances | (20,471) | (212) | (96) | (816) | 0 | 0 |
| Other Sources | 0 | 0 | 0 | 0 | 0 | 0 |
| Prudential Borrowing | 0 | 0 | 0 | 0 | 0 | 0 |
| Usable Capital Receipts | (132) | 0 | 0 | 0 | (61) | 0 |
| Total - City Council | (31,708) | (2,607) | (1,882) | (2,602) | (1,847) | (1,786) |
| Total Available Finance | (38,334) | (2,887) | (2,033) | (2,627) | (1,847) | (1,786) |

Appendix A (c)

Capital Plan [Under Development] 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|-------------------------------------|---|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Capital-GF Under Development | | | | | | | | |
| UD030g | [Part A] East Barnwell Comm. Centre impr. phase 1 (S106) | J Hanson | 255 | 0 | 0 | 0 | 0 | 0 |
| UD030h | [Part A] Romsey 'town square' public realm improvements (S106) | J Richards | 56 | 0 | 0 | 0 | 0 | 0 |
| UD030o | [Part A] Coldham's Lane play area improvements for older children (S106) | A Wilson | 80 | 0 | 0 | 0 | 0 | 0 |
| UD030o | [Part A] Improve Coleridge Rec Ground pavilion (S106) | A Wilson | 70 | 0 | 0 | 0 | 0 | 0 |
| UD030p | [Part A] Lichfield Road play area improvements (S106) | A Wilson | 45 | 0 | 0 | 0 | 0 | 0 |
| UD030p | [Part A] Outdoor fitness equipment near astroturf pitch by Abbey Pool (S106) | I Ross | 42 | 0 | 0 | 0 | 0 | 0 |
| UD030q | [Part A] St Matthew's Piece play area improvements (S106) | A Wilson | 35 | 0 | 0 | 0 | 0 | 0 |
| UD031g | [Part A] Milton Rd Library Community Meeting Space (S106) | J Hanson | 100 | 0 | 0 | 0 | 0 | 0 |
| UD031p | [Part A] Alexandra Gardens play area: more equipment and landscaping (S106) | A Wilson | 35 | 0 | 0 | 0 | 0 | 0 |
| UD031r | [Part A] Chesterton Rec Ground: new skate and scooter park (S106) | A Wilson | 50 | 0 | 0 | 0 | 0 | 0 |
| UD031s | [Part A] Nun's Way Rec Ground: mini climbing dome (S106) | A Wilson | 20 | 0 | 0 | 0 | 0 | 0 |
| UD032q | [Part A] Upgrade Nightingale Avenue play area (S106) | A Wilson | 60 | 0 | 0 | 0 | 0 | 0 |
| UD032s | [Part A] Footbridge across Hobson's Brook at Accordia development (S106) | A Wilson | 35 | 0 | 0 | 0 | 0 | 0 |
| UD032u | [Part A] Tenby Close play area improvements (S106) | A Wilson | 50 | 0 | 0 | 0 | 0 | 0 |
| UD032v | [Part A] Gunhild Close play area improvements (S106) | A Wilson | 50 | 0 | 0 | 0 | 0 | 0 |
| UD032x | [Part A] Trumpington Rec Ground trim trail (S106) | A Wilson | 20 | 0 | 0 | 0 | 0 | 0 |
| UD032y | [Part A] Trumpington Rec skate park (S106) | A Wilson | 80 | 0 | 0 | 0 | 0 | 0 |
| UD032z | [Part A] Trumpington Rec Ground climbing frame (S106) | A Wilson | 50 | 0 | 0 | 0 | 0 | 0 |
| UD033s | [Part A] Histon Road Rec play area: paths, surfacing and landscaping (S106) | A Wilson | 40 | 0 | 0 | 0 | 0 | 0 |
| UD034j | [Part A] Pavilion facilities at Jesus Green (S106) | I Ross | 250 | 0 | 0 | 0 | 0 | 0 |
| UD034o | [Part A] Netherhall School: supplementary grant for gym and fitness suite facilities (S106) | I Ross | 0 | 199 | 0 | 0 | 0 | 0 |
| UD037 | [No documentation] Local Centres Improvement Programme | J Richards | 0 | 195 | 195 | 0 | 0 | 0 |
| UD040t | [Part A] Public art grant for Cambridge Live - Colours in our Community (S106) | N Black | 17 | 0 | 0 | 0 | 0 | 0 |
| UD041e | [Part A] Equipping new community centre at Darwin Green (S106) | S Roden | 25 | 0 | 0 | 0 | 0 | 0 |

Appendix A (c)

Capital Plan [Under Development] 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|-------------------------------------|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| UD042b | [Part A] Mill Road cemetery access and main footpath improvements (S106) | A Wilson | 175 | 0 | 0 | 0 | 0 | 0 |
| UD042e | [Part A] Public realm improvements on Cherry Hinton Road (towards Hills Road end) (S106) | A Wilson | 75 | 0 | 0 | 0 | 0 | 0 |
| UD042f | [Part A] Public realm improvements on Sidney Street (S106) | A Wilson | 43 | 0 | 0 | 0 | 0 | 0 |
| UD475 | [Part A] Nightingale Recreation Ground Pavilion Refurbishment (S106) | I Ross | 403 | 0 | 0 | 0 | 0 | 0 |
| UD593 | [No documentation] A14 mitigation schemes (previously Keep Cambridge Moving Fund contribution) | S Payne | 0 | 0 | 1,500 | 0 | 0 | 0 |
| UD617 | [Part A] Re-roofing of Folk Museum | A Muggeridge | 77 | 0 | 0 | 0 | 0 | 0 |
| UD618 | [Part A] Resurfacing of commercial properties - Gwydir Street and Ronald Rolph Court | A Muggeridge | 120 | 0 | 0 | 0 | 0 | 0 |
| UD622 | [Part A] BMX track on Coldham's Common (S106) | A Wilson | 85 | 0 | 0 | 0 | 0 | 0 |
| UD626 | [Part A] River Cam public art programme (S106) | A Wilson | 400 | 0 | 0 | 0 | 0 | 0 |
| UD626 | [Part A] Improvements to Netherhall School sports hall (S106) | I Ross | 169 | 0 | 0 | 0 | 0 | 0 |
| UD627 | [Part A] Guildhall Large Hall Windows refurbishment | A Muggeridge | 101 | 0 | 0 | 0 | 0 | 0 |
| UD628 | [Part A] Mill Lane Boathouse (Granta Place) | P Doggett | 0 | 0 | 0 | 550 | 0 | 0 |
| UD631 | [Part A] Improvements to community facilities at The Junction (S106) | J Wilson | 98 | 0 | 0 | 0 | 0 | 0 |
| UD632 | [Part A] Audio-visual equipment | F Barratt | 15 | 0 | 0 | 0 | 0 | 0 |
| UD633 | [Part A] Reinforcing grass edges along paths across Parker's Piece (S106) | D Peebles | 75 | 0 | 0 | 0 | 0 | 0 |
| UD637 | [Part A] Chesterton Pavilion and Grounds improvements (S106) | I Ross | 173 | 0 | 0 | 0 | 0 | 0 |
| UD646 | [Part A] Redevelopment of Cambridge Junction | J Wilson | 0 | 17,000 | 0 | 0 | 0 | 0 |
| UD647 | [Part A] Lion Yard investment | D Prinsep | 0 | 1,000 | 1,000 | 1,000 | 0 | 0 |
| UD649 | [Part A] Corn Exchange external work | A Muggeridge | 0 | 382 | 0 | 0 | 0 | 0 |
| UD650 | [Part A] Cherry Hinton Library (S106) | J Hanson | 0 | 250 | 0 | 0 | 0 | 0 |
| Capital-GF Under Development | | | 3,474 | 19,026 | 2,695 | 1,550 | 0 | 0 |

Appendix A (c)

Capital Plan [Under Development] 2017/18 to 2022/23

| Ref. | Description | Lead Officer | 2017/18 (£000's) | 2018/19 (£000's) | 2019/20 (£000's) | 2020/21 (£000's) | 2021/22 (£000's) | 2022/23 (£000's) |
|------|-------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|------|-------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|

Note that the PUD list provides a list of possible capital projects, as an indication of what the council might approve for delivery in future years. Projects on the PUD list will be in various stages of development, as indicated by the [annotation] at the beginning of the project description.

[Part A] – the project has an outline business case, approved by the Capital Programme Board

[Part B] – the project has a full business case, approved by the Capital Programme Board, and is ready to be funded

[Scrutiny report] – the project has been reported to the appropriate Scrutiny Committee and has been approved for further development. It may be partially funded. It is likely that the project originated before the current capital approval processes were implemented, and now needs updated documentation and then funding approval

[No documentation] – the project has been moved from the capital plan to the PUD list, as there were no firm plans for delivery at that time. It is likely that the project originated before the current capital approval processes were implemented, and now needs updated documentation and then funding approval

The PUD list also gives an indication of when the project might be delivered. This is based on the latest information from services and is provided as a guide for high level planning purposes only.

Appendix B

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

| Description | Level of risk | Amount at risk | Risk |
|--|---------------|-----------------|------------------|
| | | £ | £ |
| Employee costs | Low | 30,032,870 | 60,066 |
| Premises costs | Low | 6,800,330 | 13,601 |
| Transport costs | Low | 637,470 | 2,550 |
| Supplies and services | Low | 17,630,670 | 8,815 |
| Grants and transfers | Low | 38,641,300 | 38,641 |
| Grant income | Low | 45,050,120 | 45,050 |
| Other income | Medium | 53,135,280 | 797,029 |
| Miscellaneous | Low | 655,380 | 983 |
| | | | |
| Total one year operational risk | | | 966,735 |
| | | | |
| Allowing three years cover on operational risk | | | 2,900,000 |
| | | | |
| General and specific risks | Amount (£) | Probability (%) | |
| Unforeseen events | 2,000,000 | 25% | 500,000 |
| Legal action - counsel's fees | 100,000 | 50% | 50,000 |
| Data Protection breach | 300,000 | 50% | 150,000 |
| Capital project overruns | 1,000,000 | 50% | 500,000 |
| Project failure / delays to savings realisation | 2,000,000 | 50% | 1,000,000 |
| Cover for lower level of earmarked and specific reserves | 1,000,000 | 25% | 250,000 |
| | | | |
| General risks | | | 2,450,000 |
| | | | |
| Prudent Minimum Balance (PMB) | | | 5,350,000 |
| | | | |
| Target (PMB + 20%) | | | 6,420,000 |

| Operational cost risk profiles | | | | | |
|--------------------------------|-----------------------|-------------|----------------|----------------|------------------|
| | | | Low | Medium | High |
| Employee costs | 30,032,870 | overspend | 1.00% | 3.00% | 5.00% |
| | | probability | 20.0% | 15.0% | 10.0% |
| | amount at risk | | 60,066 | 135,148 | 150,164 |
| Premises costs | 6,800,330 | overspend | 1.00% | 3.00% | 5.00% |
| | | probability | 20.0% | 15.0% | 10.0% |
| | amount at risk | | 13,601 | 30,601 | 34,002 |
| Transport costs | 637,470 | overspend | 2.00% | 4.00% | 6.00% |
| | | probability | 20.0% | 15.0% | 10.0% |
| | amount at risk | | 2,550 | 3,825 | 3,825 |
| Supplies and services | 17,630,670 | overspend | 1.00% | 3.00% | 5.00% |
| | | probability | 5.0% | 10.0% | 15.0% |
| | amount at risk | | 8,815 | 52,892 | 132,230 |
| Grants and transfers | 38,641,300 | overspend | 1.00% | 2.00% | 3.00% |
| | | probability | 10.0% | 7.5% | 5.0% |
| | amount at risk | | 38,641 | 57,962 | 57,962 |
| Grant income | 45,050,120 | overspend | 1.00% | 2.00% | 3.00% |
| | | probability | 10.0% | 7.5% | 5.0% |
| | amount at risk | | 45,050 | 67,575 | 67,575 |
| Other income | 53,135,280 | overspend | 5.00% | 10.00% | 15.00% |
| | | probability | 10.0% | 15.0% | 20.0% |
| | amount at risk | | 265,676 | 797,029 | 1,594,058 |
| Other | 655,380 | overspend | 1.00% | 2.00% | 3.00% |
| | | probability | 15.0% | 10.0% | 5.0% |
| | amount at risk | | 983 | 1,311 | 983 |

Appendix C

Principal earmarked and specific funds

| Fund | Balance at 1 April 2017 £000 | Anticipated contributions £000 | Forecast expenditure £000 | Forecast balance 31 March 2023 £000 |
|--|---------------------------------|-----------------------------------|------------------------------|--|
| City Deal Investment and Delivery Fund | (5,151) | (11,639) | 16,790 | 0 |
| Sharing Prosperity Fund | (576) | (300) | 876 | 0 |
| Climate Change Fund | (137) | (250) | 387 | 0 |
| Asset Replacement Fund ¹ | (2,753) | (6,000) | 8,200 | (553) |
| Bereavement Services Trading Account | (863) | (1,000) | 1,575 | (288) |
| Development Plan Fund ² | (145) | (1,002) | 1,100 | (47) |
| Office accommodation strategy fund | (2,582) | (1,204) | 3,786 | 0 |
| Invest for Income | (7,500) | (500) | 8,000 | 0 |
| A14 Mitigation Fund | 0 | (1,505) | 1,505 | 0 |
| Total | (19,707) | (23,400) | 42,219 | (888) |

The majority of these funds are subject to future contributions and expenditure which cannot be exactly stated. This table reflects our best estimates.

¹ The asset replacement funds will be shared in part with South Cambridgeshire District Council (SCDC) in respect of waste vehicles transferred to the shared service

² The Development Plan Fund will be a joint fund with SCDC from 1 February 2018 and the basis of cost allocation is unknown at the time as no formal Memorandum has been put in place