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Strategy and Resources
Scrutiny Committee

General Fund Medium Term Financial Strategy

November
2023

2023/24 to 2032/33

Cambridge City Council



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

Introduction

The Medium Term Financial Strategy (MTFS) and Budget Setting Report (BSR) are Cambridge City Council's two main annual financial documents. The MTFS draws together financial information halfway through the financial year, makes assumptions and forecasts and provides a basis on which to prepare the BSR for the next financial year.

Cambridge is ranked first by the Global Innovation Index as the 'most intensive science and technological cluster in the world. Over the last year, Innovate Cambridge – a cross sector partnership – has been developing a locally-led innovation strategy with inputs from over 200 organisations to ensure Cambridge retains and enhances its global competitiveness over the long term.

Growth in investment and jobs in the cluster is contributing to the rising costs of housing, traffic congestion and hence declining bus services and harm to the environment and biodiversity.

On top of these local pressures, over a decade of national public policy failures in economic management and trade, public sector austerity and global inflation and high interest rates are reducing our quality of life. The cost-of-living crisis is putting most households under acute financial pressure and serving to widen social and economic inequalities. Our common rights to clean water, clean air and a sustainable environment want for serious action to stop sewage discharges into our streams and rivers, protect and enhance biodiversity and deliver a net zero carbon future for the next generations.

We have called on Government to commit resources to support 'good growth.' Our priorities being to meet housing needs, address water scarcity, accelerate the proposed development of Hartree/Northeast Cambridge as a new net zero carbon district of 5,600 new homes and commercial floorspace, bring forward the Cambridge South-East Transport (CSET) scheme and join Innovate Cambridge and the City Council is pump priming the Greater Cambridge Social Investment Fund.

Council's Priorities

The Council's four key priorities, within its remits, are to address the challenges and deliver the Council's vision for 'One Cambridge, Fair of All,' are to:

- Tackle Poverty and Inequality, despite the cost-of-living crisis and austerity, and promote food and fuel injustice,
- Achieve a net zero Council by 2030, address the climate and biodiversity emergencies,
- Build a New Generation of Sustainable Council Homes and work to reduce and prevent homelessness,
- Protect Local Services and Businesses while modernising the Council to best support and represent Cambridge residents.

Local Government Funding and Savings Requirement

Local government is required by Government to set a balanced budget within the context of a MTFS. For its part, Government's regulations, rules, and funding settlements for local government create uncertainties for medium term finance strategy making.

The base MTFS assumptions include: no real terms increase in the Government funding settlement, impacts of local government funding reform – fair funding review and resetting of business rates baseline – from 2026/27 and a cap on Council Tax increases limited to 2.99% or £5 whichever the greater.

In this and the wider economic context, the MTFS identifies a five-year net and recurring savings requirement of £11.1m (by 2028/29) from the current £74m pa General Fund budget. Scenario modelling indicates that the savings requirement could range from £6.1m to £28.6m illustrating the risks and uncertainties surrounding the assumptions made.

Budget Strategy

To ensure, the Council neither faces a cliff edge funding gap in 2026/27 nor makes considerably more savings than ultimately required, the Council will identify and deliver recurring net savings of £6m pa within three years from 2024/25.

It is intended to offset this target by allocating £1.5m pa of Business Rates retention funds to the General Fund as this is the forecast minimum baseline after the reset of the Business Rates retention. The balance will be delivered through service transformation.

The Transformation Programme; ‘Our Cambridge’

In less than two years, the programme has created three strategic pre-conditions for a more efficient and effective organisation: an enhanced customer focus; stronger strategic partnerships and an entrepreneurial approach to service improvement and budget management. A senior management review has created a flatter and more empowered management structure. This is enabling challenges about service purposes and focus and innovations in service design, digitalisation, and operational delivery. A fundamental change in our ICT service capabilities will accelerate deployment of digital, data and technology projects fundamental to service improvements and over £4m in savings by 2026/27.

Capital

The General Fund capital expenditure is funded from grants, planning S106 agreements, capital receipts, internal borrowing, and external borrowing. The costs of both internal and external borrowing are high as they comprise either lost or actual payment of interest and minimum revenue provision for repayment of debt over the life of the relevant asset. Prudent management of capital expenditure is required as these costs are forecast to account for £4.6m of the £11m of required savings.

Our Strategy

A Government that accepts rising numbers of people relying on food banks and warm hubs has lost its way. Our moral compass points us to do everything in our power to fight the indignities of poverty and lost life chances and promote good growth: affordable housing; net zero carbon development, protect and enhance the environment and provide public services that meet our communities' needs.

Cllr Simon Smith – Executive Councillor for Finance and Resources
Cllr Mike Davey - 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 2022 identified a five year net new savings requirement of £11.5m. This MTFS revises the requirement to £11.1m, driven largely by inflationary increases for pay and other costs but partly offset by an improved local finance settlement for 2023/24 and 2024/25 and a projected increase in resources from government due to the fair funding review. Scenario modelling indicates that the savings requirement could range from £6.1m to £28.6m, illustrating the risks and uncertainties surrounding the assumptions made.

Budget strategy

The Our Cambridge Transformation and Recovery Programme has identified indicative recurring savings of up to £4 million deliverable for the General Fund (GF) over the next three financial years. This will contribute to the £11.1m of recurring savings required to balance the council's budget over the next five years. Whilst reserves can provide in-year support to mitigate the non-achievement of savings in specific years, this MTFS sets out a significant planned use of reserves over the next three to five years to complete the refurbishment and decarbonisation of the Guildhall. This emphasises the need for savings to be found quickly to bridge the budgetary gap identified in this MTFS.

Section 2

Local context and economic assessment

This section of the Strategy explains the approach taken to incorporate the global and national economic context in the MTFS including an assessment of the resources expected to receive from government through the Local Government Finance Settlement.

The council's local context

Cambridge emerged from the pandemic with many of the City's core economic strengths intact. The city continues to be a hub for high-growth, innovative international businesses offering opportunities for talented people to work and live in the city and neighbouring areas. Visitor numbers have recovered to pre-pandemic levels and the City's combination of employment options, green space and amenities means that it continues to be recognised internationally as a great place to live. These strengths provide the council with a strong economic foundation. However, many of the City's historic challenges remain. A combination of constrained financing for public services, together with a sustained cost-of-living crisis, risks exacerbating existing inequalities. Recent experience has highlighted that the benefits of economic growth are not always equally distributed. Additional pressures around congestion, population density, pollution and the availability of affordable housing are key examples of some of the difficulties faced.

Driven by its vision of 'One Cambridge, Fair for All' the council established its Our Cambridge transformation programme in 2021/22 funded by an investment of £3.9million from reserves. The programme has gathered momentum in 2023/24 as evidenced by the implementation of a new organisational structure with a Chief Executive's office operating alongside a smaller senior leadership team leading four groups covering the full range of the council's activities. The 2024/25 budget will be the first to be set by Members working with Group Leads. The council's transformation team will continue to support the ongoing review of council services supporting Group Leads to make changes to service delivery which will shape, modernise and improve how the council interacts with the city's residents and other stakeholders whilst ensuring the council can balance its budget.

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'.

[Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council](#)

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

Economic assessment

The council's finances are impacted by a combination of global, national and local factors. This MTFS is being set against a backdrop of continuing economic and political uncertainty. Global events, particularly the conflict in Ukraine, continue to impact commodity and energy prices with the impact being felt across the supply chain. The favoured policy response to the resulting inflation has been a steep increase in interest rates. Addressing inflation through monetary policy can take up to 18 months to have the desired impact making it difficult to predict the trajectory of interest rates and inflation over the period covered by this strategy.

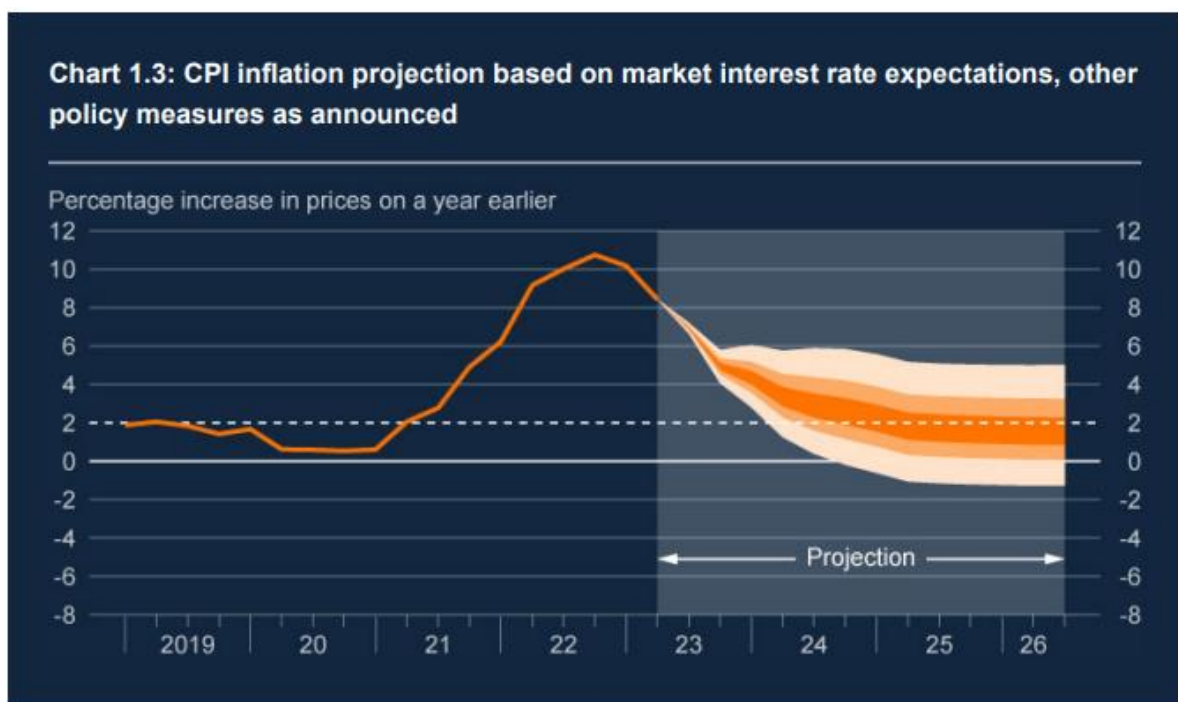
Officers have therefore made judgments based on the available forecasts and economic data to forecast the council's position over the medium term. Most notably, pay awards already agreed, those under negotiation, and those anticipated will continue to significantly increase the council's cost base. Such increases will not ordinarily be matched by an increase in the resources available to the council and a combination of economic factors could result in a real terms decrease particularly if the country enters a recession.

Inflation rates

The base rate of inflation used to drive expenditure assumptions in this MTFS is the Consumer Price Index (CPI). Having peaked at 11.1% in October 2022, CPI has fallen significantly and in July 2023 inflation had dropped to 6.8%. This is partly because the impact of the surge in energy costs is now fully built into the base position. Gas prices fell by 25.2% between June

and July 2023 and electricity fell by 8.6% over the same period. This has reduced the headline CPI figure but to some extent masks price increases in other parts of the economy.

The council buys most of its energy in bulk. This means it was insulated from the impact of the original surge in energy prices but will not immediately benefit from the recent decreases evident in the inflation figures. For this reason, separate rates of inflation are applied to utility budgets based on forecasts provided by the energy specialists engaged by the council. Currently, the Bank of England predicts that its interventionist policies will ensure inflation returns to the 2% target by Q2 2025. The chart below produced by the Bank of England in August 2023 shows how inflation is expected to reduce over the forecast period with the sharpest decrease expected before the end of the current financial year.



The shaded area reflects the Bank of England's assessment of what the level inflation will be until Q2 2026. In 90% of scenarios modelled based on the Bank's assumptions and current economic conditions inflation will fall within the large, shaded area. The area in the middle shaded dark orange reflects the level of inflation in 30% of the scenarios modelled.

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 5.25% on 3 August 2023. Many commentators expect the base rate to remain at 5.25% until the middle of 2024 when it is expected to start reducing as the impact of earlier

rate rises feeds through to the wider economy and results in inflation moving towards the Bank of England's 2% inflation target.

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 may indicate a need to borrow externally in due course. In April 2024 the council will receive the first of three tranches of a loan of £85 million arranged in advance to fund the redevelopment of the Park Street car park. The interest on this annuity loan is predetermined and not impacted by current market rates. Interest payable and repayments due are built into the financial model which has been developed.

The council intends to fund significant components of its capital programme from reserves, in particular the refurbishment of the Guildhall, including decarbonisation works necessary to deliver the council's commitments to net zero. Whilst this approach eliminates the financing costs in the revenue account which would otherwise have been associated with the schemes, the approach reduces the scope to rely on internal borrowing and over the medium term will reduce the surplus cash which the council has available to invest.

Local government finance

Despite pressure from sector leaders, central government has continued to resist demands to provide a multi-year settlement for local government. The settlement for 2023/24 was better than expected with authorities receiving an overall 9.4% increase in Core Spending Power. The settlement included a 3% funding guarantee which gave authorities a 3% increase in resources irrespective of the increase in income from Council Tax. Government has pledged that funding in 2024/25 would be on the same basis with revenue support grant being increased by CPI and the Council Tax referendum limit remaining at 3% for this authority.

The current settlement disadvantages those authorities, including this council, which have seen significant population growth. Government has signalled its intention to carry out a review of relative needs and reset business rates in the next parliament. The expected reset of business rates, with further resets every five years is built into the council's MTFS.

The following factors may affect future funding levels, but potential impacts are too uncertain to be included in this MTFS:

- Financial pressures arising from the demand for social care have led to many authorities experiencing significant financial difficulties. Government will need to address this shortfall through the fair funding review but further re-balancing may be required.
- The current government has used devolution deals to hand power to local leaders to take decisions that matter locally. If changes were to be made to the existing devolution deal for Cambridgeshire and Peterborough this would bring a new set of opportunities and associated risks to model within future iterations of this strategy.
- Government has a commitment to reform arrangements for waste collection and recycling. On the basis that the 'producer pays' councils expected to start receiving payments from producers in October 2024. This now been delayed until October 2025 and significant uncertainties remain regarding the implementation and financial impact of scheme.

Modelling provided by local government specialists has been used to estimate the resources which will be available to the council from 2025/26 based on current demographic data. Whilst limited reliance should be placed on such modelling in the current economic and political environment, it provides the best available information at the time of writing.

In summary, the base assumptions modelled in this MTFS are:

- The 2024/25 settlement will roll over from 2023/24 with no real terms increase in the funding. The 2025/26 settlement will be broadly similar due to delays in implementing the fair funding reforms
- There will be no further payments of New Homes Bonus after 2024/25
- Changes resulting from local government funding reform, including the impact of demographic changes, will be implemented for 2026/27. These changes include the resetting of the business rates baseline with a partial reset assumed in 2030/31. No dampening protections are assumed
- Band D Council Tax increases will be limited to 2.99% or £5, whichever is greater

Core Spending Power (£m)	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Business rates income	11.990	13.348	14.434	9.831	10.725	11.658	12.641	11.031	12.656	13.400
Less: Business rates growth	(7.400)	(8.747)	(9.741)	(2.594)	(3.488)	(4.421)	(5.404)	(3.794)	(5.418)	(6.163)
Settlement Funding Assessment	4.591	4.601	4.693	7.237	7.237	7.237	7.237	7.237	7.237	7.237
Grants	4.634	4.826	5.143	0	0	0	0	0	0	0
Council Tax	9.812	10.306	10.706	11.168	11.647	12.092	12.599	13.074	13.598	14.098
TOTAL	19.037	19.733	20.542	18.405	18.884	19.329	19.836	20.311	20.835	21.335

The council does not rely on business rates growth to fund service delivery. Growth achieved is transferred to reserves and forms part of the resource which is available to fund refurbishment of the Guildhall including decarbonisation works.

The table above shows that the resetting of the business rates will reduce the in-year benefit the council receives from business rates growth. The business rates system remains highly complex with an intricate relationship between appeals, discounts and grants and is subject to regular changes. This makes it difficult to forecast business rates growth reliably. Consequently, the council avoids placing undue dependence on business rates growth as a source of income to balance its budget.

Section 3

Key assumptions

Key financial modelling assumptions reflect the economic assessment in the previous section and other factors specific to the council.

Key area	Assumption	Comment / Sensitivity
Pay inflation	Pay progression – 1% Pay inflation – 2024/25 – 4% and on-going - 2.0% (previously 2.0% all years)	An additional 1% increase would cost the council approximately £293K
Employee turnover	4%	Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable. Not applied to those services which need to maintain a core number of staff
Pension costs	17.6% plus £2.108m deficit payment	Next valuation due to be received in mid-2026 reflecting valuation at 31 March 2025.
General inflation	2024/25 – 3% and after – 2.0% (previously 2.0% all years)	The same inflation factors are applied to Central and Support Services as for direct services. Separate inflation applied to utilities based on forecast unit costs.
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, 2024/25 – 3% 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 but as per the HRA below the central assumption is 5% for 2023/24, 4.5% for 2024/25 then 3%	Investment income built into the MTFS reflects forecast rates on the cash balance held
Interest paid on HRA cash balances	5% for 2023/24, 4.5% for 2024/25, then 3%	Based on current projections
Council Tax increase	Greater of £5.00 or 2.99% in each year	A 1% change in council tax represents almost £100k p.a. for the council.

Key area	Assumption	Comment / Sensitivity
Council Tax Base	Based on local housing trajectory forecasts Collection rate 98.7%	Collection rate returned to pre-Covid level
Core spending power (local government funding)	As outlined in section 2	

Section 4

Revenue expenditure

This section provides an overview of the factors pertinent to modelling service income and expenditure including changes made to brought forward figures in light of the current forecast outturn.

2022/23 outturn

Total net portfolio expenditure in year was £3.329m 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 £2.528M (2021/22: increase of £9.0m). This increase was driven largely by a marked increase in treasury management returns arising from a series of increases in interest rates and higher cash balances, an underspend on staffing cost and the release of centrally held provisions no longer required.

2023/24 forecasts

In-year financial performance is monitored closely throughout the year. This enables action to be taken quickly to manage emerging financial pressures. In the context of preparing this document it also gives the council the opportunity to identify any in-year variances which might impact the council's financial position over the medium-term. The current projected outturn is an underspend of £1.8 million before allowing for the cost of implementing the 2023/24 pay award which is currently estimated at £0.65 million as explained below. Investment income is forecast to exceed budget by £1.9 million making it the most significant variance identified in the latest forecast. Based on forecast interest rates referred to above, earlier estimates for investment income in 2024/25 and future years have been updated based on expected cash balances and forecast interest rates.

The council will continue to review in-year performance and this review will inform the budget setting process. This allows consideration and scrutiny of budget proposals to address financial challenges experienced by individual services, in particular the council's commercial services which rely on achievement of income targets to deliver a budgeted contribution to the GF. Emerging proposals need to be considered with reference to the savings requirement identified as part of work to produce this strategy as approving a

reduced contribution from income-generating services will increase the council's savings requirement.

In-year adjustments

When the budget is set each year, it incorporates the key assumptions approved as part of the MTFs. By exception, and where the impact is material and council-wide, changes may be made to the original budget in year to update earlier assumptions. The purpose of such changes is two-fold:

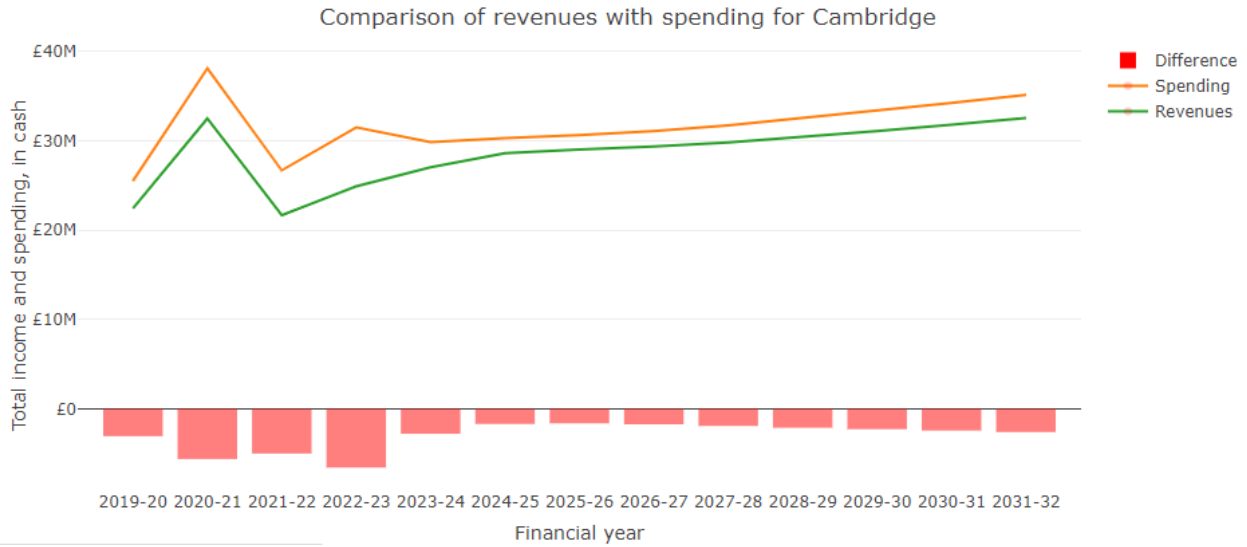
- To ensure that the budget reflects the cost of permanent staffing resources as would have been budgeted for if the updated assumption had been used when the original budget was set;
- To ensure the year-end outturn variance against budget is meaningful and reflects the organisation's true performance to the extent that the variance reported is not distorted to a material extent by the difference between budgeted assumptions and assumptions included in the latest MTFs.

2023/24 pay offer (£651k)

The 2023/24 budget includes an effective pay increase of 3% after the award of increments. The recently agreed pay settlement is for £1,925 per annum per full time equivalent (FTE) for staff graded up to spinal column point (SCP) 43 and 3.88% for all staff at SCP 44 and above. The pay increase creates additional pressure on budgets already impacted by inflationary pressures. It is proposed to increase 2023/24 pay budgets to reflect the excess of the pay settlement over the 3% 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 £11.053m for the 5-year period.

Description - £000	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Net savings requirement – new each year (BSR 23/24)	2,889	5,380	1,464	1,352	(59)	11,026
Funding changes	(626)	(4,475)	(1,816)	(2,038)	(1,662)	
Changes to assumptions and technical adjustments	859	1,182	1,054	1,038	1,266	
Change in indicative cost of capital financing strategy	(782)	(1,609)	(1,016)	(284)	422	
Total changes to savings requirement	(550)	(4,902)	(1,778)	(1,284)	26	
Net savings requirement – new each year (MTFS 2023)	2,339	1,028	4,589	1,846	1,251	11,053

The savings requirement has remained at just over £11 million despite a range of changes in modelling assumptions, many of which are interlinked. The most significant are as follows:

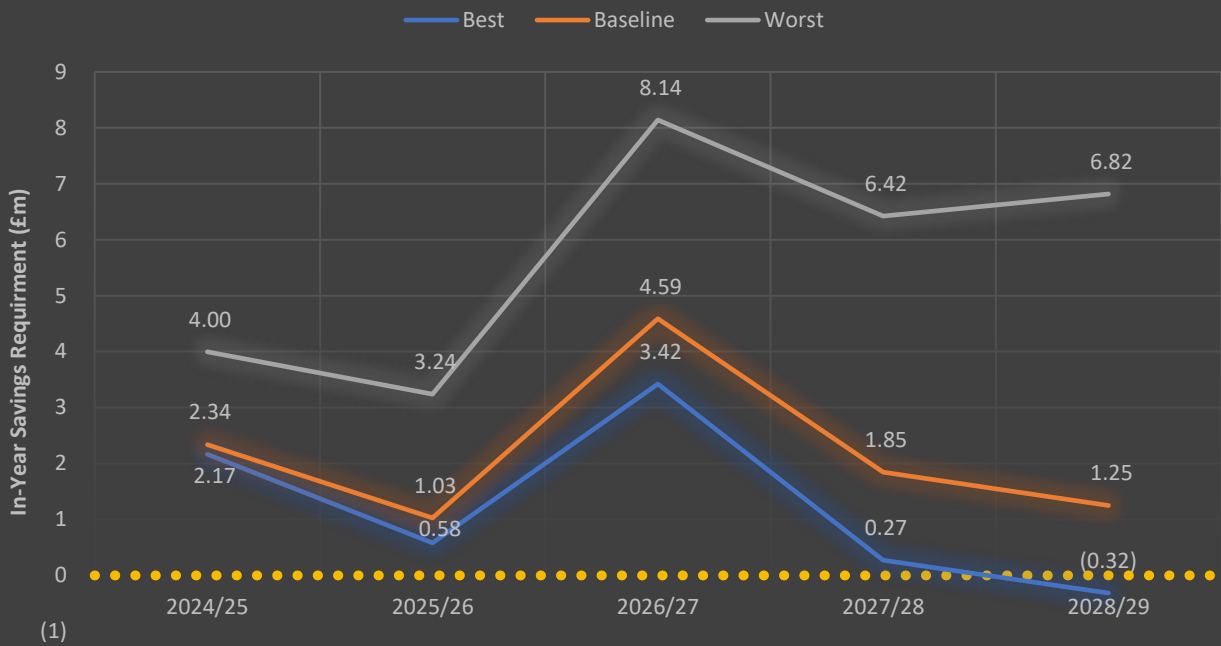
- The local government finance settlement for 2023/24 was better than expected and now forms the basis for settlements until 2026/27, assuming fair funding reforms are delayed from 2025/26.
- Higher inflation expectations contribute to an increase in pay and non-pay expenditure which is partially offset by inflationary increases in fees and charges.

- Long-term interest rates assumed for future borrowing are lower than projected in September 2022. Investment income in 2024/25 is now expected to be above that estimated previously.
- Reducing cash balances in the medium-term will reduce investment income in the latter years of the forecast period as the council uses accumulated balances to fund capital expenditure.
- The revenue implications of the Park Street development are now included within the modelling. However, due to borrowing constraints imposed by the Public Works Loan Board (PWLB) borrowing guidance, it is recommended that once fully operational, surpluses from the scheme are transferred into an earmarked reserve and made available to fund regeneration projects in the city.

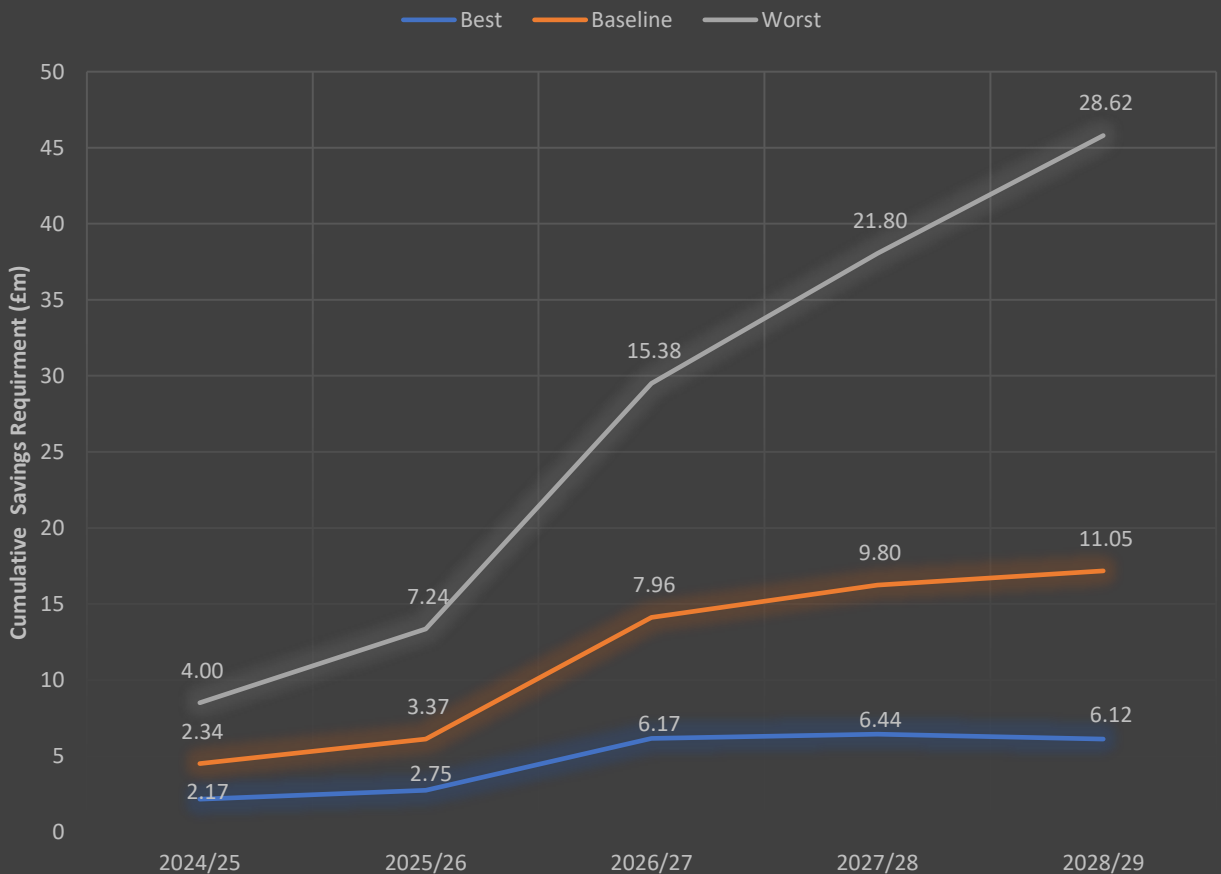
Scenarios

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 series of scenarios to assist with financial planning, with the resulting cumulative savings requirements shown in the graph below. In 2024/25, these scenarios show the in-year budget gap ranging from £2.17 million to £4 million. By 2028/29, the range has increased from a nominal surplus, if required savings are achieved in earlier years, to a requirement of £6.82m in addition to savings delivered to balance the budget in earlier years.

Scenario Modelling - Reasonably Possible In-Year Savings Requirements 2024-25 to 2028-29



Scenario Modelling - Reasonably Possible Cumulative Savings Requirement 2024-25 to 2028-29



Our Cambridge - Transformation programme

In MTFS 2021, funding of £3.1 million and a further contingency of £0.8 million 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.

The Our Cambridge programme has been running since January 2022. In that time, it has achieved significant successes including:

- **Senior management review:** the successful transition to a flatter management structure, saving £300,000 per year, and delivering a structure that better empowers the middle leadership cohort.
- **Leadership capacity:** the Leadership Team and Corporate Management Team onboarding projects have created unity and leadership capacity across the organisation.
- **The Use of Space project** has delivered savings by reducing the number of buildings used for council business, brought in rental income and has built community capacity by letting spaces to local charities and social impact organisations. The total financial benefit has been over £146,000, as well as income of £80,000+ per year for two years from renting out office space within the Guildhall.
- **The City Operations group design programme** is delivering £200,000 of savings by implementing a flatter structure and making better use of digital technology, with more savings planned for City Operations 2.0.
- **The Corporate Group design programme** is in the research and design phase, with a path to delivering savings, as well as a higher performing, more efficient and effective council.
- **A new set of 'partnerships by default' principles** have been tested and mainstreamed across the organisation. We have secured £700,000 in external funding, which has been pumped into projects which reduce community reliance on the council.
- **The social impact investment project** has secured funding to start a new organisation that will lead and manage Cambridge's first social investment fund.
- **Cambridge Together** has provided insight about what is important to our communities, and therefore on what the council should focus. Also, we have learnt to work differently to engage with our seldom-heard communities.
- **Culture shift:** We have had feedback that the organisation has significantly changed since 2021 and feels much more future focussed and innovative. The change in culture

from Our Cambridge is credited as being the catalyst which supports City Services to achieve significant savings this year and in the future.

In that time, however, we have also experienced challenges which have interrupted the delivery of the programme:

- The senior management review took longer than planned, with knock on effects for the group design programmes, which are the major drivers of savings.
- There was much less basic data and information within the organisation than initially envisaged, which has meant more time and effort had to go into ensuring we fully understood the current position before being able to plan and implement change.
- Additional activities and challenges, not originally in scope or known, coming into the programme because they were identified as essential to success – most notably Digital and ICT.

As a result of all the work undertaken to date, we know that Our Cambridge has the capability to reach the savings identified in the October 2021 S&R paper (£4.2m to the general fund), and more over time as longer-term savings come through. However, to deliver the savings we need to run the programme to a revised completion date of December 2025.

Based on our current approach to resourcing, which places the least burden on operational teams and carries the least risk, we'd need £1.533m from reserves. We are, however, committed to leading by example when it comes to reducing financial burden on the council. A number of reduced-cost options have been scoped, with a full risk analysis performed on each option. As a result, the following approach is recommended, balancing additional costs and risks to the delivery of programme benefits.

Description - £000	2024/25
Additional funding required to complete Our Cambridge as currently planned	1,539
Reallocate some of the savings from 3C ICT cost reappropriation exercise to support DTOM and DDAT implementation projects	(227)
Reduce Group Design Project expenditure budgets	(60)
Reduce programme overheads (leadership and web support capacity)	(93)
Reduce transformation capacity to support Group redesign and implementation (2FTE rather than 3FTE)	(152)
Reduce contingency on staffing costs (to cover eventualities such as maternity leave, from 15% to 7.5%)	(33)
Total changes recommended	(565)
Additional Our Cambridge costs	974
Funded by:	
Reallocation of capital funding from transformation projects (see Section 5)	274
Contribution from GF reserve to the Our Cambridge earmarked reserve	700
Total	974

As identified in Section 5, there is a total of £274k of revenue funding of capital schemes that is no longer required by the programme. Therefore, it is recommended that the additional costs of £974k are funded by reallocating this capital funding and that the balance of £700k is transferred from the GF reserve to the Our Cambridge Transformation earmarked reserve. Taken together, these increases in funding for Our Cambridge will enable the programme to deliver both improvements in the way the council works and savings to contribute to the overall savings requirement. The impact of this transfer on the GF reserve is shown in Section 6.

Section 5

Capital expenditure

Capital plan

The table below summarises capital schemes and adjustments to S106 funding agreed since the capital plan was approved by council in February 2023.

Ref.	Description - £'000s	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Approved since BSR Feb 2023:						
	Adjustments in respect of S106 funded projects	(60)	-	-	-	-	(60)
SC793/ SC794	Funding adjustments in respect of government warm homes grants	(2,599)	-	-	-	-	(2,599)
SC727/ SC820	Logan's Meadow vehicular access and works at wetlands	573	-	-	-	-	573
SC847/ SC848/ SC852	Three externally funded tree projects	92	92	49	-	-	233
SC795	CHUB - community extension to Cherry Hinton library	837	-	-	-	-	837
SC851	Grillo hydrostatic mower for S&OS	43	-	-	-	-	43
SC839	Laptop and desktop replacement	100	-	-	-	-	100
	Total approved since BSR Feb 2023	(1,014)	92	49	-	-	(873)

Mid-year adjustments to existing schemes

As part of the outturn report, information is provided regarding the in-year spend on all capital schemes including those which span multiple years. Previously, where budgeted spend has not taken place in the year it is re-profiled to the subsequent financial year and combined with the allocation for that financial year.

For smaller schemes this approach tends to appropriately reflect the profiling of expected expenditure, particularly if the original projected end date for the scheme was prior to quarter 4 of the financial year. However, for the more complex multi-year schemes, a more comprehensive review of the expected timing of expenditure is required to ensure the MTFS reflects when capital resources will be required. For this reason, two adjustments are proposed.

Park Street – Aparthotel and car park development (£90.8m)

Work began on site on this complex project in 2021/22. At the current time the underground car park is scheduled to open in the summer of 2024 followed by completion and opening of the aparthotel in spring/summer 2025.

Detailed review of the expected cash flows has highlighted that spend in 2023/24 is likely to be significantly less than in the current capital plan. An adjustment is proposed to ensure the capital plan correctly reflects the timing of expenditure. The project remains on track to deliver within budget and planned timescales.

(£000)	2023/24	2024/25
Capital Plan updated June 2023 (outturn report)	69,203	7,173
Adjustment	(57,908)	57,908
MTFS 2023	11,295	65,081

Operational hub (£10m)

This scheme was originally approved by the Strategy and Resources Scrutiny Committee in October 2021. £10 million was approved to cover the cost of relocating the depot from Cowley Road to a new facility. The scheme is expected to be completed in the 2024/25 financial year, therefore the adjustment below is proposed to reflect this timetable.

	2023/24 (£000)	2024/25 (£000)
Capital Plan updated June 2023 (outturn report)	9,308	0
Adjustment	(8,603)	8,603
MTFS 2023	705	8,603

New scheme

A detailed report on the delivery of a new centre for Barnwell will be considered at Housing Scrutiny Committee on 21 November 2023. The scheme, which is to be delivered by the Cambridge Investment Partnership (CIP), is predominantly housing but includes a community centre, library, pre-school, bowling green, pavilion, multi-use games area with provision for

tennis, and additional play facilities at Peverel Road recreation ground. The library and pre-school are to be leased at a peppercorn to Cambridgeshire County Council. These community facilities will be held within the GF, and therefore approval for a capital scheme costing £4.169 million is sought, with £204k of financing available from S106 contributions and a further £500k as a contribution from the county council. The remainder, £3.465 million, is to be funded from generally available capital resources.

Through the provision of private sales dwellings on part of the site, the scheme is forecast to achieve a land receipt and development surplus that together could total around £600k. The timing and amount of these receipts is uncertain, and therefore in line with current policy, once received will be made available to finance future capital schemes thereby reducing the future revenue costs of financing these schemes.

Schemes to be reduced or deleted

The following capital schemes were approved as part of the Our Cambridge programme. As the programme has developed, it has become clear that the original objectives of the schemes will be delivered substantially through work of a revenue, rather than capital, nature. Therefore, it is recommended that the following schemes are either reduced or deleted and the funding, which had been allocated from revenue resources, is repurposed to fund the extension of the Our Cambridge programme described in Section 4.

	Schemes to be deleted	Delete / reduce	£000
SC771	Data and analytics - putting building blocks in place for future use of data and information management	Delete	70
SC770	ICT project delivery: project management, technical resource, business analysis and change management	Delete	40
SC804	ICT and Digital Capabilities	Reduce from £300k to £155k	145
SC659	My Cambridge City online customer portal	Delete	19
	Total contribution to Our Cambridge earmarked reserve		274

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)). Exceptionally capital expenditure may be funded from earmarked reserves if set aside for that purpose through the budget setting process.

However, for all other schemes the finite amount of capital receipts available to the council means it is necessary to appraise the affordability of funding capital expenditure using borrowing. 10-year forecasts of capital expenditure have been drawn up and the resulting costs modelled. Whilst there is considerable uncertainty surrounding these forecasts, the amount and timing of capital receipts and the future costs of borrowing, the modelling indicates that a capital spending limit of £4.0m per year should be set for new capital proposals without specific grant or contribution funding. This capital spending limit requires potential schemes to be prioritised; some may need to be delayed until funding is available, and some may have to be rejected. The capital spending limit is reviewed annually.

Capital receipts and development surpluses (£000)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Unallocated capital receipts at 1 April 2023	14,141	-	-	-	-	-	14,141
Forecast receipts and development surpluses	5,825	4,000	-	475	13,000	2,000	25,300
Total receipts available to finance capital spending	19,966	4,000	-	475	13,000	2,000	39,441

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:

- A period of abnormally high inflation has increased the base cost of labour, commodities, and materials, impacting the costs of service and project delivery. Future levels of inflation are uncertain, so whilst careful management can contain these costs to a degree, there is a risk that budgets are insufficient to deliver planned activities and outcomes.
- Cambridge has seen continuing increases in its population, both within council boundaries and on its fringes, and this places additional demands on services such as Leisure, Environmental Health and Homelessness. As council funding is unlikely to grow in line with population, there is a risk that the council is unable to afford the level of services required by residents and visitors.
- The council has ambitious plans to achieve net zero by 2030. However, there is limited funding available from central government to support these plans, exacerbated by market-driven increases in the cost of net zero works due to a shortage of skilled professionals in the relevant industries. Therefore, there is significant risk to the delivery of net zero within these timescales and within resources available to the council.
- There remains uncertainty in the level of funding for local authorities from central government beyond 2024/25. In addition, potential changes in local authorities' statutory responsibilities may not be adequately funded. These factors, along with a possible change of government following a General Election, create challenges for financial planning and the financial sustainability of the council.
- The council is undertaking a complex programme of transformational change to streamline and modernise services and achieve savings. There is considerable risk to the timing and costs of the programme and to the delivery of savings and planned outcomes.

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 13.4% decrease is recommended. This reduction reflects the outcome of a review of sensitivity of income streams to changes in the external environment. This has been offset by an increase in the allowance for potential delays in the delivery of recurrent savings linked to the council's transformation programme.

General Fund reserve - £m	February 2023 BSR	November 2023 MTFS
- Target level	8.225	7.121
- Minimum level (PMB)	6.854	5.934

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.

The table below includes *indicative allocations in italics*. These include:

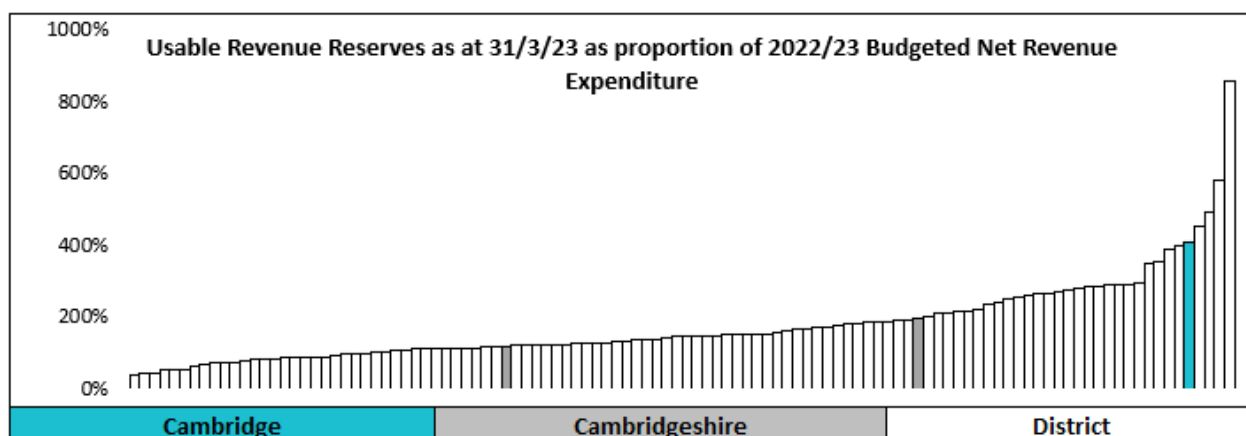
- Funds to deliver refurbishment of the Guildhall and associated decarbonisation works in line with the Office Accommodation Strategy approved at Strategy and Resources Scrutiny Committee in October 2022. Officers are currently developing a programme of works to estimate the cost of a range of schemes to enhance the Guildhall and further details will be provided as part of the budget setting report. The table below indicates the minimum contribution from reserves which would be required to complete the programme of works after accounting for the capital receipt the council expects to generate from the sale of existing office accommodation.
- High-level allocations for additional resources to fund the restructuring of services where the revised structure has a smaller number of posts.
- Contributions to the Climate Change Fund, where proposals are expected to come forward in BSR 2024/25.

GF reserve £'000s	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Balance at 1 April (b/fwd)	(28,061)	(24,523)	(7,773)	(6,723)	(6,673)	(6,623)
2022/23 Carry forwards	1,568	-	-	-	-	-
2023/24 Funding approved at outturn – Greater Cambridge Impact (£200k)/Place Group Programme Delivery (£218k)/Climate Change Reserve (£80k)	498	-	-	-	-	-
Funding for 2023/24 pay award above 3% reflected in 2023/24 BSR	651	-	-	-	-	-
Budgeted contribution to reserves per approved 2023/24 budget	(932)					
Restructuring arising from Phase 1 of City Services Review	548	-	-	-	-	-
Funding required to complete Our Cambridge transformation programme (see section 4)	700	-	-	-	-	-
Application of previously approved funding in service budgets for capital projects	511					
<i>Indicative funding for further restructuring arising from future phases of Our Cambridge</i>		1,000	1,000	-	-	-
<i>Indicative funding for the Climate Change Fund (CCF)</i>	-	750	50	50	50	50
<i>Indicative transfer to earmarked reserve for Guildhall refurbishment and decarbonisation</i>	-	15,000	-	-	-	-
Balance at 31 March before business rates growth (c/fwd)	(24,517)	(7,767)	(6,717)	(6,667)	(6,617)	(6,567)
Business rates growth – indicative growth element (at risk)	(7,400)	(8,478)	(9,736)	(2,594)	(3,488)	(4,421)
Balance at 31 March including business rates growth	(31,917)	(23,645)	(32,331)	(34,875)	(38,313)	(42,684)

No indicative allocations are made to reflect other potential uses of reserves identified in BSR 2023/24, as amounts are too uncertain, or plans are not yet sufficiently advanced. Future contributions from general reserves may be made to:

- Support service delivery whilst the council transforms, and savings are made
- Improve sustainability and climate change adaptation for both the council and the city, including carbon reduction measures for the council's other administrative and operational buildings, decarbonisations of the council's vehicle fleet and reductions in water usage (£10-15 million)
- City Centre regeneration (£5-10 million)

Currently, the council holds a good level of useable reserves compared with other district councils. However, the table above highlights that planned spending will rapidly deplete the General Fund Balance. Most significantly without business rates growth by 2025/26 the balance will fall below the target balance set out above. If savings are not delivered between now and 2025/26 this situation could arise sooner, and action may be required to ensure the PMB is maintained on the GF.



LGImprove: Compiled from unaudited Statement of Accounts 22/23, as published by 10 October 2023

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 2022 £000	Balance at 31 March 2023 £000
Major policy-led funds	(6,365)	(4,885)
Asset replacement funds (R&R)	(2,029)	(1,643)
Statutory and accounting reserves	(5,238)	(4,484)
Shared / partnership funds	(7,248)	(7,576)
Other – to be closed once committed balances are spent	(7,670)	(2,814)
Total	(28,550)	(21,402)

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

Reserves policy

The council's management of reserves has been formalised as a reserves policy, attached at Appendix E and recommended for approval.

Section 7

Budget strategy

General Fund savings requirements

Description - £000	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Net savings requirement – new each year - Section 4 of this report	2,339	1,028	4,589	1,846	1,252	11,054

General Fund budget strategy

Budget process

The detailed GF budget process for 2023/24 will remain broadly similar to that for previous years, working within an overall cash limit. The process of scrutiny and approval was changed last year recommended in an external review of the budget process and further changes will be made for the 2024/25 budget as a result of feedback on the 2022/23 process. The base model used to prepare this report has driven the recommendations in respect of the 2024/25 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.

Budget principles

In light of the requirement to make substantial savings, a savings target of £6m net new recurring savings over the three years 2024/25 to 2026/27 has been agreed. Detailed processes and principles have been set to ensure that all budget proposals align with council priorities and are supported by a business case.

Our Cambridge - Transformation and recovery programme

An outline of the programme's achievements to date is given in Section 4, alongside a request for additional funding. The programme is expected to deliver substantial savings, both within its extended timescale to December 2025, and beyond. By enabling culture change and undertaking detailed organisational design work, the programme will make it

possible for the council to continue to deliver improvements and associated savings into the future.

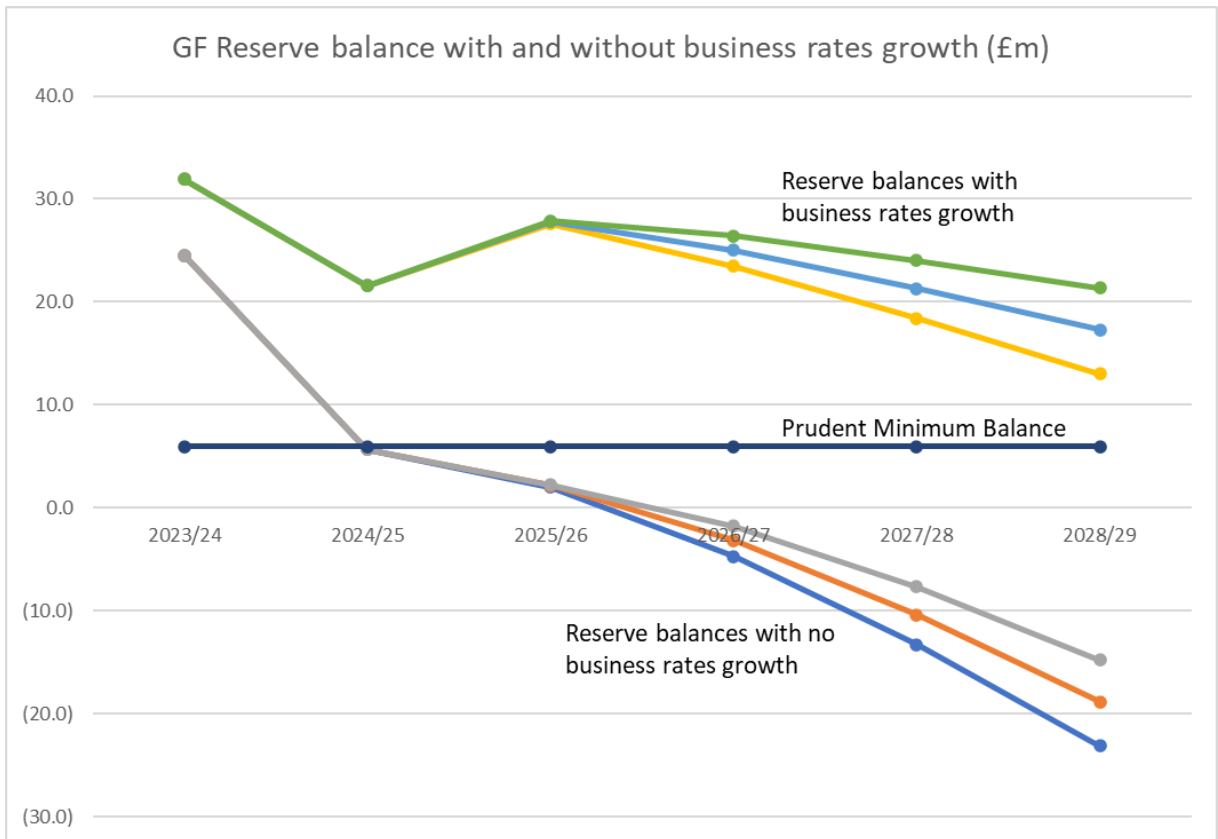
The latest forecast of GF savings that could be deliverable within the three year programme are shown below. It is assumed for planning purposes that approximately 75% of total savings will be attributable to the GF, and the remainder to the Housing Revenue Account (HRA). Savings shown for the extended programme will only be achievable if additional funding is agreed as requested in Section 4.

Our Cambridge cumulative indicative savings (GF only) - £000	2024/25	2025/26	2026/27	2027/28	2028/29
Our Cambridge – no additional funding	(260)	(705)	(1,287)	(1,287)	(1,287)
Our Cambridge – extended to December 2025	(260)	(890)	(2,652)	(2,652)	(2,652)
Our Cambridge – extended to December 2025 – stretch target	(260)	(957)	(3,980)	(3,980)	(3,980)

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	2024/25	2025/26	2026/27	2027/28	2028/29
Cumulative savings requirement - Section 4 of this report	2,339	3,367	7,956	9,802	11,054
Remaining savings requirement					
Our Cambridge – no additional funding	2,079	2,662	6,669	8,515	9,767
Our Cambridge – extended to December 2025	2,079	2,477	5,304	7,150	8,402
Our Cambridge – extended to December 2025 – stretch target	2,079	2,410	3,976	5,822	7,074

If all savings identified are delivered as expected, the council will still face a new net savings requirement of at least £7 million and possibly up to nearly £10 million by 2028/29. The total budget gap, shortfall of income compared with expenditure over the five years, could range from £21 million to £30 million. 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 by the end of 2024/25. 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, and will need to maximise the financial benefits of the Our Cambridge programme alongside identifying and delivering further reductions in spending or increases in income.



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.

Changes were made to the budget-setting process in 2022/23. The impact of these changes was evaluated earlier this year. Whilst it was agreed that changes made had been beneficial, it was felt that further changes could be made to enhance scrutiny of budget proposals and improve the arrangement for consultation. Revisions to the timetable are reflected in the table below.

The council will begin a consultation exercise following approval of this MTFS. The outcome of that consultation will be available for members to consider when considering the BSR in early 2024. 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.

Timetable

Date	Task
2023	
20 November	Strategy and Resources Scrutiny Committee consider the GF MTFS for recommendation to Council
20 November	The Executive considers the MTFS and approves commencement of the consultation process
30 November	Council considers and approves the GF MTFS
2024	
15 January	Draft GF budget considered by Strategy and Resources Scrutiny Committee
5 February	The Executive consider and recommend the GF BSR and council tax level to Council
15 February	Council considers the GF BSR and amendments, approves the GF budget and sets the level of council tax for 2024/25

Appendix A

Description / £'000s	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Expenditure											
Net service budgets - base and inflation	25,509	27,833	29,176	29,047	30,093	30,538	30,878	31,026	31,181	31,544	31,914
Savings delivered from prior years			(2,339)	(3,366)	(7,955)	(9,801)	(11,053)	(11,393)	(11,661)	(11,661)	(11,734)
Net service budgets	25,509	27,833	26,837	25,681	22,138	20,737	19,825	19,633	19,520	19,883	20,180
Capital accounting adjustments	(6,336)	(5,997)	(5,997)	(5,997)	(5,997)	(5,997)	(5,997)	(5,997)	(5,997)	(5,997)	(5,997)
Capital expenditure financed from revenue	1,570	130	0	0	0	0	0	0	0	0	0
Indicative cost of revised capital financing strategy	279	35	335	1,569	2,847	4,099	4,606	5,202	5,465	5,781	5,717
Contributions to earmarked funds	995	395	395	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742
Net spending requirement before in-year savings	22,017	22,396	21,570	22,995	20,730	20,581	20,176	20,580	20,730	21,409	21,642
In-year savings	0	(2,339)	(1,027)	(4,589)	(1,846)	(1,252)	(340)	(268)	0	(73)	0
Net spending requirement	22,017	20,057	20,543	18,406	18,884	19,329	19,836	20,312	20,730	21,336	21,642
Funded by:											
Settlement Funding Assessment (SFA)	(4,591)	(4,601)	(4,693)	(7,237)	(7,237)	(7,237)	(7,237)	(7,237)	(7,237)	(7,237)	(7,237)
Locally Retained Business Rates – Growth Element	(7,400)	(8,478)	(9,736)	(2,594)	(3,488)	(4,421)	(5,404)	(3,794)	(5,419)	(6,163)	(6,163)
New Homes Bonus (NHB)	(53)	(53)	0	0	0	0	0	0	0	0	0
Core Funding Grants	(4,634)	(5,097)	(5,143)	0	0	0	0	0	0	0	0
Appropriations from earmarked funds	(3,858)	0	0	0	0	0	0	0	0	0	0
Council Tax	(9,813)	(10,306)	(10,706)	(11,168)	(11,647)	(12,092)	(12,599)	(13,074)	(13,598)	(14,098)	(14,584)
Contributions to / (from) reserves	8,332	8,478	9,735	2,593	3,488	4,421	5,404	3,793	5,524	6,163	6,342
Total funding	(22,017)	(20,057)	(20,543)	(18,406)	(18,884)	(19,329)	(19,836)	(20,312)	(20,730)	(21,336)	(21,642)

Appendix B

Capital Plan

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
Capital-GF Projects								
PR032w	S106 Accordia open space improvements - hedge-planting and landscaping	J Richards	3	0	0	0	0	0
SC778	S106 Jesus Green ditch biodiversity improvements	G Belcher	6	0	0	0	0	0
SC785	S106 The Art of Play	N Black	3	0	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Car Parks	S Cleary	199	0	0	0	0	0
SC627	Guildhall Large Hall Windows refurbishment	W Barfield	101	0	0	0	0	0
SC644	Acquisition of land adjacent to Huntingdon Road Crematorium	G Theobald	36	0	0	0	0	0
SC645	Electric vehicle charging points - taxis	J Dicks	86	0	0	0	0	0
SC651	Shared ICT waste management software - Alloy/Yotta	J Ogle	75	0	0	0	0	0
SC654	Redevelopment of Silver Street Toilets	D O'Halloran	589	0	0	0	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC678	Crematorium - additional car park	G Theobald	338	0	0	0	0	0
SC679	Crematorium - cafe facilities	G Theobald	283	0	0	0	0	0
SC684	Property Management software	P Doggett	42	0	0	0	0	0
SC688	Environmental Health software	Y O'Donnell	23	0	0	0	0	0
SC689	Income management software	C Norman	52	0	0	0	0	0
SC690	Secure phone payments	C Norman	24	0	0	0	0	0
SC692	Cromwell Road Redevelopment (GF)	M Wilson	160	0	0	0	0	0
SC694	Meadows Community Hub and Buchan St retail outlet	J Smith	263	0	0	0	0	0
SC695	Cromwell Road Redevelopment - equity loan to CIP	C Ryba	5,350	0	0	0	0	0
SC696	Cromwell Road Redevelopment - development loan to CIP	C Ryba	4,600	0	0	0	0	0
SC708	Replacement plantroom at Jesus Green outdoor pool	I Ross	140	0	0	0	0	0
SC712	Automation of Bishops Mill sluice gate	A Wilson	90	0	0	0	0	0
SC713	Replacement air quality monitoring equipment	J Smith	200	0	0	0	0	0
SC714	Changing Places toilets	A French	100	0	0	0	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC715	Additional refuse vehicle for property growth shared with SCDC	B Esan	420	0	0	0	0	0
SC724	Residential electric charging points	J Dicks	60	0	0	0	0	0
SC727	Logan's Meadow vehicular access	G Belcher	293	0	0	0	0	0
SC731	Cambridge Food Hub	V Haywood	100	0	0	0	0	0
SC732	Park Street car park development	D Prinsep	11,295	65,081	0	0	0	0
SC739	S106 Abbey Pool improvements	I Ross	27	0	0	0	0	0
SC741	S106 Nightingale Rec Ground pavilion	I Ross	208	0	0	0	0	0
SC752	S106 Byron's Pool ecological mitigations	G Belcher	165	13	0	0	0	0
SC753	S106 Nine Wells ecological mitigations	G Belcher	68	5	10	0	0	0
SC754	Cambridge Corn Exchange - infrastructure improvements and upgrades	F Alderton	462	0	0	0	0	0
SC756	EV infrastructure at the Cambridge City Council depot	S Cleary	57	0	0	0	0	0
SC758	Charging infrastructure for electric vehicles - Cambridge City council only	B Esan	50	0	0	0	0	0
SC759	Creation of a new boat pumping station at Stourbridge Common	A Wilson	60	0	0	0	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC760	Investment programme for public toilet re-purposed property asset	A French	532	0	0	0	0	0
SC761	Installation of cattle ramp on Midsummer Common	A Wilson	44	0	0	0	0	0
SC764	Environmental Improvements Programme (EIP) options	J Richards	505	0	0	0	0	0
SC765	Introduction of car parking charges at Cherry Hinton Hall	A French	19	0	0	0	0	0
SC768	Extend data capacity in shared data centre	M Lord	11	0	0	0	0	0
SC769	Network equipment refresh	M Lord	65	0	0	0	0	0
SC772	Market Square project	S French	214	0	0	0	0	0
SC773	Colville Rd Phase 3 - replacement of commercial units	D Prinsep	427	0	0	0	0	0
SC776	BEIS grant for Parkside pools decarbonisation works	I Ross	62	0	0	0	0	0
SC777	BEIS grant for Abbey pool decarbonisation works	I Ross	28	0	0	0	0	0
SC779	Parker's Piece tree planting	M Magrath	2	0	0	0	0	0
SC780	S106 Darwin Green community centre equipment and furnishings	V Haywood	11	0	0	0	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC791	S106 Coldhams Common BMX track	J Richards	76	0	0	0	0	0
SC793	Sustainable Warmth Grant - Local Authority Delivery Phase 3	J Smith	612	0	0	0	0	0
SC794	Sustainable Warmth Grant - Home Upgrade Grant	J Smith	1,047	0	0	0	0	0
SC795	CHUB - community extension to Cherry Hinton library	A Conder	1,731	0	0	0	0	0
SC796	Building Control software	H Jones	120	0	0	0	0	0
SC797	Waste - electric replacement vehicles	B Esan	970	0	0	0	0	0
SC799	Closed churchyard wall repairs	A French	63	0	0	0	0	0
SC800	[COMPLETED] New vehicle to support S&OS Assets multi skilled operatives	J Parrott	55	0	0	0	0	0
SC801	Replacement vehicle lift	D Cox	40	0	0	0	0	0
SC803	Market Square electrics upgrade	S French	52	0	0	0	0	0
SC804	ICT & Digital Capabilities	P Boucher	155	0	0	0	0	0
SC808	Our Cambridge transformation - Office Accommodation Strategy	P Boucher	53	0	0	0	0	0
SC811	S106 Mill Road Centre fit out	A Conder	62	0	0	0	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC812	S106 Clay Farm community centre improvements	R Brown	6	0	0	0	0	0
SC813	S106 Trumpington Rec ground environmental enhancements	J Ogle	14	0	0	0	0	0
SC814	S106 public art grant for Solidarity and Community - The Pink Festival	N Black	29	0	0	0	0	0
SC820	Wetlands at Logan's Meadow LNR	G Belcher	280	0	0	0	0	0
SC822	Loan to CIP to purchase land south of Cambridge	C Ryba	15,139	0	13,500	0	0	0
SC823	S106 public art grant for Cherry Hinton Brook mural	N Black	2	0	0	0	0	0
SC824	S106 public art grant for Birdwood Area Art	N Black	5	0	0	0	0	0
SC825	S106 public art grant for Park Street Residents' Association Art	N Black	11	0	0	0	0	0
SC826	S106 Midsummer's Common community orchard improvements - seating, bins, paths and raised beds (Market Ward)	J Ogle	18	0	0	0	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC827	S106 Five Trees open space: wildflower and tree planting in East Chesterton	M Magrath	15	0	0	0	0	0
SC828	WREN solar project at Waterbeach	B Esan	1,493	130	0	0	0	0
SC830	S106 grant to Trumpington village hall - disabled access and outside meeting space	I Ross	4	0	0	0	0	0
SC831	Sustainable Warmth Grant - Home Upgrade Grant 2	J Smith	4,500	5,508	0	0	0	0
SC832	S106 Bramblefields LNR improvements - East Chesterton	G Belcher	15	0	0	0	0	0
SC833	Kings Hedges play area improvements	J Parrott	165	0	0	0	0	0
SC834	Decarbonisation works - Abbey pool, Parkside pool, Cherry Hinton village centre	I Ross	159	650	400	0	0	0
SC835	Recommended maintenance at Abbey pool, Parkside pool and Cherry Hinton village centre	I Ross	200	200	240	175	0	0
SC836	Essential repairs to Jesus Green river bank	A French	125	0	0	0	0	0
SC837	Parkside Pool's diving boards	I Ross	30	0	0	0	0	0
SC838	Refuse collection vehicle - replacement HVO	B Esan	400	0	0	0	0	0
SC839	Laptop and desktop replacement	M Lord	200	100	100	100	0	0

Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
SC840	Pathfinder House data centre equipment replacement - racks, power and cooling systems	M Lord	110	0	0	0	0	0
SC841	Sand Martin/Pathfinder House data centre refresh to hybrid environment	M Lord	215	0	0	0	0	0
SC842	Windows 2012 server replacement	M Lord	30	0	0	0	0	0
SC843	Wireless access point	M Lord	75	0	0	0	0	0
SC844	Uninterruptible power supply replacement	M Lord	35	0	0	0	0	0
SC845	Democratic services software replacement	G Clift	27	0	0	0	0	0
SC846	Contribution to GF from HRA for corporate IT investment	J Hovells	(130)	(23)	(23)	(23)	0	0
SC847	Local Authority Treescape Fund - Round 2	M Magrath	33	33	32	0	0	0
SC848	Urban Tree Challenge Fund	M Magrath	17	17	17	18	0	0
SC849	S106 Coleridge Rec outdoor kit fit	I Ross	75	0	0	0	0	0
SC850	OZEV grant for electric charge points in council car parks	S Cleary	199	0	0	0	0	0
SC851	Grillo hydrostatic mower for S&OS	G Belcher	43	0	0	0	0	0
SC852	National Lottery grant for DiversiTREE project	M Magrath	42	42	0	0	0	0
SC853	East Barnwell Community Facilities	B Binns	49	1,447	1,996	677		
Capital-GF Projects			56,614	73,203	16,272	947	0	0

Capital-Programmes								
Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
PR010	Environmental Improvements Programme	J Richards	73	0	0	0	0	0
PR010b	Environmental Improvements Programme - South Area	J Richards	39	0	0	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	J Richards	57	0	0	0	0	0
PR010d	Environmental Improvements Programme - East Area	J Richards	24	0	0	0	0	0
PR039	Minor Highway Improvement Programme	J Richards	59	0	0	0	0	0
PR053	Commercial property repair and maintenance	J Richards	400	300	300	300	300	0
PR054	Administrative buildings maintenance	W Barfield	166	166	400	400	400	0
PR055	Depot Relocation programme to create Operational Hub	S Cleary	705	8,603	0	0	0	0
PR056	Chalk Streams projects in Cambridge	G Belcher	60	120	120	0	0	0
PR057	Green Recovery Programme	G Belcher	75	0	0	0	0	0
Capital-Programmes			1,658	9,189	820	700	700	0

Capital-GF Provisions								
Ref.	Description	Lead Officer	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)
PV007	Cycleways	J Richards	354	0	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	0	60	0	0	0	0
PV554	Development Of land at Clay Farm	D Prinsep	181	705	0	0	0	0
Capital-GF Provisions			535	765	0	0	0	0
Total GF Capital Plan			59,032	81,710	15,096	970	700	0

Appendix C

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

Estimate of prudent level of General Fund reserves 2024/25			
Description	Level of risk	Amount at risk	Risk
		£	£
Employee costs	<i>Low</i>	34,856,820	69,714
Premises costs	<i>Medium</i>	8,441,890	37,989
Transport costs	<i>Medium</i>	649,560	3,897
Supplies and services	<i>Medium</i>	30,402,700	91,208
Grants and transfers	<i>Low</i>	27,883,740	27,884
Grant income	<i>Low</i>	41,221,590	41,222
Other income	<i>Variable</i>	37,756,510	704,343
Total one year operational risk			976,256
Allowing three years cover on operational risk			2,929,000
General and specific risks		Amount (£)	Probability (%)
Unforeseen events		1,000,000	30%
Legal action - counsel's fees		100,000	50%
Data Protection breach		500,000	30%
Capital project overruns		750,000	50%
Project failure / delays to savings realisation		6,000,000	33%
Cover for lower level of earmarked and specific reserves		500,000	30%
General risks			3,005,000
Prudent Minimum Balance (PMB)			5,934,000
Target (PMB + 20%)			7,121,000

Appendix D

Principal earmarked and specific funds

Fund	Balance at 1 April 2023	Anticipated contributions	Forecast expenditure	Forecast balance at 31 March 2028
Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund	5,260	0	(5,260)	0
Climate Change Fund	302	950	(1,252)	0
Asset Replacement Fund (R&R)	1,643	0	(1,643)	0
Bereavement Services Trading Account	440	0	(440)	0
Homes for Ukraine Grant Funding	1,498	0	(1,498)	0
Insurance Fund	1,294	0	0	1,294
Shared Services Reserves*	2,315	0	(2,315)	0
A14 Mitigation Fund	1,500	0	(1,500)	0
Covid Grants	297	0	(297)	0
NNDR Additional Income	124	0	(124)	0
Our Cambridge Transformation and Contingency Funds	2,402	694	(3,096)	0
Total	17,075	1,644	(17,425)	1,294

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

*This includes the Local Plan Development Fund is used to fund work with South Cambridgeshire District Council on the joint Local Plan as well as balances pertaining to the Homes Improvement Agency and Building Control

Appendix E

Reserves policy

Introduction

This policy establishes a framework within which decisions will be made regarding the level of reserves held by the council and the purposes for which they will be used and maintained. Sections 32 and 43 of the Local Government Finance Act 2003 require local authorities to have regard to the level of resources needed to meet estimated future expenditure when calculating the annual budget requirement.

Regard should be had for the best practice guidance published by The Chartered Institute of Public Finance & Accountancy (CIPFA) in [CIPFA Bulletin 13 Local Authority Reserves and Balances | CIPFA](#)

Definitions

Reserves are sums of money held by the council to meet future expenditure. There are two principal types of reserves:

- **General:** non-specific reserves which are kept to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the council's five year Medium Term Financial Strategy (MTFS). The council's general revenue reserves are held in the general reserve balance.
- **Earmarked reserves:** held for specific purposes and which are established either by statute or at the discretion of the council. They remain legally part of general reserves.

A summary of all reserves, including in year movements and year end balances are contained in the council's Statement of Accounts.

General reserve balance

The council's Financial Regulations state that it is the responsibility of the Chief Finance Officer to advise the executive and/or full council on prudent levels of reserves for the authority.

The council will maintain an adequate level of general reserve balance to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short-term borrowing.
- Provide a contingency to cushion the impact of unexpected events or emergencies.
- Plan for potential major items of expenditure

The appropriate level of reserves for this purpose will be determined by the council's MTFS, which will be reviewed annually and will be subject to approval by full council. However, the council will not maintain levels of general reserve balances that are excessive compared with appropriate minimum levels. In this context, "excessive" will be assessed and reviewed annually in the MTFS with regard to:

- The projected level of General Reserve balance at the end of the MTFS, less the appropriate minimum level.
- The annual planned use of reserves in each year of the MTFS.
- The impact of sudden large changes in annual use of balances on services or Council Tax levels.

The adequacy of the general reserve balance will be determined by assessing the financial risks associated with meeting continuing obligations to provide services. The risk assessment will be reviewed annually.

CIPFA provides guidance on the factors which should be taken into account in determining the overall level of reserves and balances. These are:

- Assumptions regarding inflation and interest rates.
- Estimates of the level and timing of capital receipts
- Treatment of demand-led pressures
- Treatment of planned efficiency savings / productivity gains
- Risks inherent in any new partnerships, major outsourcing arrangements or major capital developments
- Financial standing of the council, including the level of borrowing, debt outstanding, capacity to manage budget pressures etc.
- General financial climate to which the council is subject
- Impact of major unforeseen events and the likely level of government support following such events

The general reserve balance will be reviewed and projections on future balances will be made at key points during the financial year, namely as part of the budget setting process

and update of the MTFs. In exceptional circumstances, the actual level of the council's balance may fall below the level which is considered appropriate. This is consistent with the need to meet short-term unforeseen expenditure. However, the actual level will be monitored against balances outlined in the MTFs. The plan will set out the level of planned balances, as well as confirming acceptable thresholds above or below the balance. If the balance falls outside of the planned tolerance levels, a plan will be agreed by the council to restore balances to the appropriate level.

Earmarked reserves

Earmarked reserves are not available to the council for use in setting its ongoing base budget. They are required for specific purposes and are a means of building up funds to meet known or predicted liabilities.

Creation of such reserves must be approved by the Chief Finance Officer, with full council approval required for major policy led funds (see below).

Each earmarked reserve will have a clear protocol setting out:

- The reason for / purpose of the reserve
- How and when the reserve can be used
- Procedures for the reserve's management and control

Balances should be reasonable for the purpose held and must be used for that purpose only. Reserves will be reviewed annually for continuing relevance and adequacy. If the reserve is no longer required for its original purpose, or no longer required at its current level, the balance will transfer to the general fund balance, as approved by full council.

Earmarked reserves are analysed as follows:

Type of earmarked reserve	Rationale
Major policy-led funds	Established to manage corporate priorities including transformation and cross group policy issues
Asset replacement funds	Funds set aside for specific asset replacement (ongoing use in Housing Revenue Account only)
Statutory and accounting reserves	As required
Shared / partnership funds	Retained for use by shared services / partnerships
Other	As required – limited time reserves to be closed once committed balances are spent