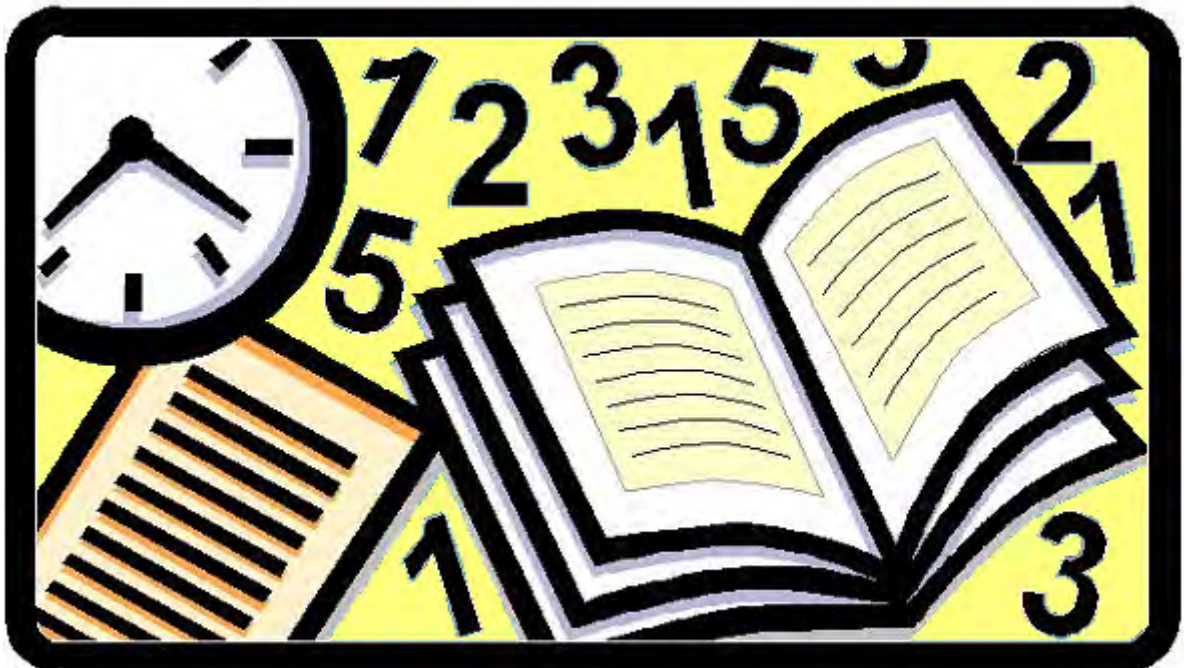


Final



MEDIUM TERM STRATEGY

SEPTEMBER 2007



Covering the period :

2007/08 to 2011/12

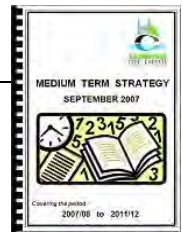
Version Control History

Version No.	Version for :	Anticipated Content	
1	Strategy & Resources Scrutiny Committee (3 September 2007)	Initial MTS and 2008/09 budget process proposals	
2	Council (13 September 2007)	Updated for revised Employers pay offer of 2.475%, and revised PDG tables	
Current	3	FINAL	Final version – includes minor typographical changes



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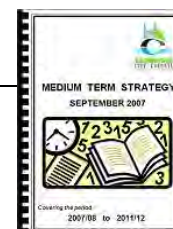


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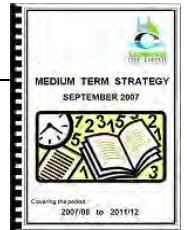
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Executive Summary

Introduction

- 1) The Medium Term Strategy (MTS) is the Council's key financial planning document. It sets out, and considers the implications of, the Medium Term Objectives (MTOs) and priorities approved by the Council.
- 2) It is part of a wider corporate process which is shown in Appendix A, together with an outline timetable of key events.

Policy Context

- 3) The key policy context for the MTS was outlined in the MTOs, and supporting detail, which were approved by the Council at its meeting on 24 May 2007. A revised set of MTOs were approved by Council on 20 July 2006.
- 4) This included determination of the priorities for decision-making in budget setting. The key elements for prioritisation are :
 - Contribution to the MTOs (adverse effects will be reflected in low prioritisation)
 - Improving Council performance as measured by nationally significant Performance Indicators (savings resulting in adverse effects would be a very low priority)
 - Bids are expected to have explored procurement options, including partnership working
 - Bids representing additional cost to existing services must demonstrate that no further offsetting efficiency savings are available in that service.
- 5) The first countywide Local Area Agreement (LAA) was agreed with Government in March 2006. This is a 3-year agreement which sets out the priorities for the local area which have been agreed between central government and local councils and their partners.
- 6) The agreement sets out outcomes, indicators and targets aimed at improving performance on a range of local and national priorities. It replaces a number of individual bidding processes, and the implications for accessing funding are still being evaluated as the process evolves.
- 7) From 2008 the Government is introducing a revised LAA process, which means that LAAs will no longer be about specific funding for specific targets. Instead the assumption will be that all resources in the local area, not just Government grant, will be used to effectively support the 53 improvement targets.



- 8) The starting point for the LAA will be the Sustainable Communities Strategy agreed by the Local Strategic Partnership (LSP). It will be important that partnership work at LSP and LAA level is effectively resourced, and that the Cambridge Community Strategy is evidence-based and is an accurate expression of local needs and priorities.
- 9) Cambridgeshire's Local Public Service Agreement (LPSA) forms part of the LAA agreement. It identified 'stretch targets' across 12 topic areas for achievement by March 2007. Successful achievement of at least 60% of each stretch target will result in the award of reward grant. Current estimates suggest that a total of £6.4m has been achieved by the partners, to date. The grant will be paid over two years and will be 50% revenue and 50% capital.
- 10) It is currently expected that the City LSP should have in the region of £1.2m to allocate, and discussions are currently taking place on the process for deciding priorities for investing reward grant. It is unlikely that the outcome of any proposals will be available until after the Council sets its own budgets for 2008/09.
- 11) Future arrangements for stretch targets and reward grant will be dependent on the outcome of CSR2007.

Demographic Factors

- 12) Demographic factors affect the Council's planning in a number of ways :
 - Changes in total population affect the Council's entitlement to Government grant under the current grant distribution formula
 - Changes in the number of households affect the taxbase for Council Tax purposes, and hence the total amount which will be raised from this source
 - The characteristics of both population and households can help identify specific implications for the type and nature of many services provided by the Council
 - All of the above factors affect the level of demand for, and use of, services provided by the Council
- 13) Census 2001 had significant implications for the Council, as the data showed a significant fall in the resident population (108,832) compared with the interim projected figures (124,400).
- 14) This was of particular significance as it is the key element for the distribution of Government grant under the present Formula Grant system.



- 15) The adverse effect of this was initially compounded for the City Council by the fact that the continued use of detailed data from the 1991 Census (where the updated 2001 data was still unavailable at that level) was disadvantageous. The use of 2001 data was implemented as part of the 2006/07 Local Government Finance Settlement, which has served to significantly increase the Council's grant entitlement.
- 16) Recent revisions to the estimation process used by the Office of National Statistics (ONS) in determining the population estimates used in the formula grant mechanism, have resulted in the City again being attributed with the net effects of international migration.
- 17) The resulting increases of around 2,000 to 3,000 per year moved the City back into the top 10 fastest growing local authorities in population terms.
- 18) Whilst this is positive in terms of grant entitlement, the effect will only result in long-term grant stability if international migrants are settling in the City on a permanent basis, resulting in increased population in future Census data.
- 19) This is yet to be empirically demonstrated, and if it is not the case the City could face downward revisions at the next Census comparable with that experienced from Census 2001. Downward revisions could also be faced at an earlier point if the Government determine to change the basis for interim population projections as part of the current review of Formula Grant methodology. This issue is reflected in the Council's risk assessment and planning.
- 20) Regional planning issues will also have an impact for the services delivered by the Council, primarily in the medium and longer-term. This will reflect the final adoption of the new Local Plan, and particularly the implications of the City's position within the Growth Agenda.
- 21) The City is working with key stakeholders, in particular Cambridgeshire Horizons, South Cambridgeshire District Council and the County Council, to estimate and plan for the implications of the Growth Agenda.
- 22) Whilst Government funding and Section 106 funding will assist with the provision of the required infrastructure, this may not cover the full cost; and will certainly not support the ongoing service (and consequent revenue cost) pressures which will affect the City from not only its own increased level of residents but also those in neighbouring districts using services provided in the City.
- 23) Work has been undertaken to model the income and expenditure effects of the projected level of growth, and this is being updated to reflect the latest information from services and planning applications. This will be taken into account as part of the Budget-Setting Report in February 2008, in establishing both overall affordability and enabling effective planning and management of each element of growth.



- 24) Whilst the main impact in terms of growth of households and population numbers will only start to be seen within the City from 2009/10, planning applications for the first developments in the Southern Fringe are due to be determined shortly. In addition, the significant growth which has already started within South Cambridgeshire could have an effect for some City services in the immediate future.
- 25) This will be a key area for development as part of the budget process, and in future MTS documents, and represents a key area of potential risk for the Council.

Treasury Management

- 26) The Council achieved debt-free status at 31 March 2003, and has a current policy of retaining this position. This has significant implications in terms of both revenue and capital.
- 27) The move to a debt-free position provided significant improvements in the projected net interest position for the General Fund, and these have been reflected in the MTS. In addition, it provided 100% usability of housing Right-to-Buy receipts under the capital control system in place up to 31 March 2004.
- 28) With the introduction of the new Prudential Framework for capital, which came into effect from 1 April 2004, the Council benefited from transitional arrangements for debt-free authorities (under regulation 21) which excluded a prescribed percentage of housing receipts from the new national pooling scheme in 2004/05 (75%), 2005/06 (50%) and 2006/07 - the last year - (25%).
- 29) This has meant that it has clearly been to the overall advantage of the Council to remain debt-free. However, with the ending of the transitional benefits and with particular reference to the implications for housing, the policy for future years will be reviewed as part of the current MTS and budget process. This flexibility may be important in terms of the Government's work on a possible 'Self-Financing for Housing' framework.
- 30) Independent consultancy work supporting the recent Stock Option Appraisal confirmed that Prudential Borrowing would be less effective over the longer-term than direct revenue funding of capital expenditure, using the stream of revenue funding available within the HRA, under current regulations.



- 31) The main factor for projections of actual investment income continues to be the levels of market rates. Base Rate started 2006/07 at 4.5%, having been unchanged at this level since August 2005. However, the Bank of England Inflation Report of May 2006 highlighted that the UK economy was growing faster than expected and any expectation of cuts in Bank Rate in 2006 were replaced by the prospect of rate rises. Bank rate accordingly rose to 4.75% in August 2006 and then to 5.0% in November. Further rises followed in January 2007 to 5.25%, and again in May to 5.50% with the latest in July, to 5.75%.
- 32) The rate for CPI has been above the target level of 2.0% from May 2006 to June 2007, with a high point of 3.1% in March 2007. In July 2007 the rate finally returned to a level below the target, at 1.9%.
- 33) In its August 2007 report the Bank of England Monetary Policy Committee noted that CPI inflation had continued to return towards the target level from June, but that the near-term outlook was still clouded with uncertainty, particularly in terms of the movement in household goods, food and utility prices.
- 34) The next meeting of the MPC will be on 5 & 6 September 2007, with the next Bank of England Inflation Report due for publication on 14 November 2007. These will give further indications on the medium term prospects.

Financial Projections - Revenue

- 35) The key aim of the MTS is to develop a series of financial projections to determine the achievability and sustainability of the financial plans, which are required to deliver the aims set out in the MTOs.
- 36) As in previous years, the approach is to use the current financial year as a base position, inflate this to the price base of the budget year, and add unavoidable spending pressures and the implications of immediate priorities. This is then measured against the projection of available funding to determine affordability. The package of measures required to equalise the two form the financial strategy for the budget year.
- 37) The key assumptions for the preparation of these projections are shown in Appendix K.
- 38) Key revenue spending pressures have also been reviewed. This has identified a number of areas where spending pressures are deemed to be 'unavoidable' for the purposes of the MTS, and have been included in the projected spending requirement. These items are detailed in Section 8 of the MTS.
- 39) The review has also highlighted a significant number of areas where the impact on revenue spending cannot be quantified with sufficient accuracy, at this point in the process. As in previous years, these have been included as 'Uncertainties' and this listing (shown in Appendix M) will form the basis for ongoing review through the period of the budget process.



- 40) The main issue in terms of funding availability is the estimation of the level of Government grant which the Council will be entitled to. This will be a particularly key element for 2008/09 as changes are being proposed to the Formula Grant methodology, and CSR2007 will set funding levels for the 3 years from 2008/09 to 2010/11, inclusive.

Government Grant Projections

- 41) The Government introduced a new Formula Grant (FG) distribution system as part of the Provisional Settlement announcement on 5 December 2002. The main effect of this for the City Council was a significant reduction in grant entitlement, largely resulting from the reduction in resident population level to 108,832, identified through Census 2001.
- 42) The Government also implemented a system of protection to handle significant changes for individual authorities, as a result of the new system - known as 'Floors' (setting a minimum level of increase).
- 43) For 2006/07 the Final Settlement confirmed a 'Floor' for district councils at 3.0%, compared with the adjusted base for 2005/06; and 2.7% for 2007/08.
- 44) This, together with the introduction of 2001 Census data, has resulted in a significant increase in entitlement for the Council; which has served to reduce the level of floor adjustment grant which is required.
- 45) The impact of the 2006/07 Settlement for Cambridge in is shown below :

	2005/06 Final (£ 's)	2006/07 Final (£ 's)	2007/08 Final (£ 's)
Share of National NNDR Pool	3,315,720	9,924,293	10,379,829
Revenue Support Grant - Basic	6,406,395	1,528,604	1,479,931
- Floor adj.	1,304,364	387,138	262,019
Total External Support (TES)	11,026,479	11,840,035	12,121,779
<i>Change on previous year - £'s</i>		813,556	281,744
<i>- %'age</i>		7.38%	2.38%

- 46) The 2006/07 Settlement confirmed the continued use of 'Floors' as part of the system, which is particularly important for the City Council, although as noted above the degree of reliance on this (and hence associated risk) has reduced significantly following the 2006/07 Settlement. This is shown below :



Financial Year	Total External Support (TES) (£'s)	Increase at 'Floor' [c.f. Prior Year Adjusted] (%'age)	Level of Protection through 'Floors' included in FG (£'s)	Protection as a %'age of FG (%'age)
2003/04	11,217,610	3.0%	1,950,309	17.39%
2004/05	10,725,430	3.0%	1,807,310	16.85%
2005/06	11,026,479	2.5%	1,304,364	11.83%
2006/07	11,840,035	3.0%	387,138	3.27%
2007/08	12,121,779	2.7%	262,019	2.16%

- 47) Although the level of 'Floor' which has been set for 2006/07 and 2007/08 has been relatively high, the Council is adopting a prudent approach to future years with an assumption of a level of 1.0%.
- 48) Comprehensive Spending Review (CSR) 2007 will be an important factor for local government, as it represents the first full detailed review since the process started in June 1997. It will adopt a zero-based approach to assessing the effectiveness of existing spending by Government departments in delivering target outputs. It will then look at what changes may be needed in the context of long-term trends and challenges. It could, therefore, result in significant changes in departmental funding streams over time.
- 49) It had been expected that CSR2007 would report in the summer of 2007. However, changes within the Government led to a rescheduling, and it is now anticipated that the report will be published in mid-October 2007.
- 50) In the interim, the Government is consulting on proposed changes to the Formula Grant system. Proposals such as changes to the Area Cost Adjustment factor would be expected to benefit the Council, however, the proposals to seek to limit the period over which Floors would apply (rather than being open-ended, as at present) could be a concern – particularly if combined with a methodology change which resulted in a fall in the measured level of population. The closing date for responses on the Consultation is October 2007.
- 51) CSR2007 will also see the introduction of 3-year Settlement periods, with the proposal that data used in the calculations will be frozen over the period. This would provide greater certainty, but could be a risk during a period of significant growth if the system does not use projections which accurately reflect the planned scale of that growth.



- 52) The Council has received significant additional funding under the Local Authority Business Growth Incentives (LABGI) initiative in respect of the year to December 2005 (£480,524) and to December 2006 (£1,536,051). This also meant that the County Council received an associated grant under the scheme.
- 53) Following the success of the judicial review brought by Corby and Slough Councils, it appears unlikely that any of the additional sum of £658,300 which was retained by the Government last year through a 70% 'scaling back' will now be received.
- 54) The changes to the scheme which will be required following the case make it even more difficult to predict the level of LABGI grant likely for 2007. However, the opening of the Christ's Lane and Grand Arcade developments, should result in a significant receipt. Prospects will be reviewed as part of the February 2008 Budget-Setting Report.
- 55) The Council remains committed to the identification of efficiency measures and the delivery of value for money services. The identification and reporting of Efficiency Gains, under the Gershon initiative, has been integrated within the existing corporate processes operated by the Council. This has served to avoid any unnecessary additional or duplicated effort, whilst ensuring that Gains are considered at the most appropriate point in the annual process.
- 56) The Council has recently submitted both a forward-looking estimate of Efficiency Gains in respect of the current year (2007/08) and a backward-looking report of actual Gains achieved during 2006/07. These have confirmed that the Council is achieving Gains in excess of its current target level.
- 57) However, it is anticipated that CSR2007 will include increased targets for local authorities over its 3-year spending period. There have been suggestions that a level of 3.0% per annum may be set, with all of these being required as cashable efficiency gains.
- 58) The Council has, for many years, sought to identify efficiency opportunities as being the most effective means to free-up resources to enable the provision of new or enhanced services. The Council would expect to continue to strive to identify all such opportunities as part of its annual budget and review processes.

Housing Revenue Account (HRA)

- 59) The Council achieved a sign-off of its Stock Option Appraisal in 2005, based on retention of its housing stock. This means that the key focus for the HRA will be delivery against the extensive programme of works to achieve the enhanced Decent Homes standard, which was agreed in consultation with tenants.



- 60) The City Council is one of six 'high performing' authorities (3 with ALMOs and 3 without) who continue to be part of an exercise being undertaken by the Department for Communities and Local Government (DCLG) to examine the costs and benefits of operating their HRA finances outside of the national housing subsidy system. The starting point for the exercise is an assumption that the financial impact on central government is neutral.
- 61) The outcome of this work to explore 'Self-Financing for Housing Services' is expected to culminate in an announcement as part of the Comprehensive Spending Review for 2007 (CSR2007).
- 62) Participation in the exercise does not imply any commitment to move to the scheme on a live basis. However, participating authorities who develop viable schemes may be supported to implement them through CSR2007. This exercise will give the Council a valuable opportunity to be able to shape and influence a potential new approach to housing finance for local authorities.

Key Unavoidable Pressures and Bids Requiring Funding in the MTS

- 63) There are a number of items which require the approval of funding changes as part of the MTS. A number of these have both capital and revenue consequences.
- 64) The Council is currently implementing its Customer Access Strategy proposal, which proposes radical changes to the way the Council delivers and organises its customer-facing services to provide more joined-up services for customers, more efficiently. The strategy results in long-term efficiency savings to the Council, which can be used to repay the initial investment requirement, with reserves being used to equalise the cashflow while savings are generated. The use of reserves will be paid back over an 8 year period. This will then produce ongoing savings for both the General Fund and Housing Revenue Account, who share both the capital and revenue costs.
- 65) There is also an associated project for a corporate implementation of Electronic Document and Records Management (EDRM). This will support the new customer access service, and also facilitate the achievement of significant efficiencies in back office functions through business process reengineering. The MTS includes funding for the capital cost, which is shared between the GF and HRA, as well as revenue consequences. This will make future efficiencies available to meet savings requirements, or reinvest in services as they are achieved.

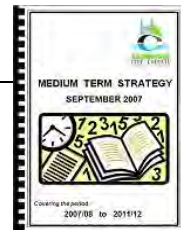


- 66) Following an unsuccessful planning application, revised proposals have been received for the next phase of development of Lion Yard, from the developer. The Council has a 25% share in the development, and so has to contribute that share of any development costs. The Council had already provided funding of £3.61m towards the next development phase (capital scheme SC221), and this will result in an increase in the longer-term of the Council's share of the rental stream, estimated to be around £280k from 2012/13 onward.
- 67) A number of other items are identified through the MTS, and funding proposals included in the forward projections.

Capital

- 68) The previous funding policy has been successful in providing a base position with uncommitted capital funding available in future years. However, this is based on the ability to continue making revenue contributions each year (currently at the rate of £1.4m per year for the General Fund).
- 69) The introduction of the new Prudential Framework for capital finance, with effect from 1 April 2004, had little immediate impact for the Council. The advantage of remaining debt-free for the first three years to obtain transitional arrangements for national pooling of housing receipts has more than offset any advantage from Prudential Borrowing.
- 70) However, this approach is being reviewed as part of the MTS and budget process, with particular reference to the implications for housing, to determine the most appropriate longer-term policy. Work to date has confirmed that Prudential Borrowing would be less effective over the longer-term than direct revenue funding of capital expenditure, using the stream of revenue funding available within the HRA.
- 71) The proceeds of dwelling sales under the Right to Buy scheme have been a major source of regular ongoing capital receipts for many years. However, from 2005/06 there has been evidence of a significant reduction in sales, which is combined with the ending of the transitional relief from the effects of the National Pooling of housing capital receipts.
- 72) The projected availability of uncommitted capital funding is :

Capital Items	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	2011/12 (£ 000's)
Funding available	(36,607)	(23,844)	(17,308)	(15,975)	(12,610)
less Existing Capital Plan	36,232	23,070	16,511	15,104	11,739
Total uncommitted funding available	(375)	(774)	(797)	(871)	(871)



- 73) The significant degree of development around the City may provide the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. This may result in significant opportunities for capital spending over the medium-term as the receipts are realised.
- 74) 2007/08 has seen the realisation of the first such capital receipt, with a net sum (after allowing for s106 and infrastructure contributions) of £2.25m being received for a site in Arbury. It is proposed that this funding be applied to enable the schemes for repair work at Grafton East car park and the Mercury Abatement scheme at the Crematorium to be moved from the Hold List and added to the Capital Plan.
- 75) Current Programmes which are reaching the end of their approved remits, and items on the Hold List, will be reviewed as part of the budget process; in addition to the consideration of new bids arising. This year, all Programmes which have periods set as 'ongoing' in their current remits, will be reviewed to ensure that there is appropriate challenge and scrutiny.

Financial Strategy

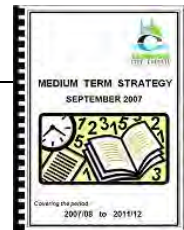
- 76) In addition to the requirement to spend calculated above, the projections have been constructed to include £500k per annum of Priority Policy Fund (PPF). The PPF provides an effective means of enabling the redistribution of resources between committee cash limits, in recognition of priorities identified through the MTOs and public budget consultation.
- 77) The compilation of the September 2007 MTS has served to confirm a set of key parameters which are both appropriate and achievable in the context of the Council's overall objectives. These are :

General Fund

- Council Tax to increase at 4.5%
- Savings target of 3.44%
- PPF at £500,000 (of which £170,000 will be earmarked for proposals making the greatest contribution towards the Climate Change agenda)
- Retention of the £1,400,000 per annum revenue contribution for General Fund capital spending
- Reserves target level of £5m in the medium term, with a £1.5m working balance requirement

Housing Revenue Account

- Rent increase in line with Government Rent Guideline



- Savings target of 3.0%
- Reserves target level of £3m over the medium-term, with a £1m working balance requirement

- 78) This reflects the revised Employers pay offer for 2007/08 of 2.475%, which was made after the publication of Version 1 of this MTS. Version 1 proposed savings targets of 2.95% for the General Fund and 2.5% for the Housing Revenue Account.
- 79) The level of Council Tax increase has been set in the context of the cost pressures being faced by the Council, and is expected to result in the Council remaining amongst the lowest levels for a District area in the country.
- 80) The uneven impact of unavoidable costs, in particular the increased employers pension contributions, and the requirement to temporarily fund the cost of a number of major developments (until associated savings can pay back the initial investment) has been demonstrated to be manageable from the reserves held by the Council.
- 81) For both the General Fund and HRA, reserves will be in line with the target levels within the medium-term 10-year projection period.
- 82) Risk analysis has also been undertaken to identify the impact of potential changes in a number of the key variables, and to identify measures that have been taken to mitigate against the highest areas of risk, with the key findings contained within the MTS.

Budget Process

- 83) The main budget process for 2007/08 is very similar to that which has been successfully developed over the last few years.
- 84) A revised process for Central & Support Services is proposed, which will build on the changes in recent years and deliver Member scrutiny with increased transparency, through a simple but robust service specification and recharging mechanism.
- 85) Budgets for these services in 2006/07 will be developed through the service planning process in November and January cycles - as for direct services – with the services continuing to be subject to the same equated savings target as direct services.

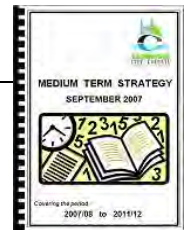


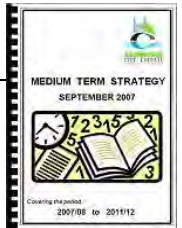
Budget Consultation

- 86) Over the last 5 years the Council has developed public budget consultation to identify spending and savings priorities to inform the budget process. The findings from this work has identified trend information, which has produced reasonably consistent results.
- 87) For 2008/09 it is planned to use the Citizen's Survey to include elements budget consultation.
- 88) The results of all elements of consultation will be drawn together to be reported as part of the January 2008 scrutiny committee cycle to inform the final decisions on the 2008/09 budget.

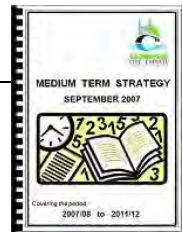
Summary & Conclusions

- 89) The MTS has reviewed the key elements of the existing strategy, confirming that these are still both appropriate and realistic. In doing so, a framework has been determined for detailed budget work to develop the Council's 2008/09 budget.
- 90) Financial modelling has determined a sustainable approach, which still enables the inclusion of £500k of PPF each year to facilitate ongoing progress towards the Council's MTOs. The opportunity has been taken to earmark £170,000 of the PPF to support measures to progress the Council's agenda for dealing with climate change issues, in line with the Annual Statement commitment.
- 91) Work on the financial projections for the MTS has been accompanied by risk analysis work, and the recommended strategy reflects this in terms of the setting of the target level of reserves. This incorporates a review of the Council's corporate risk and assurance database, as well as detailed work specific to the MTS. A summary of the key risks and associated controls and mitigations are shown in Appendix Y.
- 92) The strategy includes a process to consider the priorities which can best be addressed through application of the capital and revenue resources available to the Council within both the General Fund and Housing Revenue Account.





Medium Term Strategy





1. Purpose and Scope

Purpose

- 1.1 The Medium Term Strategy (MTS) forms a key part of the Council’s annual Planning and Decision-Making Process, as illustrated in Appendix A.
- 1.2 The purpose of this MTS document is to set out, and consider the implications of, the Medium Term Objectives (MTOs) and priorities which the Council has approved as part of the Annual Statement process as the next steps in achieving the MTOs.
- 1.3 In the context of these objectives, the document then outlines the Council’s overall financial position.
- 1.4 This is a key part of ensuring an effective process moving from :

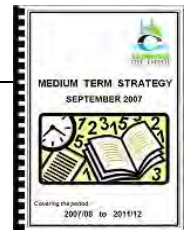


- 1.5 The Council has a long-standing commitment to medium-term financial planning (commenced in 1997/98), which serves to ensure that the financial consequences of its actions are sustainable.
- 1.6 A key feature of the MTS is the incorporation of risk assessment and management, which serve to support the identification of the affordability and sustainability of the Council’s plans. In order to ensure that this is appropriately handled over the medium and longer-term, within the financial projections, the following modelling periods have been adopted :

Table 1 : Financial Projection Periods

Documents	Period	Purpose / Use
MTS & budget	5 years	Detailed budget & Council Tax setting
Longer-term projections	25 years	Demonstrate long-term effects & thus sustainability

- 1.7 The adoption of a 5-year forecast period within the MTS means that : -
 - A reasonable level of detail can be achieved for the first year;



- The first three years demonstrate the full-year effects of spending decisions;
- The five-year view demonstrates the sustainability of the targeted level of spending.

1.8 The full 25-year model is not shown within the MTS, but is fundamental in determining the long-term sustainability of the financial planning; particularly in terms of the effects of changes in demographics and Government funding.

1.9 This document is intended to be used as a working reference document for the first stage of the process for setting budgets for the 2008/09 financial year. The resultant strategy will be reviewed in setting final budgets in February 2008 to determine whether it is still appropriate, or whether changes in circumstances require any amendments.

Scope

1.10 This document is designed to provide an integrated view of the whole of the Council's finances and outlook. It covers both revenue and capital spending by the Council, highlighting the inter-relationships between the two, and the resultant implications. It also considers all of the financial accounts, or Funds, operated by the Council.

1.11 This year the Council has no requirement to submit separate Capital Strategy or Asset Management Plans, having achieved 'Good' ratings for previous submissions, and 'Excellent' under the Comprehensive Performance Assessment (CPA). However, the aim is to maintain the key elements of these documents, as good practice, for internal purposes.

Layout

1.12 This document has been divided into a number of parts, for ease of reference.

1.13 In Part A, information is provided on the Council's defined priorities; determining the policy context for financial planning.

1.14 In Part B, an overview is provided of general factors, which will affect both the revenue and capital aspects of the General Fund (GF) and the Housing Revenue Account (HRA). The overview of the General Fund includes the trading accounts operated by City Services.

1.15 Part C and Part D consider the forecasts and implications for revenue and capital spending respectively.

1.16 Part E outlines the overall financial strategy and processes, which are proposed as a result of the preceding analysis, and also considers future prospects.



Process and Timing

1.17 In bringing together all of the information required to develop an appropriate financial strategy it is essential that effective consultation with all key stakeholders is undertaken.

1.18 A key part of this process is the identification of :

- Items which, for exceptional reasons, require immediate action or approval (which may include net changes to existing budgets)
- Items which provide context for decisions on the strategy or process which may influence :
 - ♦ any 'unavoidable' items of expenditure or new income opportunities, such as specific grants
 - ♦ the level at which the Priority Policy Fund (PPF) is set
 - ♦ the level at which portfolio Cash Limits are set
 - ♦ the level of the corporate savings target
 - ♦ the level of uncommitted capital funding required
 - ♦ any requirement for initial inter-portfolio re-allocations.

1.19 As a starting-point, the work on the September 2007 MTS is based on the key medium-term parameters, which had been identified as part of the July 2006 MTS. These are :

- A base position of the 2007/08 budget inflated to 2008/09 prices and adjusted for known / approved changes

for the General Fund :

- A Priority Policy Fund (PPF) of £500,000 per annum
- A revenue contribution to capital spending of £1.4m per annum
- A Council Tax increase of 4.0%
- An increase in Government Grant of 1.0%
- A reduction requirement level (in calculating Cash Limits) not exceeding 3.0%
- A minimum working balance for Reserves of £1.5m, with a medium-term target level of £5m

for the HRA :

- Rent increases in line with Government Rent Guidelines
- A reduction requirement, to meet revenue targets, of 2.5%
- A minimum working balance for Reserves of £1m, with a medium-term target level of £3m

1.20 All of the items raised in consultation with departments and Members have been considered and the implications incorporated, as deemed appropriate, as part of the construction of the September 2007 MTS.



- 1.21 The final version of this document will be agreed by the Leader, in light of the views expressed during consideration of the draft document at Strategy & Resources Scrutiny Committee on 3 September 2007. The final version will be submitted for approval and adoption by full Council at its meeting on 13 September 2007.
- 1.22 The plan and timetable for the completion of this document forms part of the overall Budget Preparation Timetable, which is shown in outline in Appendix B.

Document Version Control

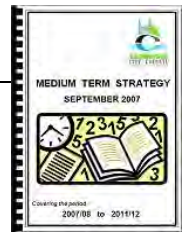
- 1.23 This report is intended to be a working document, which will be updated as additional information and decisions become available. Where updates are relatively minor in nature updates of the relevant pages will be distributed, rather than re-printing the whole document.
- 1.24 Details of the versions which have been published, and which are planned are shown on the inside of the front cover to this document.



Part A

Policy Context &

Priorities





2. Policy Context

- 2.1 The Council approved its Annual Statement for 2007/08, based on its new Medium Term Objectives (MTOs), at its meeting on 25 May 2007. The statement contains aspirations for the current financial year and also some aspirations that will continue into or be realised in future years, and which may need to be subject to future budget bids. As such, it represents key contextual information for the development of the financial strategy and budget, for 2008/09 and future years.

ANNUAL STATEMENT 2007/08

- 2.2 Through the Annual Statement the Council sets out the strong sense of the city it wants Cambridge to be.
- 2.3 The vision for the Council, states that :

OUR VISION

.... is of a compact, dynamic, sustainable City with a thriving historic core surrounded by attractive neighbourhoods and green spaces, and where the community as a whole and every person in it matters. There will be strong leadership on environmental issues, and diverse local communities will enjoy a high quality of life in safe, accessible neighbourhoods supported by affordable housing, integrated transport, and good access to leisure and community facilities. Cambridge will continue to foster a strong local economy together with its development as a centre of excellence and a world leader in the fields of higher education and research.

- 2.4 The new MTO's will help the Council achieve our vision. Foremost amongst the changes has been the specific recognition that climate change has become an increasingly important issue for our nation and our world. At a local level the Council has a part to play in identifying how the city of Cambridge contributes to global warming and, in taking action with our citizens and our partners, to minimise this impact where we can.

MEDIUM TERM OBJECTIVES

- 2.5 Following a review in spring 2006, the Council adopted a new set of MTOs at its meeting on 20 July 2006. The new MTOs are :



Promote Cambridge as a sustainable city, in particular by reducing carbon emissions and the amount of waste going into landfill in the City and sub-region

- climate change and carbon reduction
- sustainable transport
- waste, recycling and pollution

Ensure that residents and other service users have an entirely positive experience of dealing with the Council

- service quality and efficiency
- engaging with residents and service users
- access and equality

Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods

- improving local amenities
- health and safety
- getting around

Lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities and supported by transport networks so that people can opt not to use the car

- our policy framework
- new developments on fringe sites
- resources

2.6 Each MTO includes a series of actions to identify how the Council will take forward achievements in each of the MTO areas, supported by statements on the values; which will direct how we tackle the issues faced. These are shown in Appendix D.

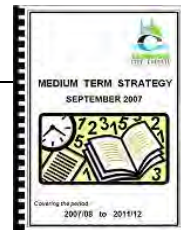


PRIORITIES FOR 2008/09

- 2.7 The Council's Medium Term Objectives also lay out the priorities which will be important in setting next year's budget. Bids and savings proposals will be judged according to whether they contribute to achieving those objectives or whether they would adversely affect achieving them.
- 2.8 Priority will be given to bids which offer the greatest contribution to improving the Council's performance, as measured by nationally significant performance indicators. Savings proposals which adversely affect performance according to such indicators, will be assigned a very low priority.
- 2.9 Bids will be expected to have explored options for the procurement of any enhanced service concerned, including partnership working with other sectors or other public bodies. Partnership working which leads to saving proposals will be encouraged.
- 2.10 Bids which represent additional costs of existing services, will receive particular attention. Such bids will only be taken forward where no further offsetting efficiency savings are available in that service.
- 2.11 In order to reflect the high profile of its commitment to addressing the issues associated with climate change and carbon reduction, the Council will be identifying a specific element of the Priority Policy Fund which will be made available to fund initiatives and developments which make the most effective contribution to this agenda from 2008/09. Further details of this are shown in Section 15.

MONITORING ACHIEVEMENTS

- 2.12 In order to more objectively measure progress against the Medium Term Objectives a list of Performance Indicators (PIs) has been developed against each of the new MTOs. These indicators include Best Value PIs, Local PIs and Quality of Life indicators.
- 2.13 Regular monitoring procedures have been introduced, so that progress can be reviewed and any remedial action required, identified and implemented. This also provides trend information for each of these key areas of activity.
- 2.14 The PIs for each of the MTOs are detailed in Appendix E.
- 2.15 Monitoring information, based on the new format, will be reported during 2007/08.



CAMBRIDGE LOCAL STRATEGIC PARTNERSHIP (LSP) & COMMUNITY STRATEGY

- 2.16 The Council's current Community Strategy comes to an end in 2007 and it is now working with its partners in the Cambridge Local Strategic Partnership (LSP) to develop a new Sustainable Community Strategy for the City for 2008 to 2010. The new strategy will identify the big issues for Cambridge and the priorities for improving them. The LSP wants Cambridge to be a sustainable and accessible City :
- with **sustainable communities** – that are thriving, healthy and active, safe, environmentally sensitive and affordable places in which to live whose growth does not jeopardise the interest of future generations
 - with **strong and inclusive communities** – where the well-being of people is improved and inequalities are reduced, so that people feel a sense of belonging and can fully participate in community life and share in the City's success
 - that is **tackling climate change** – where local people and organisations adapt and respond to climate change so that a positive contribution is made to mitigating its impacts.
- 2.17 The LSP is currently consulting on the priority issues for the City within this vision. The new Sustainable Community Strategy will be drafted during the summer and autumn of 2007 and will be formally adopted by the Council at its meeting on 6 December 2007.
- 2.18 The Strategy will not duplicate successful partnership working that already exists. Instead it will have a focussed agenda on issues where the LSP can make a difference and support the work of other partnerships.
- 2.19 Discussions are continuing with the South Cambridgeshire LSP about joint working with the Cambridge LSP. Growth around the boundaries of the City and into South Cambridgeshire means that the two authorities increasingly need to work together to deliver services and to achieve the aim of a sustainable and accessible City.

LOCAL AREA AGREEMENTS (LAA)

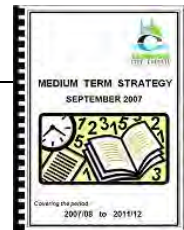
- 2.20 A Local Area Agreement (LAA) sets out the priorities for a local area agreed between central government and local councils and their partners. In two tier areas the County Council leads the process and the initial countywide LAA was agreed with government in March 2006.



- 2.21 The LAA process has replaced processes for allocating a range of existing funding streams from which the city of Cambridge and the City Council itself have received funding or are currently in receipt of funding. From 2008 the government is introducing a revised LAA process, which means LAAs will no longer be about specific funding for specific targets. The LAA will spell out what the local partners will achieve against 53 improvement targets (35 general and 18 education based) plus any local targets partners wish to add into the agreement. The assumption will be that all resources in the local area will effectively support these targets, not just government grant. These key improvement targets will become an important part of our core business and will need to be integrated with our service planning processes.
- 2.22 In the past partners received funding for particular topic areas such as community safety or waste, but in future funding will come as an unringfenced LAA area grant (unless there is a strong argument otherwise). LAA guidance is expected in Autumn 2007 offering further details as to which funding streams will be excluded from the LAA grant pot. Partners will need to agree on a countywide basis how the LAA grant money will be spent.
- 2.23 This could potentially result in significant shifts of resources from one topic area to another; and may not, therefore, reflect the Council's previous views about priority areas. It also has significant implications for the robustness and accountability of our partnership structures.
- 2.24 The starting point for the LAA will be the Sustainable Community Strategies agreed by each Local Strategic Partnership (LSP). It will be important that we are resourcing our partnership work effectively at LSP and LAA level and that the Cambridge Community Strategy is evidenced based and is an accurate expression of local needs and priorities.
- 2.25 The Comprehensive Spending Review 2007 will set the performance framework for the LAA process. The delay to CSR means that the government has already announced that the LAA for 2008 will be signed-off in June 2008, not April as previously intended.

LOCAL PUBLIC SERVICE AGREEMENTS (LPSA)

- 2.26 Cambridgeshire's LPSA forms part of the LAA agreement. The LPSA identified the stretch targets that partners in the county pledged to achieve across 12 topic areas by March 2007. Partners needed to achieve at least 60% of each stretch targets in order to be awarded reward grant. Current estimates suggest that across the County we have achieved a total of £6.4m reward (this is an estimate as some targets will not be confirmed until later in the year). The grant will be paid over two years beginning in 2008/09 and half will be capital and half revenue.



- 2.27 Following consultation with partner agencies and the Local Strategic Partnerships (LSPs) in July 2004 it was agreed that reward grant should be allocated to the LSPs to make decisions on future spending. Given current performance the City LSP should have in the region of £1.2m to allocate.
- 2.28 Discussions are currently taking place about the process for deciding priorities for investing reward grant. Final decisions on spending priorities are unlikely to be made before March 2008. This will mean we will not know the outcomes of any proposals that impact on council spending plans until after the Council sets its own budgets for 2008/09.
- 2.29 Future arrangements for 'stretch' targets in the new LAA arrangements and whether there will be any reward grant in future will depend on the outcomes of CSR 07.

GROWTH AGENDA OVERVIEW & STRATEGY

- 2.30 The draft East of England Plan sets out a strategy for the Cambridge Sub-region to continue to develop as a centre of excellence and world leader in the fields of higher education and research, while protecting and enhancing the historic character and setting of Cambridge. The draft Plan also sets out the housing target for the City between 2001 and 2021. During this period Cambridge will be expected to accommodate 19,000 new homes. This represents a significant increase of around 40%.
- 2.31 In 2006 Cambridge City Council adopted a new Local Plan. This document sets out policies and proposals which will guide development at a local level. Over time, the Local Plan will be replaced by the documents which make up the Local Framework.
- 2.32 The Cambridgeshire Local Transport Plan 2006 to 2011 sets out the vision for transport in Cambridgeshire. This includes within its objectives the creation of an integrated transport system that is accessible to all and which supports the local economy and growing population of the City and wider county.

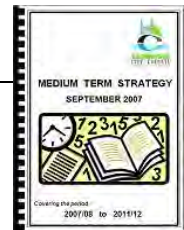


3. Public Budget Consultation

- 3.1 For the 5 years up to the 2006/07 budget the Council's budget process included budget consultation with the citizens of Cambridge. The aim of the consultation was to identify which services were most important to residents and what they thought spending and savings priorities should be for the coming budget year. This has enabled trend information to be developed, in order to support budget decisions.
- 3.2 We have used surveys in previous years to build up trend data on the views of residents about spending and saving priorities. The results have been very consistent over time so for the 2007/08 budget we proposed to undertake a more qualitative study of residents' views about specific spending and savings options which emerged through discussions between Executive Councillors and managers during summer and autumn 2006. These issues were:
- should the Council produce a City Council magazine that would be sent out to all households four times a year?
 - does the City Council pay too much attention to the City Centre and not enough to the neighbourhoods where most residents live?
 - traffic congestion is an issue that many people are concerned about and there are things that the City Council could do to tackle this, but who should pay for these things, the Council Tax payer, or the motorist?
- 3.3 Unfortunately, shortly before the budget issue workshop was due to take place RBA Research Limited, the Company contracted to undertake the work, went into administration. At this point, in early October 2006, it was too late to make alternative arrangements to undertake a budget consultation exercise in time for the results to be able to influence the 2007/08 budget.

Previous Budget Consultation Findings

- 3.4 As no information is available from the 2007/08 exercise, reports detailing the findings from both the Stage 1 and Stage 2 consultation exercises undertaken as part of the 2006/07 budget process have been reproduced in Appendices F and G, respectively.
- 3.5 These provide the latest information on views and priorities, the key findings from which were that :
- The City is focussed on its centre at the expense of its outskirts



- The City Council must ensure the expansion of the City is well planned and managed
- The City Council should aim to maintain current levels of service, even if this meant increasing Council Tax
- Waste services such as street cleaning, refuse collection and recycling and transport services such as car parking, cycling and measures to reduce congestion should receive more money
- Arts & Entertainment services such as the Corn Exchange and events in the parks should receive less money, if savings have to be made.
- The following specific services should receive more money:
 - ♦ Recycling
 - ♦ Support for neighbourhood groups, so that they can have a say in decisions which affect their local area
 - ♦ Street cleaning
 - ♦ Activities for children and young people
 - ♦ Parks and open spaces
 - ♦ CCTV
 - ♦ Services to make houses more energy efficient
- The following specific services should receive less money:
 - ♦ Corn Exchange
 - ♦ Council Tax administration
 - ♦ Tourism
 - ♦ Local Land charges
 - ♦ Other Arts & Entertainment services.

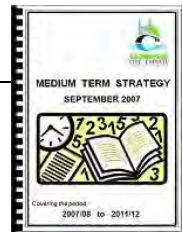
2008/09 Budget Consultation

3.6 As part of the 2008/09 budget process it is intended that the trend information previously obtained will be updated by the use of a number of questions in the scheduled Citizen's Survey. The aim is to have the results of the survey by November 2007, so that they will fit into the decision-making timetable.



Part B

General Factors





4. Overall Economic Climate and Implications

National Economic Strategy

- 4.1 The Government's stated central economic objective is to build a strong economy and a fair society where there is opportunity and security for all. Budget 2007 set out how the Government is working to achieve this goal, building on a platform of stability and sustained growth to ensure the UK can succeed in the increasingly competitive global economy.
- 4.2 The key elements of the Government's strategy have been identified as :-
- maintaining a stable economy
 - promoting enterprise, innovation and skills
 - building a fairer society
 - employment opportunity for all
 - high quality public services, and
 - protecting the environment.
- 4.3 The key part of the first of these elements is reflected through the macroeconomic policy framework adopted by the Government.
- 4.4 The Government's reforms of the macroeconomic policy framework are aimed at promoting economic stability by delivering low inflation and sound public finances, as the essential foundation for achieving high and stable levels of growth and employment.
- 4.5 This is embodied in three main features :-
- (i) a **monetary framework** which is designed to be open and transparent, to deliver low and stable inflation. The Monetary Policy Committee (MPC) of the Bank of England has been given operational independence to set interest rates to deliver the Government's inflation target of 2.0 % for the Consumer Price Index (CPI) year-on-year
 - (ii) a **fiscal framework** has been set out in the Code for Fiscal Stability. This is based around the five key principles of transparency, stability, responsibility; fairness and efficiency. Two fiscal rules are in operation - the 'golden rule' (whereby the budget deficit would be limited to financing public sector real investment only and not to fund current expenditure) and the 'sustainable investment rule' (to ensure that borrowing is maintained at a



prudent level). The Government has clearly stated its intention to strictly apply these rules in order to deliver sound public finances

- (iii) a **public expenditure regime** has been instigated which, together with three-year spending plans, are designed to provide greater certainty and encourage long-term planning.

4.6 The Chancellor of the Exchequer's national Budget includes assessments and forecasts of the economy and public finances, providing important information for medium and long-term financial planning.

4.7 Budget 2007 'Building Britain's long-term future: Prosperity and fairness for families' was announced on 21 March 2007.

Public Sector Finances

4.8 The Budget 2007 projections for public finances show that, on the basis of cautious assumptions, the Government is meeting its strict fiscal rules over the economic cycle.

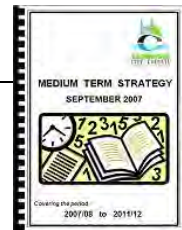
- The current budget, since the start of the current economic cycle in 1997/98 shows an annual average surplus up to 2006/07 of 0.1 per cent of Gross Domestic Product (GDP). Beyond the end of the current economic cycle the current budget moves clearly into surplus
- Public sector net debt is projected to remain low and stable over the forecast period, stabilising at under 39% of GDP, below the 40% ceiling set in the sustainable investment rule.

4.9 The surplus on current budget is defined, as net saving plus receipts of capital taxes, from the national accounts under the European System of Accounts 1995 (ESA95). This is the key measure for assessing progress against the 'golden rule'. To accord with the rule the average surplus on current budget over the cycle should be positive.

4.10 Public sector net debt is the key measure for assessing progress against the Government's sustainable investment rule. This requires that public sector net debt, as a proportion of GDP will be held, over the economic cycle, at a stable and prudent level.

4.11 The fiscal rules underpin the Government's public spending framework which facilitates long-term planning and provides departments with the flexibility and incentives they need to increase the quality of public services and deliver specified outcomes.

4.12 Budget 2007, gave the following forecasts for the current financial year :



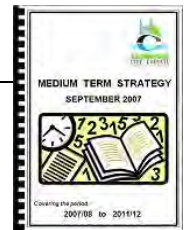
- GDP has now grown for 58 consecutive quarters (the longest unbroken expansion on record), and rose by 2.75% overall in 2006. GDP is expected to grow by between 2.75% and 3.25% this year, slightly above trend rates, as forecast in the Budget 2006 report. GDP is forecast to continue to grow by 2.75% to 3.25% in 2007 and to remain close to trend at between 2.5% and 3% in both 2008 and 2009.
- CPI inflation rose during 2006, almost entirely attributable to the combined effects of higher energy prices and food prices, the former driven by higher oil and wholesale gas prices, and the latter by the unusually hot summer weather. CPI inflation continued to rise to a high of 3% in December 2006 before falling back to 2.8% in February 2007. CPI inflation is projected to return to target (2%) in the second half of 2007.
- The estimated 2006/07 outturn for the public sector current budget shows a deficit of £9.5b compared with projected deficits of £7.9b and £7.1b in the 2006 Pre-Budget Report and Budget 2006, respectively. The current budget is forecast to remain in deficit (£4b) in 2007/08 before moving into surplus in 2008/09.
- The estimated 2006/07 outturn for public sector net borrowing is £35.0b, compared with £36.8b projected in the 2006 Pre-Budget Report, and £35.8b projected in Budget 2006. While the current budget deficit in 2006/07 is £5.5b lower than in 2005/06, the reduction in net borrowing is more modest at £2.8b.

4.13 Budget 2007 confirmed firm overall spending limits for the 2007 Comprehensive Spending Review period (i.e. 2008/09 to 2010/11), providing for total public spending to increase by 2% per year in real terms with :

- current spending to increase by an average of 1.9% per year in real terms
- public sector net investment rising to 2.25% of GDP, locking in the step change in investment over the past decade and remaining consistent with the sustainable investment rule.
- ambitious efficiency targets set for all departments, to deliver net cash-releasing savings of at least 3% per year, real reductions in administration costs of at least 5% per year and pay settlements consistent with 2% CPI inflation. These savings to be used to sustain the pace of improvement in frontline public services and focus additional investment on key priorities.

Retail Price Inflation

4.14 Retail price inflation is measured and reported on several different basis of calculation. The main variants are :



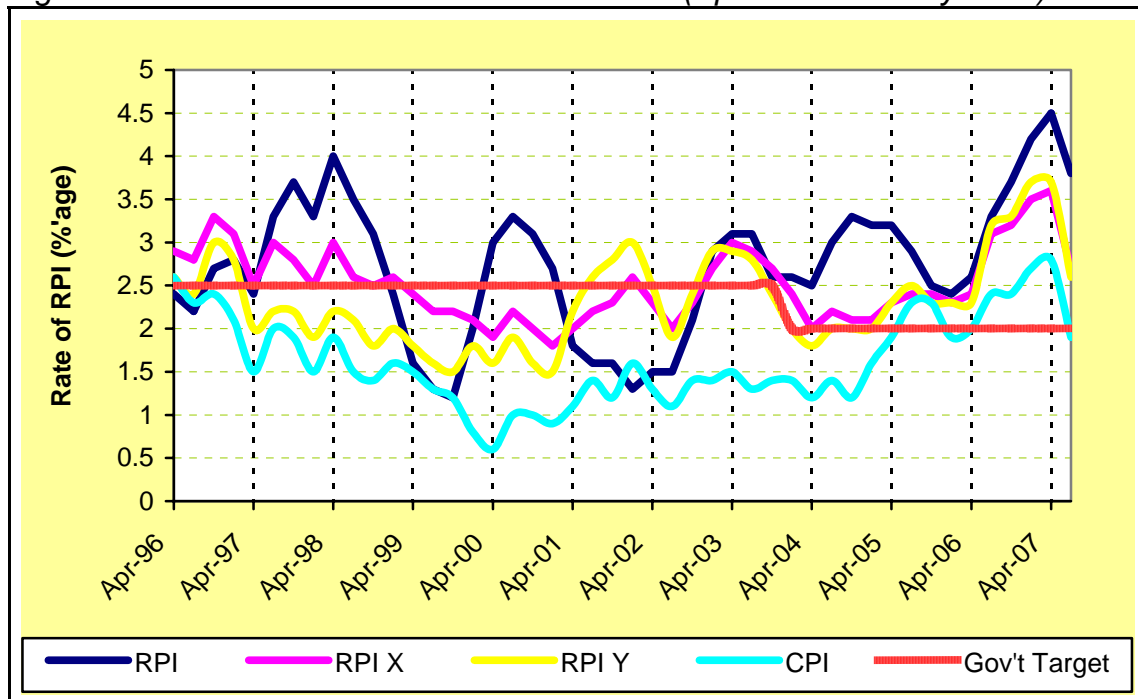
- Headline Retail Price Index (RPI) which reflects all factors in the economy
- RPIX which excludes mortgage interest payments (and is favoured by the Treasury)
- RPIY which excludes taxation as well as mortgage interest payments (favoured by the Bank of England)
- Consumer Prices Index (CPI), previously known as the Harmonised Index of Consumer Prices (HICP), which is used by countries within the Euro zone economy.

4.15 In 2003 the operational target for monetary policy was switched from being based on the RPIX to a target based on the CPI. Budget 2007 reaffirmed the target of 2.0% for the 12 month increase in CPI.

4.16 This measure has two main differences from RPIX, these being the coverage of goods and services included and the aggregation methodology. Although these may not seem important, the implications for the conduct of monetary policy are significant.

4.17 The graph below illustrates the changes in each of the RPI measures, and in CPI, over the period since April 1996.

Figure 1 : Movements in the Retail Price Index (April 1996 to July 2007)





- 4.18 Since the framework was introduced, the rate of RPIX has fluctuated in a relatively narrow range from 1.5% to 3.9% with an average of 2.5%, compared with the Government's target level of 2.5%. Over the same period the rate of CPI has ranged from 0.5% to 3.1% (compared with the target level of 2.0%).
- 4.19 The UK continues to experience the longest period of sustained low inflation since the 1960's. Low, stable inflation has been a key factor in allowing the Monetary Policy Committee (MPC) to maintain interest rates at relatively stable low levels.
- 4.20 The rate for CPI has been above the target level of 2.0% from May 2006 to June 2007, with a high point of 3.1% in March 2007. The last few months have seen reductions in inflation and at July 2007 CPI had fallen to 1.9% (a significant fall from 2.4% in June). The largest downward effect came from food prices as supermarkets led price cuts across a range of products. Another significant contribution came from furniture and furnishings, with average prices falling over the month by more than 10% (following record increases last month). Other factors influencing the decrease were transport, housing and household services and recreation and culture. The only large upward pressure coming from clothing and footwear.
- 4.21 As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate is above the average for the European Union as a whole. The provisional rate for the EU27 in June was 2.1%, compared with 2.4% for the UK.
- 4.22 The level of RPI also reached a high of 4.8% in March 2007 and has reduced to 4.4% in June. The main factors were similar to those for CPI, although housing costs (which are excluded from CPI) also had an effect, namely increased mortgage interest payments, with lenders passing on the remainder of May's quarter point increase in bank rate.
- 4.23 A similar trend has been noted with RPIX (which excludes mortgage interest) which peaked at 3.9% in March and has fallen to 2.7% at June 2007.
- 4.24 The level of inflation will be affected by the various effects resulting from the phasing in of measures contained within Budget 2007. This is estimated at a 0.19% increase in CPI (or 0.22% increase in RPI), compared with a 0.13% increase in CPI (or 0.15% increase in RPI) from Budget 2006. In addition to this direct effect, there will also be the impact of the effects of measures from previous Budgets dropping out of the 12-month comparison.
- 4.25 The following table shows the projected timing of effects, assuming that all changes announced are (or have been) passed on to consumers in full and immediately. In practice, this is not likely to be the case for items such as tobacco and alcohol duty changes, which will begin to affect the index as existing stocks are depleted.

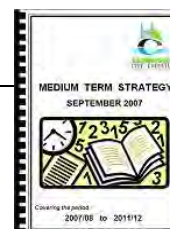


Table 2 : The Effect of Budget 2007 Measures on Inflation Levels

Timing	Factor	Effect on Inflation	
		CPI (%)	RPI (%)
21 Mar. 2007	Tobacco duties increase	+ 0.06	+ 0.06
22 Mar. 2007	Vehicle Excise Duty increase	n/a	+ 0.04
26 Mar. 2007	Alcohol duties increase	+ 0.03	+ 0.03
1 Sept. 2006	Road Fuel duty increases	+ 0.10	+ 0.09
Total effect of Budget measures		+ 0.19	+ 0.22

- 4.26 In its August 2007 report the Bank of England Monetary Policy Committee noted that CPI inflation had continued to return towards the target level from June, but that the near-term outlook was still clouded with uncertainty, particularly in terms of the movement in household goods, food and utility prices. Given the experience of rising inflation last winter, and the fact that other measures of inflation (such as RPI and RPIX) remained high, there was a perceived risk that inflation expectations would be particularly sensitive to further adverse cost shocks. Although there were still more effects to come from the recent rise in oil prices, some of the earlier rises in energy prices have now largely fed-through to retail prices.
- 4.27 A key factor for the Council's financial strategy is whether to follow the Government's move to the use of CPI as a key indicator. As the critical factor for the purpose of the MTS is to identify an indicator to form the basis for inflating general items in base budgets to obtain a real-terms standstill position, the decision must reflect which indicator most appropriately reflects the costs in question. This would appear to remain RPIX, and this has been used in the calculations within the MTS.
- 4.28 Based on the analysis of the range of market projections an inflation rate of 3.3% (based on the May and June 2007 RPIX) has been assumed at this stage, for the 2007/08 budget cycle. It should be noted that this is significantly higher than the rate of 2.4% which was applicable for the 2007 MTS.

Interest Rates

- 4.29 Interest rates are of particular importance to the Council as the Council has a significant investment portfolio, whilst having no external borrowing.



- 4.30 Over the last quarter, economic growth continued to be robust and was broadly in line with MPC's May 2007 Inflation Report. One reason for that robustness was the ongoing strength of the world economy. CPI inflation was turning out largely as expected although there had been a marked increase in the spot price of oil and a rise in market interest rates around the world.
- 4.31 It was in this context that the MPC met on 6 & 7 June 2007. Previously, Base Rate had been increased to 4.75% (from 4.50%) in August 2006, having been left unchanged since August 2005. Rates were increased again to 5.0% in November 2006, to 5.25% in January 2007 and to 5.50% in May.
- 4.32 The decision to keep the Base Rate at 5.50% was close (by 5 votes to 4) and reflected the fact that certain members of the MPC considered that growth in the economy was not slowing as quickly as anticipated, with potential adverse effects to the rate of inflation. Subsequently, in their meeting of July, this view prevailed and Base Rate was raised to 5.75%. At the August meeting the decision was taken, unanimously, to keep the Base Rate at 5.75%.
- 4.33 The next meetings of the MPC, and publications of Inflation Reports, are :

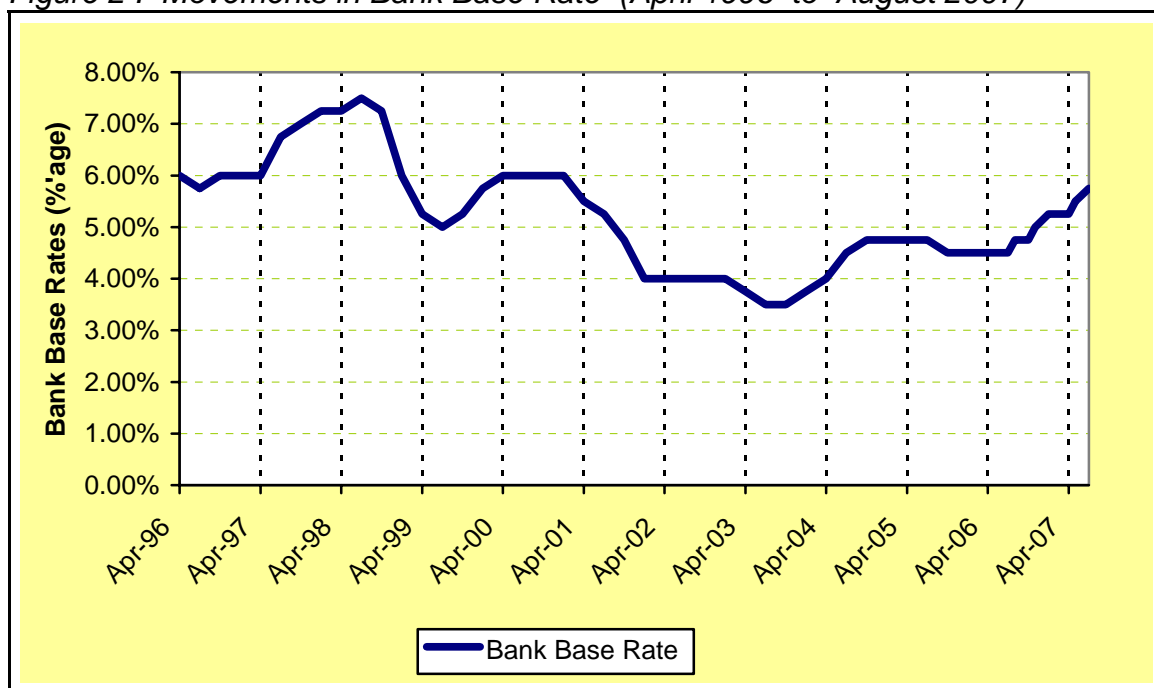
Table 3 : Monetary Policy Committee (MPC) – Key dates to December 2007

MPC Meeting Dates	Publication of Minutes	Inflation Report Date
5 & 6 September 2007	19 September 2007	
3 & 4 October 2007	17 October 2007	
7 & 8 November 2007	21 November 2007	14 November 2007
5 & 6 December 2007	19 December 2007	

- 4.34 These will give further indications on the medium-term prospects.



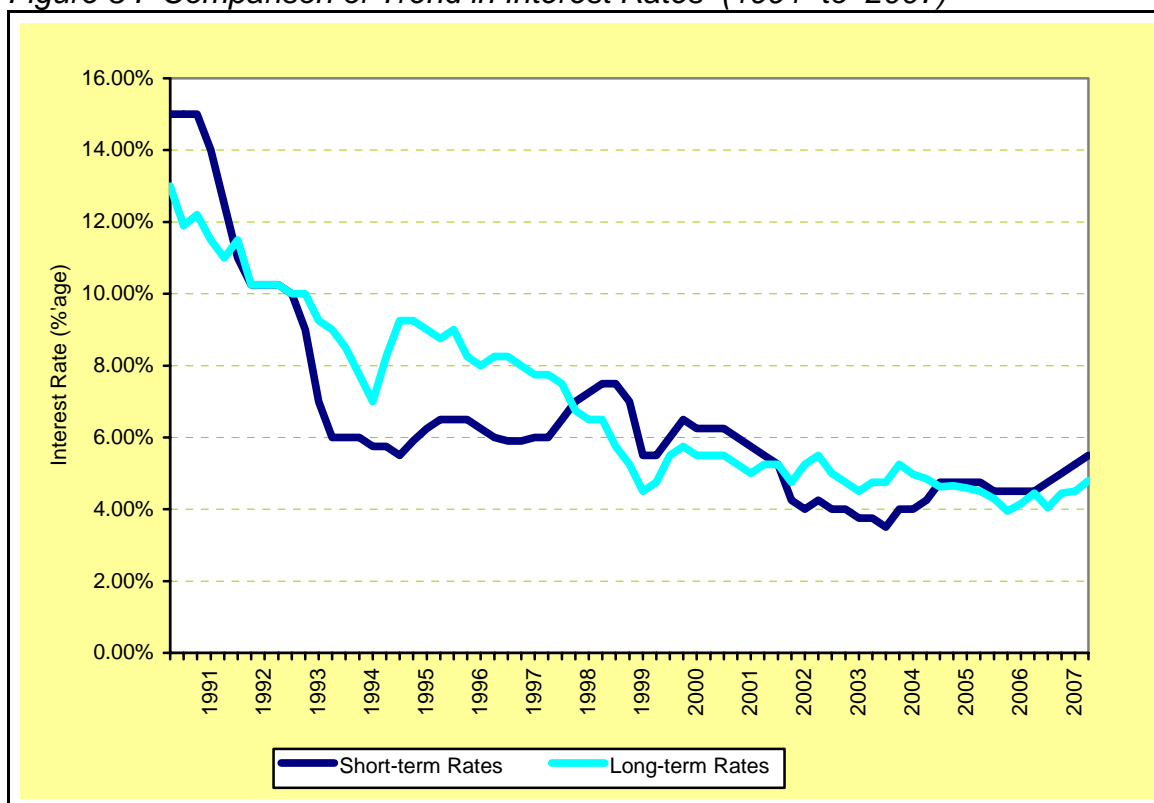
Figure 2 : Movements in Bank Base Rate (April 1996 to August 2007)



- 4.35 The movement in longer term interest rates (as evidenced by long-term Public Works Loan Board (PWLB) rates) had not been so pronounced, increasing by less than 0.75% during 2006/07. The PWLB 45-50 year rate ended the year at 4.50%, having started the year at 4.20% and the 25-30 year rate started at 4.30% and ended at 4.65%.
- 4.36 Market rate trend analysis shows a cyclical effect where every 4 or so years the short-term rate line will move from being above to below the long-term rate. This has occurred consistently over the last 30 years or so. Trend analysis does not, however, suggest at what rate such crossovers will occur.
- 4.37 The short-term rate went below the long-term rate in June 2001, and stayed there until September 2004 - three and a quarter years. The continuation of this trend was envisaged to show short-term rates remaining above long-term rates through until 2007/08, and indeed this has proved correct. However, continuation of this trend is now under question as current long term PWLB rates are forecast to remain below short-term rates well into 2009.



Figure 3 : Comparison of Trend in Interest Rates (1991 to 2007)



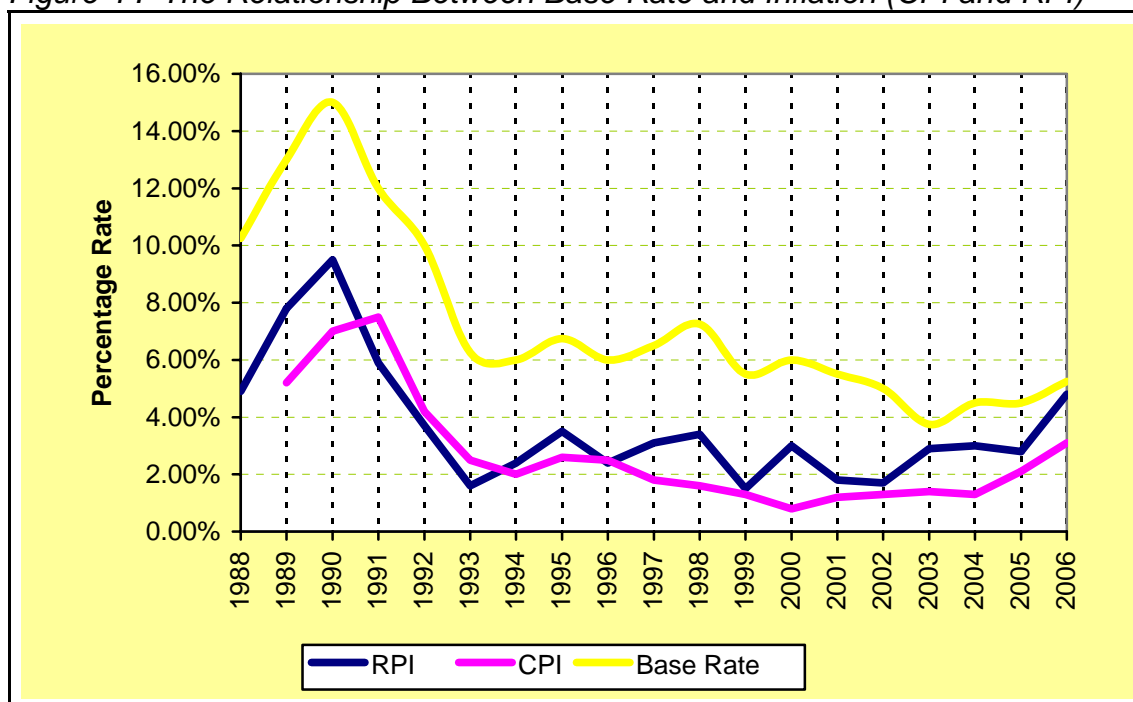
4.38 The sensitivity of the General Fund to changes in interest rates is linked more markedly to investment rather than to the remaining portfolio of temporary borrowing. As an indication, a change in interest rates of +/- 1% would have an estimated impact of approximately £584,000 in 2007/08 on investment receipts and only £14,300 on borrowing (Temporary Borrowing - classed as being disregarded from a debt free perspective).

The Relationship Between Inflation and Base Rates

- 4.39 Changes in the Base Rate remains the key method for attempting to control the effects of inflation within the national economy. This suggests that the two will, in practice, be directly linked and that for forecasting purposes they must be viewed in conjunction.
- 4.40 It is noticeable how the sharp increase in RPI by the end of 2006/07 moves extremely close to Base Rate. However, since then Base Rate has been increased by a further 0.5%.
- 4.41 Analysis of the trends in RPI, CPI and Base Rates over time, as shown in the table below, demonstrates the nature of this relationship.



Figure 4 : The Relationship Between Base Rate and Inflation (CPI and RPI)



Pay Awards

- 4.42 The national pay negotiations for 2004/05 led to the agreement of pay arrangements covering the period through to the end of 2006/07, which have in recent years been used as the basis for projections in the MTS.
- 4.43 Although the City Council has locally agreed pay bandings, the year on year increase to points within the bands (Cost of Living Award) is aligned to nationally agreed pay increases for Local Government. Negotiations have yet to be concluded for the current financial year, with an offer of 2% (as recommended by Central Government) being rejected by the Trade Unions.
- 4.44 The two sides of the NJC for Local Government Services have agreed that a one-year pay deal in 2007 should pave the way for a more comprehensive multi-year deal in 2008. This is would provide more stability in projecting pay awards for future years.
- 4.45 In the meantime, pay negotiations have failed to arrive at an agreement for 2007/08, and the Unions are currently considering options for industrial action.
- 4.46 In a speech at the 21st Century Public Services : Putting People First Conference on 6 June 2005 Gordon Brown, the (then) Chancellor of the Exchequer, noted that :

“ ... you will have seen my determination to address public sector pay.



And with this year's public sector pay settlements averaging just 2.25% - we are maintaining vigilance in the fight against inflation – and next year and the year after that we will maintain this discipline of low overall settlements. And I am making it clear in writing to departments that public sector pay settlements must in future be founded on meeting our 2 per cent inflation target.”

- 4.47 This has, subsequently, been reinforced as a clear statement of expectation. Based on this, an assumption of a 2.0% increase was used as the basis for the projections in the first version of the MTS (for Strategy & Resources Scrutiny Committee) for both 2007/08 and 2008/09.
- 4.48 Subsequent to the publication of Version 1, the NJC Employers made an improved offer representing an increase of 2.475% on the Council's current pay scale.
- 4.49 Given that the offer exceeds the level that had been indicated by the Government as it's expectation for Public Sector pay awards, it was deemed highly unlikely that the additional cost will be reflected in any additional Government grant.
- 4.50 On this basis, it was determined that the additional cost of the award to the General Fund (estimated at £135,040) and the HRA (estimated at £25,570 directly, City Services costs being reflected through charges for repairs works) should be met by increasing the level of savings required for each Fund. This was reflected in the final recommendation to Council on 13 September 2007.
- 4.51 The additional cost in 2007/08 will be met by a one-off reduction in the amount of policy space in the HRA for 2008/09, and over 3 years (from 2008/09 to 2010/11) through a further increase in the level of savings required so as to maintain the level of Reserves above the minimum working balance in all years.
- 4.52 The pay arrangements for the City Council include performance related progression, which has been in place since 2005. This process has been subject to moderation each year and remains affordable.
- 4.53 Also included in the MTS projections, as in previous years, is a 3% deduction from employee gross pay budgets for employee turnover.
- 4.54 A change of +/- 1% in the level of pay award for 2008/09 would have the following impact on each of the Council's service areas :



Table 4 : The Effects of a 1% Change in Employee Costs in 2008/09

Service Area	Effect of 1% Change in Employee Costs	
	(£'s)	(£'s)
General Fund	232,370	284,300
Housing Revenue Account	53,820	125,030
City Services	123,140	<i>[re-allocated above]</i>
TOTAL	409,330	409,330

- 4.55 The impact of a 1% change in the level of the pay award for Central & Support Service areas has been allocated within the figures for the above service areas.
- 4.56 The Council, as recommended through Single Status, undertook an Equal Pay Audit during 2006, which identified a small number of recommended actions necessary to mitigate the Council's risks in relation to equal pay. Completion of these actions may result in (as yet unquantified) increased salary costs for some groups of staff, for which there is currently no corporate provision. Provision may therefore need to be made in the future within the relevant service budgets to fund any increased costs.

EMU and the Euro

- 4.57 Reports have previously been submitted to Members outlining the potential implications for the Council of the United Kingdom deciding to join the EMU.
- 4.58 It would be imprudent, at present, to commit significant resources to detailed preparatory work in light of this decision. However, close monitoring of the position will remain and opportunities are being identified to minimise potential future costs, if the UK were to join e.g. ensuring Euro compliant financial systems are specified in planned replacement.



5. Demographic Factors

5.1 Demographic factors are important as they affect the Council's planning in a number of ways :

- changes in total population affect the Council's entitlement to government grant under the current grant distribution formula
- changes in the number of households affect the taxbase for Council Tax purposes, and hence the total amount which will be raised from this source
- the characteristics of both population and households can help identify specific implications for the type and nature of many services provided by the Council
- all of the above factors affect the level of demand for, and use of, services provided by the Council.

Development Plan and Growth Area Status

5.2 The Local Plan (now called the Development Plan) was adopted at Council on 20 July 2006. It reflects the growth planned for Cambridge and the sub-region, over the next 10 years and beyond; reflecting the City's Growth Area status.

5.3 This presents a huge challenge for the City Council and its partners.

5.4 By 2016 we can expect around 11,000 more homes to be built within the City, housing in the region of 25,000 extra residents. They will all expect to live in areas with high quality housing, good local community, sports, arts, health and education facilities and accessible public open space all linked to the City centre and employment areas by excellent public transport, cycleways and footpaths.

5.5 This will have implications in terms of additional Council Tax income and Formula Grant entitlement, but also in terms of significant additional costs reflected through the need to deliver additional services (e.g. the need to review refuse collection and recycling rounds).

5.6 By 2016 there will also be an additional 14,000 new homes within South Cambridgeshire District Council's area housing in the region of 30,000 new residents.

5.7 This will also have an impact on the City, as many of them will come in to Cambridge to shop and for arts, culture and leisure facilities. This will result in additional cost pressures, though there will be no effect on the Council's entitlement to Government grant.



5.8 A key challenge for the Council will be to ensure that all this growth is sustainable, so that ‘The Vision for Cambridge’, which is set out in the new Local Plan, can be realised. It states that :

“The Vision for Cambridge is of a compact, dynamic City with a thriving historic core surrounded by attractive and accessible green spaces. It will continue to develop as a centre of excellence and a world leader in the fields of higher education and research and it will foster the dynamism, prosperity and further expansion of the knowledge-based economy.”

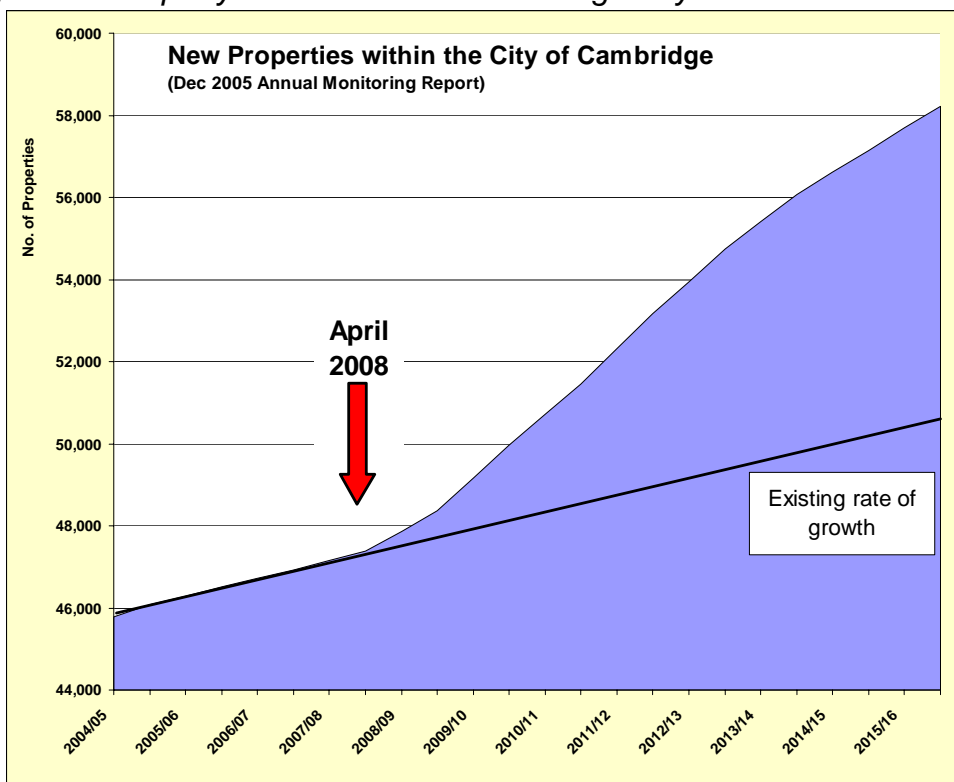
5.9 Work is currently underway with key partners including Cambridgeshire Horizons, South Cambridgeshire District Council and the County Council to plan, in detail, for the effects of the projected growth.

Household Numbers

5.10 The impact of the Growth Agenda will be to significantly increase the rate of growth in the number of households within the City.

5.11 This will become particularly significant from 2008/09 onwards, as is shown in the graph below.

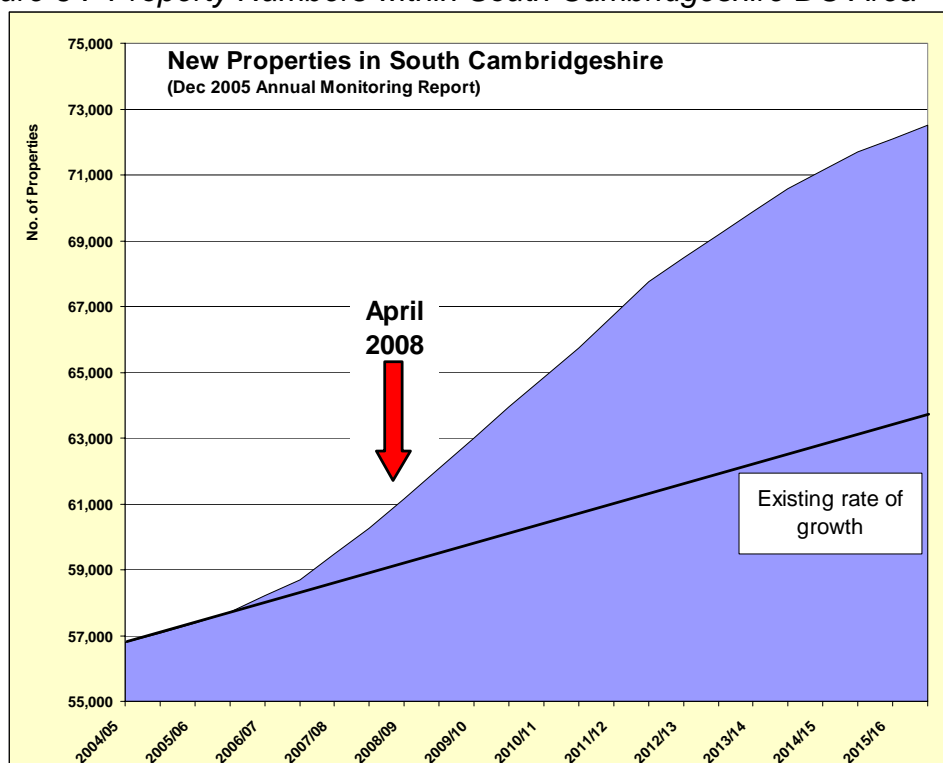
Figure 5 : Property Numbers within Cambridge City





5.12 The growth in household numbers within the area of South Cambridgeshire District Council has already started to increase significantly (as shown below), and will become a factor earlier in planning for the effects of growth for City services.

Figure 6 : Property Numbers within South Cambridgeshire DC Area



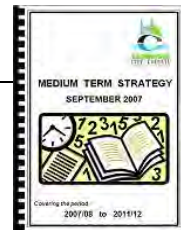
5.13 Part of the work for the Growth Agenda will be to determine the effects of these new households in terms of population and demographic change.

Population

5.14 Population is an important factor to consider when undertaking budget forecasting for local authorities. The population level has an effect on budget plans in two main ways.

5.15 Firstly total population is one of the key factors in determining both the level of the new Formula Grant (FG) which the Government gives the Council and the share of the National Non-Domestic Rates (NDR) Pool, which the Council receives.

5.16 What is important in both cases is not just the rate of growth or decline in the City's population level in isolation, but the change relative to the national trend.



- 5.17 The table below illustrates the forecast movements in population level for the City from 2001 through to 2031, as calculated by Cambridgeshire County Council's Research Group. These forecasts include revisions to reflect the full 2001 census results and the growth agenda. The detailed figures are shown in Appendix H.
- 5.18 While the Office for National Statistics (ONS) produce the official national estimates, the County Research Group produce their own estimates based on local information which can differ from the national estimates, particularly for Cambridge. Since 2001 there has been a growing disparity between local estimates and national figures from the ONS.
- 5.19 One of the impacts of ONS's methodology has been the City being credited with the net effects of international migration, which serves to add around 2,000-3,000 to the population each year. This can be clearly seen in the table below, which compares population figures from ONS with the projections of the County Research Group.
- 5.20 The methodologies used by ONS are currently being reviewed as part of a national project to improve migration and population statistics. This is going to result in a new series of mid year population estimates being issued for the years 2002-2005 as well as revisions to their previously issued 2004 sub national projections. These figures will be published with the mid 2006 population estimates in August and September 2007. It is likely that ONS figures will fall more in line with locally produced estimates as a result of this work.
- 5.21 This could, therefore, have a material effect on the projected population level for the City.
- 5.22 Any subsequent adjustments to national estimates will be of particular significance as it is the key element for the distribution of Government Grant, under the new Formula Grant system.



Table 5 : Cambridge City Population Projections 2001/2031

Year	Population (as measured by)		% 'age Change (year-on-year)	
	Office of National Statistics 2004 based (i)	County Research Group 2006 based	ONS	County Research Group
2001		109,820		
2002		110,000		0.16%
2003		109,920		(-0.07%)
2004	118,500	110,260		0.31%
2005	121,600	111,030	2.62%	0.70%
2006	124,200	113,660	2.14%	2.37%
2007	126,500	116,600	1.85%	2.59%
2008	128,500	119,880	1.58%	2.81%
2009	130,400	123,510	1.48%	3.03%
2010		127,490		3.22%
2011		131,840		3.41%
2012		135,780		2.99%
2013		139,300		2.59%
2014	138,500	142,410		2.23%
2015		145,130		1.91%
2016		147,400		1.56%
2017		148,950		1.05%
2018		149,890		0.63%
2019	145,200	150,210		0.21%
2020		149,900		(0.21%)
2021		148,900		(0.67%)
2022		150,800		1.28%



Year	Population (as measured by)		%age Change (year-on-year)	
	Office of National Statistics 2004 based (i)	County Research Group 2006 based	ONS	County Research Group
2023		152,660		1.23%
2024	150,900	154,480		1.19%
2025		156,260		1.15%
2026		157,980		1.10%
2027		154,200		(2.39%)
2028		155,800		1.04%
2029	156,000	157,360		1.00%
2030		158,890		0.97%
2031		160,400		0.95%

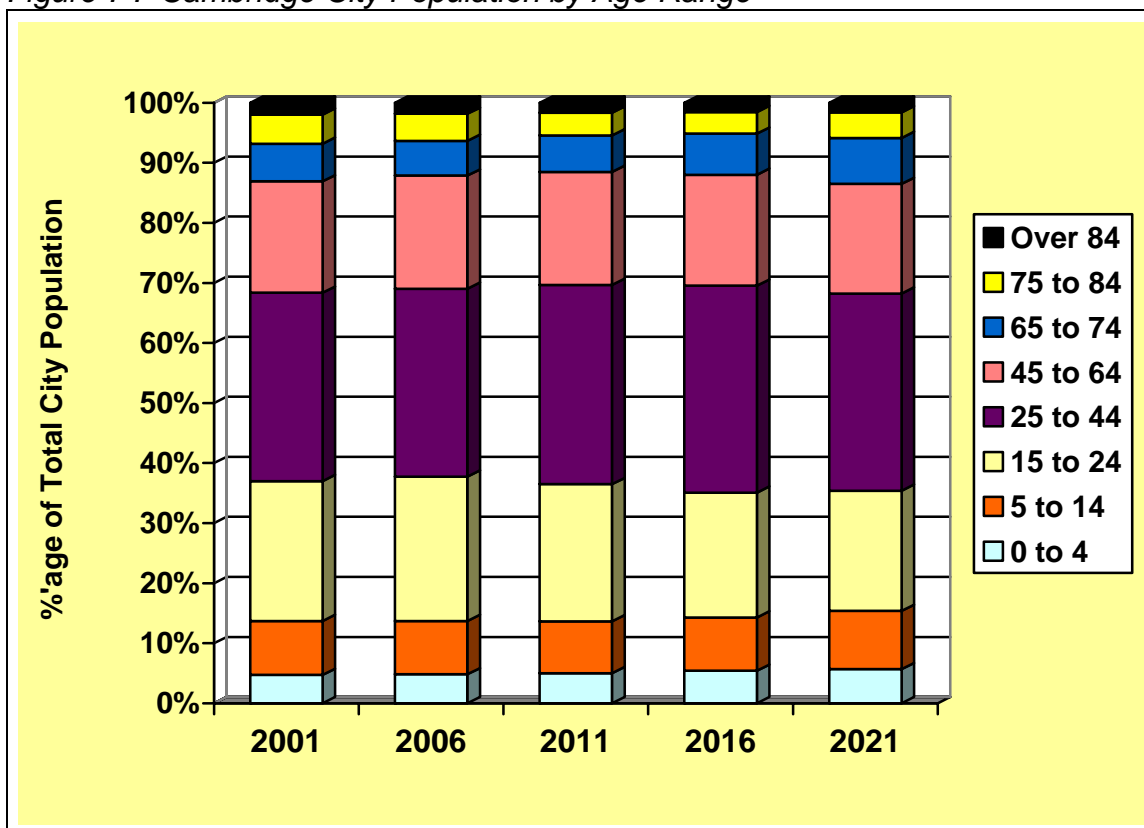
Note : (i) This is due for revision September 2007 following ONS IMPS Project

- 5.23 The other impact of population is the increase, or decrease, in the demand for the City Council's services. This can be reflected in both the overall level of population (as shown above), the number of households and changes in the demographic composition of the population.
- 5.24 The buoyancy of the Cambridge economy and strong house prices have combined to stimulate a high rate of growth, e.g. the house building rate in 2005/06 was more than double that achieved in the previous four years. This has now combined with the pressures for further building provided by the Growth Agenda.
- 5.25 Between 2007/08 and 2009/10 the rate is expected to start to increase sharply as major sites currently in the Green Belt are released for development, e.g. the Southern Fringe and North West Cambridge. Outside the City Boundary significant development is planned at Northstowe, Chesterton Sidings and Marshall's North Works. All of these developments will put increased pressure of the City's infrastructure and the demand for services.



- 5.26 Changes over time in factors such as age profiles, unemployment levels and geographic spread can affect the relative demand for Council services, and hence funding.
- 5.27 Projections of the population trends analysed by age group, from 2001 to 2021, are illustrated in the graph below. The figures are included at Appendix H.

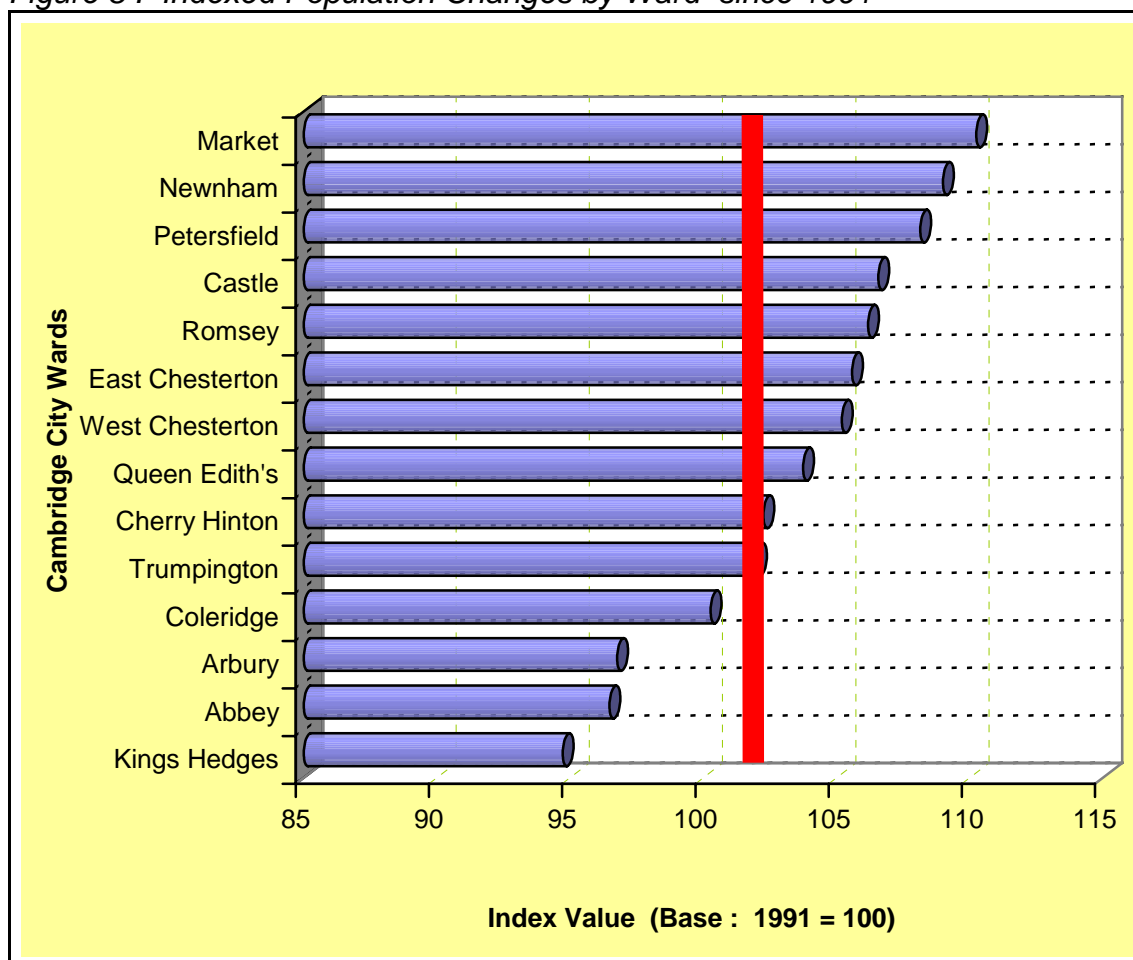
Figure 7 : Cambridge City Population by Age Range



- 5.28 This analysis highlights increases in all age ranges with the 25-44 age range, as the one projected to increase most significantly over the period.
- 5.29 The final aspect is the changes in the geographic dispersion within the population, this is shown below; using 1991 as the base year.



Figure 8 : Indexed Population Changes by Ward since 1991



Unemployment

- 5.30 Unemployment rates are important, as they will influence many of the Council's services either directly or indirectly, as well as being an influence on Council policies.
- 5.31 Between January 1990 and January 1993 there was a dramatic rise in unemployment in the City (from 3.5% to 10.1%), which served to narrow the gap between the City and national rates. From that point the unemployment rate in the City has fallen steadily back to a current level of 1.6%.
- 5.32 The gap between City and national levels has remained relatively constant since 1993 (in the range 0.5% to 1.2%), the gap between the City and Travel to Work Area has virtually disappeared since Jan 03.

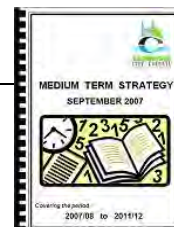
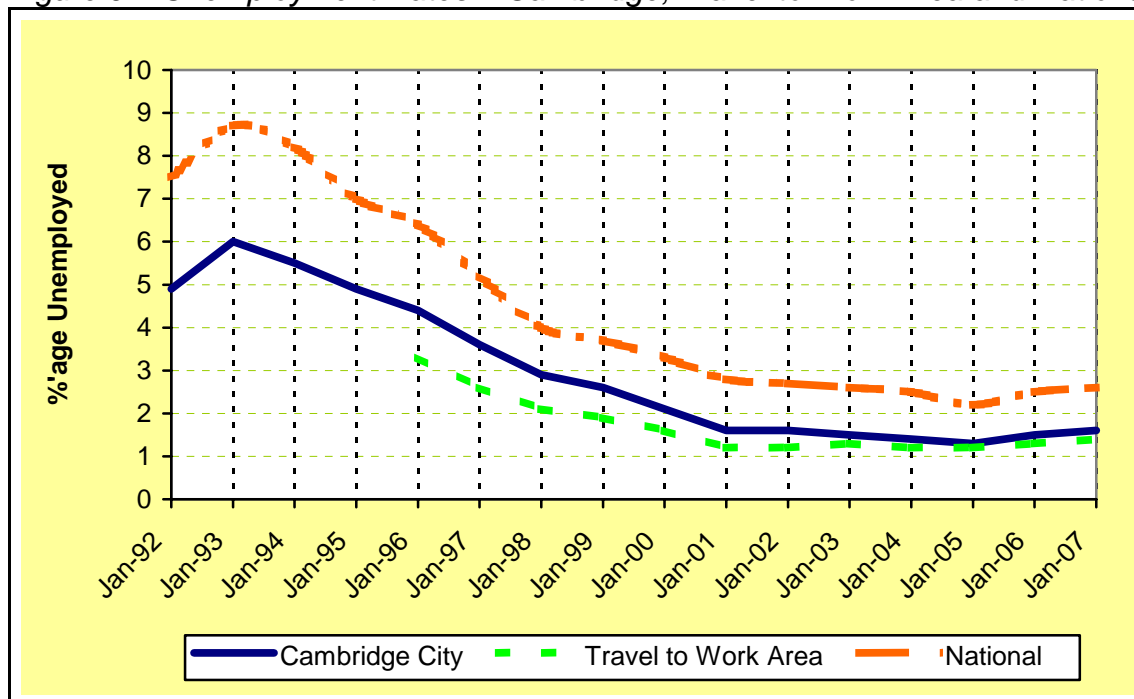


Figure 9 : Unemployment Rates – Cambridge, Travel to Work Area and National



Mapping Disadvantage

- 5.33 The Council has commissioned on a biannual basis an analysis of its Housing Benefit and Council Tax records since 2000. The research shows different groups of people and disadvantaged communities living on a low income in the city in small areas.
- 5.34 Prior to the research being conducted Members had only their knowledge of their localities to guide them, as previous research about deprivation related to larger areas of the City and was not specific enough to identify the smaller disadvantaged communities within wealthier wards.
- 5.35 The most recent findings showed that one person in nine living in the city resided in a household claiming either Housing Benefit or Council Tax Benefit. For pensioners this rate increases to one in five.
- 5.36 Further findings reveal inequalities in the distribution of people living on a low income across the city with just over half of the benefit population living in a quarter of the geographical area. The contrast between wards in the city is significant with Abbey ward having just over a fifth of its resident population claiming benefit whilst Newnham ward had just over one in a hundred. These findings are reinforced by the National Index of Deprivation (2004), which shows similar levels of disparity within the city.



- 5.37 Overall, since the analysis was carried out in 2000, the benefit population has fallen by just over a tenth but the pensioner and lone parent benefit population has remained constant. The number of children living in claimant households has fallen but still represents one in seven of the child population in the city.
- 5.38 The findings from this research have been disseminated widely both within the Council, to managers responsible for the delivery of services to help them improve their effectiveness, and to organisations in the community and voluntary sector to help better understand their clients and bid for new resources, using a robust and current evidence base.
- 5.39 The Cambridge Local Strategic Partnership has identified the need to improve social inclusion within the city as one of its key priorities for action and set up a Social Inclusion Partnership, lead by the Primary Care Trust, to help take this forward.



6. Treasury Management

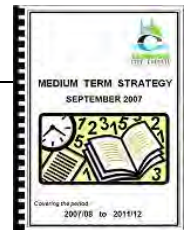
- 6.1 Treasury Management within the Council is regulated by the 2004 ODPM guidance on Local Government Investments and CIPFA's "Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes."
- 6.2 This is an area of activity which covers the management of the Council's cash flows, its banking, money market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Current Treasury Management Strategy

- 6.3 The Council's Treasury Management Strategy was considered by Strategy Scrutiny Committee at its meeting on 10 January 2007, and adopted by Council on 14 February 2007. Extracts from the Strategy are attached as Appendix I, for ease of reference.
- 6.4 The Strategy includes treasury limits for the period 2007/08 to 2009/10, which are set in the context of the affordability of borrowing - as required under the statutory duty contained within Section 3 of the Local Government Act 2003.
- 6.5 The Strategy also includes the Prudential Indicators, which the authority is required to consider before determining its budget and treasury management arrangements for a new financial year.
- 6.6 The Strategy is based upon not entering into any new external borrowing.
- 6.7 During the last financial year the Council operated within the treasury limits set out in the Treasury Management Strategy.

Debt-Free Status

- 6.8 Debt-free status was achieved on 31 March 2003, when the Council redeemed all of its external long-term debt (for which purpose Local Bonds are not treated as relevant). This had been an aim the Council had been actively seeking to achieve as, under current controls, it offered a range of significant benefits to the Council from 2003/04 onwards. These were :
- 'Right to Buy' capital receipts during 2003/04 were 100% usable under the capital controls applicable at that time. Although the introduction of the Prudential Code and national pooling of housing receipts from 1 April 2004 reduced the advantage from such receipts in future years, the Council was able to benefit from the transitional arrangements for debt-free authorities, covering the first three years of pooling (from 2004/05 to 2006/07).



- Greater freedom to spend any remaining set-aside amounts in its Provision for Credit Liabilities Account (PCL) on capital expenditure during 2003/04
- Opportunity to invest for longer periods (up to 5 years)
- Revenue benefits to the General Fund through the redemption of fixed rate borrowing, at interest rates above those which the Council could achieve through investing its set-aside receipts.

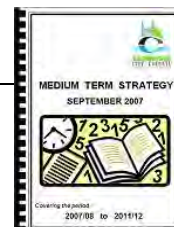
6.9 Although the Council is able to undertake Prudential Borrowing under the new Prudential Framework, which came into force with effect from 1 April 2004, this has not been included in its financial strategy, as :

- the Council benefited from transitional arrangements for debt-free authorities (under regulation 21) which excludes a prescribed percentage of housing receipts from the new national pooling scheme in 2004/05 (75%), 2005/06 (50%) and 2006/07 (25%).
- the Council has already assessed the affordability of revenue support for capital as part of previous MTS and Stock Option Appraisal documents. Without additional revenue to support new borrowing any such move would have the effect of directly increasing Council Tax - beyond the levels planned in the MTS
- effectively this only leaves the advantages of 'invest-to-save' type schemes or the ability to effect a one-off profiling change by bringing forward existing schemes - utilising existing revenue support streams to meet the financing costs.

6.10 During the period of transitional relief from the national pooling scheme it was clearly to the overall advantage of the Council to remain debt-free. However, with the ending of the transitional benefits the policy for future years is being reviewed in detail as part of the current MTS and budget process.

Amendments to the Approved Lending (Counterparties) List

- 6.11 The Council manages its investments in-house and is restricted to placing investments with the institutions (counterparties) listed in the approved lending list, which forms a key part of the Council's Treasury Strategy.
- 6.12 The list is constantly reviewed in order to ensure that the institutions included meet the criteria required. As a result changes are required periodically to the list, and changes being recommended to Council at this time are included in Appendix J (shown as highlighted counterparty names).

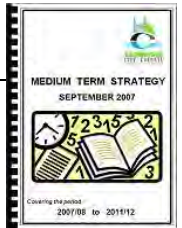


Treasury Management Activity During 2006/07

- 6.13 In accordance with the Council's adopted (February 2003) "Treasury Management in the Public Services - Code of Practice and Cross Sectoral Guidance Notes", a report covering the treasury management activities undertaken during 2006/07 needs to be produced. The Annual Treasury Management report is included in Appendix I. Extracts from the report are included below.
- 6.14 The Council manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 364 days (since extended to a maximum of 3 years for 2006/07) dependent on the authority's cash flows and the interest rates on offer.
- 6.15 The expected short-term investment strategy was to determine an appropriate balance of investment maturities after due consideration of the likely movement in both interest rates and cash flow requirements. The value of surplus funds invested during 2006/07 was £800.75m, and the value of investments that were repaid during the year was £798.72m, resulting in a net increase in investments of £2.03m during the year. The average investment per working day of £3,177,579 compares with the £2,614,646 that was averaged in 2005/06.
- 6.16 The table below shows comparative investment outturn since 2000/01 :

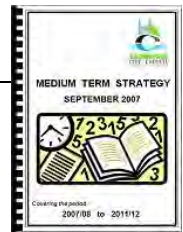
Table 6 : Comparative Investment Outturn from 2000/01 to 2006/07

Financial Year	Average Daily Investment	Rate of Return	Benchmark Return
2000/01	£1,466,150	6.12%	5.67%
2001/02	£1,570,880	4.89%	4.42%
2002/03	£1,646,520	4.01%	3.88%
2003/04	£1,555,138	3.66%	3.57%
2004/05	£1,827,716	4.66%	4.52%
2005/06	£2,614,646	4.70%	4.53%
2006/07	£3,177,579	4.81%	4.82%



Part C

Revenue





7. External Funding Projections - Revenue

General

- 7.1 The availability of external funding is a key factor for revenue projections on both the General Fund and Housing Revenue Account. Whilst City Services do not receive direct funding from Central Government, it is affected indirectly by external funding to the former accounts as this will have an influence on the levels of work placed with them.
- 7.2 Projections of external funding are always difficult at this time of year, given the highly limited nature of available information relating to future years. Following the first multi-year settlement which covered 2006/07 and 2007/08, the Government has confirmed its intention to proceed with a three-year settlement process for 2008/09, 2009/10 and 2010/11. Ahead of this, a consultation period has begun on proposals for some changes in the distribution of Formula Grant with the provisional settlement announcement expected to be made in late November or early December 2007.

Spending Reviews

- 7.3 Spending Reviews set firm and fixed 3-year spending plans (controlled through Departmental Expenditure Limits) and, through Public Service Agreements, define the key improvements that the public can get from those resources across all Government departments.
- 7.4 The concept was launched in June 1997, by the incoming Government, with a full Comprehensive Spending Review (CSR1998), and has continued with Spending Reviews every two years since then; each review covering a 3-year period with a one-year overlap for continuity. The last review was SR2004, with the expectation of a further review in 2006.
- 7.5 With the start of the next Spending Review period coming a decade after the first CSR, the Government announced that it intends to launch a second CSR. This will be tasked with examining what the investments and reforms initiated to date have delivered and what further steps need to be taken.
- 7.6 In order that this can be undertaken the next scheduled Spending Review was deferred for a year, becoming CSR2007. This was achieved by holding Government departments to the allocations for 2007/08 which had already been announced as part of SR2004.
- 7.7 CSR2007 is designed to :



- take a zero-based approach to assessing the effectiveness of Departments' existing spending in delivering the outputs to which they are committed
- examine the long-term trends and challenges that will shape the next decade and assess how public services will need to respond
- look at how the public expenditure framework can best embed and extend ongoing efficiency improvements and support long-term investments needed to meet these challenges.

7.8 In seeking to meet the long-term challenges faced by the country, the Government is looking to achieve innovative policy responses, co-ordination of activity across departmental boundaries and sustained investment in key areas.

7.9 The CSR will, therefore, be informed by the analysis and conclusions of a series of detailed reviews on specific cross-cutting issues. These include :

- Children and Young People Review
- Eddington Transport Study - reviewing the long-term impact of transport decisions on economic productivity, stability and growth
- Barker Review of Land Use Planning – looking at how planning policy can better deliver economic growth and prosperity alongside other sustainable development goals
- Review of the Economics of Climate Change (led by Sir Nicholas Stern) – examining the consequences of climate change in both developed and developing countries, and the specific implications for the UK
- Sir Michael Lyons' Inquiry – into the funding, role and function of local government
- Sub-national economic development and regeneration review

7.10 The original aim was for the outcome of CSR2007 to be reported during the summer of 2007. However, this was delayed as a result of the change in Prime Minister and subsequent changes to Government Ministers and departmental portfolios.

7.11 It is currently expected that the outcome of CSR2007, covering the period 2008/09 to 2010/11, will be announced in mid-October, along with the Pre-Budget Report.

7.12 This would tie-in with the announcement on formula changes as part of the Local Government Finance Settlement.



7.13 The expected timetable for the announcement of external funding is :-

Table 7 : Timing of Government Funding Announcements for 2008/09

Fund	Timing of Announcement	
	Provisional	Final
General Fund	Late Nov / early Dec 2007	early January 2008
Housing Revenue Account	early December 2007	End December 2007

7.14 As in previous years the key factor will be the timing of these announcements compared to key meeting and publication dates within the Council’s timetable. In most years this has resulted in the need to produce updates for reports.

7.15 Briefing papers will be prepared on the levels of support, and the implications for the Council’s financial planning, once these announcements are received. It is hoped that this information will be available in time for the publication of the Executive’s budget and service plan proposals.

Formula Grant Distribution

7.16 From 2006/07, the government introduced a new system to distribute Formula Grant based on an assessment of the relative needs of authorities, an assessment of their relative resources, a central allocation and a floor damping scheme.

7.17 The Final Settlement figures for 2007/08 were published on 18 January 2007 and confirmed those originally published with the 2006/07 settlement in January 2006.

7.18 The Settlement for 2006/07 was particularly significant as it :

- included a review of the underlying methodology and formulae for grant distribution
- introduced the first step towards 3-year Settlements (which will start in full as part of the 2007 Comprehensive Spending Review), with indicative figures for 2007/08 being announced as well as those for 2006/07
- updated underlying 1991 Census data to 2001 data
- sought to make the grant distribution system more forward-looking in nature, by incorporating projections for population and taxbase, and adapting to policy change.



7.19 The Settlement included headline increases of :

- 4.5% in Aggregate External Finance (AEF) for 2006/07, and 5.0% for 2007/08
- 3.1% in Formula Grant (Revenue Support Grant plus share of National Non-Domestic rate Pool) for 2006/07 and 3.8% for 2007/08.

7.20 For the City Council the direct financial implications of the Settlement, in terms of external financial support, were :

Table 8 : General Fund : Total External Support - 2005/06 to 2007/08

	2005/06 Final (£ 's)	2006/07 Final (£ 's)	2007/08 Final (£ 's)
Share of National NNDR Pool	3,315,720	9,924,293	10,379,829
Revenue Support Grant - Basic	6,406,395	1,528,604	1,479,931
- Floor adj.	1,304,364	387,138	262,019
Total External Support (TES)	11,026,479	11,840,035	12,121,779
<i>Change on previous year - £'s</i>		813,556	281,744
- %'age		7.38%	2.38%

7.21 The new distribution formula resulted in significant changes in the components of the overall TES which the City Council have received from 2006/07. An important element of this is the level of Floor adjustment grant which is included. This is the level of additional grant which is payable in order to bring the Council's level of entitlement up to the minimum level of year-on-year increase (the 'Floor').

7.22 The Floor adjustment element, therefore, represents the level of risk to the Council in future Settlements, as this mechanism for damping the effects of reduction in grant entitlement, as a result of changes to the distribution formulae or data, could be phased-out or withdrawn.

Floor Adjustment Grant

7.23 The following table illustrates the levels of Floor adjustment grant which the Council has received since 2003/04 when its entitlement was significantly reduced as a result of the fall in population determined through Census 2001.



Table 9 : Grant Protection from the 'Floor'

Financial Year	Total External Support (£'s)	Increase at 'Floor' [c.f. Prior Year Adjusted] (%)	Level of Protection through 'Floors' included in FG (£'s)	Protection as a percentage of Formula Grant (%)
2003/04	11,217,610	3.0%	1,950,309	17.39%
2004/05	10,725,430	3.0%	1,807,310	16.85%
2005/06	11,026,479	2.5%	1,304,364	11.83%
2006/07	11,840,035	3.0%	387,138	3.27%
2007/08	12,121,778	2.7%	262,019	2.16%

- 7.24 Given that the lower the level of this element of TES the less latent risk the Council faces, the significant relative increase in entitlement and consequent fall in Floor adjustment grant from 2006/07 was a positive outcome from the review for the City Council.
- 7.25 This is particularly important in the context of the sub-regional growth agenda, in that until the Council's entitlement moves above the Floor level, increases in population will not result in direct cash increase in grant (merely serving to reduce further the gap to the Floor).
- 7.26 Whilst the headline increases in TES for the City Council in 2006/07 (at £813,556) and 2007/08 (at £281,743) were significant, an issue for forward projections continues to be the future Government policy on protection through the use of Floors.
- 7.27 The consultation process on the changes introduced as part of the 2006/07 and 2007/08 two-year Settlement confirmed the Government view, at that time, of the use of Floors as an accepted and integral part of the funding system. The announcement of a 2.7% level for the Floor for 2007/08 served to reduce the level of uncertainty for the Council over the short-term, although a prudent approach was adopted for protection beyond 2007/08, with the return to the use of a 1.0% level in projections of grant.
- 7.28 However, consultation on proposed changes to Formula Grant distribution from 2008/09 includes a review of the level of protection and periods over which protection may be phased out. The impact of reducing the floor to 2%, 1% or removing it entirely are exemplified as part of the consultation documentation.
- 7.29 This could have a significant impact for the City Council, as shown in the table above.



- 7.30 Although the level of Floor protection in 2007/08 is relatively limited (at just 2.16% of Formula Grant, this could be far higher if the Council were (again) to suffer a reduction in the population figures which are used to determine grant entitlement.
- 7.31 Section 5 outlined the concerns that the latest estimates which are being used by the Government appear to overstate the underlying resident population level. This would be an issue when the data from the next Census is used for grant purposes. However, the Government is committed to interim changes to the way in which population is estimated, and this could result in a fall in grant entitlement at an earlier point.
- 7.32 Grant consultation indicates that the Government's intention is to update data only at the beginning of each 3-year Settlement period. Whilst this will provide greater forward certainty, it could also result in significant time-lags where there is unforeseen changes in data.
- 7.33 This issue is covered as part of the risk assessment work undertaken in association with the MTS and budget, and developments in this area are being closely monitored.

Specific Service Changes

- 7.34 Although the Government does not specifically identify amounts which have been added to individual authorities' grant in respect of new or enhanced service requirements, it is possible to make an estimate of the effects from analysis of the components of the TES calculation.
- 7.35 This approach has previously been used to identify additional funding relating to such requirements, and the Council has, in the first instance, taken the approach of earmarking such additional funding for the purpose.
- 7.36 A key area of service development over recent years, in this context, has been the impact of the new national Concessionary Fares schemes. Following changes from 1 April 2006, further changes will be implemented from 1 April 2008. The implications are considered in more detail in Section 8.
- 7.37 However, the consultation on changes to Formula Grant indicates that consideration is being given to the options of using the Formula Grant or special grant to distribute the additional Government funding. If this is to be distributed through Formula Grant then the Council would want assurances that it will be reflected as an adjustment to the starting base position for the calculation of entitlement, so that it is not 'lost' through a reduction in the level of Floor adjustment paid.



Specific Grants

7.38 The City Council has been notified that it will receive the following specific grants in respect of 2007/08 and 2008/09 :

Table 10 : Specific Grants 2007/08 and 2008/09

Specific Grant	2007/08 (£'s)	2008/09 (£'s)
Waste Performance and Efficiency Grant (WPEG)	117,864	0
Planning Delivery Grant (PDG)	444,570*	n/a
Housing Benefits - Local Housing Allowance (LHA)	107,831*	unknown
Concessionary Fares – issuing of new passes	33,408*	0
Homelessness	400,000	400,000

* Provisional figure

7.39 The Government has indicated that 2007/08 is likely to be the last year of PDG. The Government has consulted on the replacement of PDG with a Housing and Planning Delivery Grant, and that the future funding for the Planning service will be considered as part of the 2007 Comprehensive Spending Review.

7.40 The WPEG grant is nominally split between capital and revenue elements on a 50:50 basis. The 2007/08 grant will be used to fund a green waste vehicle. Grant will not be available in future years.

7.41 The Local Housing Allowance (LHA) is central to the government's reform of Housing Benefit and is intended to provide for a more transparent system by basing payments on a flat rate of rental charge which takes into account household size and composition as well as the area in which the claimant resides.

7.42 The DWP planning assumption is that the Local Housing Allowance will be rolled out nationally from 1 April 2008. As a consequence, the Council has been given an initial notification of a sum of £107,831, which will be paid in 2007/08 to support the implementation of the LHA. It is currently anticipated that this would be a one-off grant, and there would not be any payment in 2008/09.



- 7.43 Funding for production and issuing of new passes for the 2008 Concessionary Fare scheme has been provisionally announced at £33,408 by the Department for Transport.
- 7.44 As in previous years, these funds, although not formally required to be ring-fenced, have been earmarked to fund developments in the associated services.

Capping

- 7.45 The 2006/07 Settlement statement included the explicit expectation of Council Tax increases in each 2006/07 and 2007/08 of less than 5.0%. The limit for 2007/08 was subsequently confirmed at this level in January 2007.
- 7.46 The new grant methodology introduced Alternative Notional Amounts (ANAs) which are designed to provide a means to achieve like-for-like comparisons between budget requirements in each year. This will be used as one of the factors to be considered by the Government in determining whether to exercise its capping powers.
- 7.47 From the information made available to date, it would appear highly unlikely that the spending plans reflected in the Council's MTS would breach capping criteria for 2008/09.

Balance of Funding Review and the Lyons Inquiry

- 7.48 The other factor which could impact on the future level of external support is the outcome of the Balance of Funding Review being conducted by the Government.
- 7.49 The Balance of Funding report was published on 20 July 2004. It recognised that the balance of funding is a major issue for local government finance, most notably because of the problem of gearing, and identified the options for reform as a reformed Council Tax supplemented by either re-localised business rates, a local income tax, or a combination of both.
- 7.50 In response to the publication of the report, the Government announced a further independent inquiry, to be chaired by Sir Michael Lyons. This Inquiry resulted in the publication of a final report on 21 March 2007.
- 7.51 The Government's response was to welcome the report, and note that the core proposals served to support and extend the commitments that the Government had already made to strengthen the role of local government and help it deliver better public services and build sustainable communities.
- 7.52 However, the proposals for a local supplementary business rate, council tax benefit and business rate reliefs and exemptions were identified as requiring further consideration and consultation. The Government further noted that it does not intend to introduce, or consider further, a tourism tax.



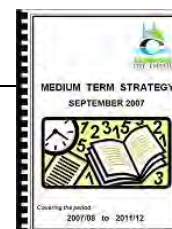
- 7.53 Potential changes proposed to Council Tax were deemed to require a revaluation to be achievable, and the Government restated its view that this would not take place before the end of the CSR2007 period (i.e. 2011), and noted that “the present system will remain for the foreseeable future an acceptable basis for local authorities to raise locally a proportion of their resources.

Council Tax Assumptions

- 7.54 Part of the previous formula grant distribution process was the use of an Assumed National Council Tax (ANCT) factor, which was designed to build-in an approximation of the ability to raise income from Council Tax - albeit only by type of authority.
- 7.55 In previous MTS projections this has been used as the basis for setting the target level for the increase in the actual level of Council Tax within the City.
- 7.56 The new grant distribution methodology has removed this factor, breaking this link. Instead it includes a Relative Resource Amount (RRA), which is designed to reflect the relative differences in the amount of local income which individual councils have the ability to raise. This is then used to reduce the council's grant entitlement.
- 7.57 This assessment is based on each council's taxbase, which is then used to establish a minimum potential level of local income nationally. Negative RRAs are then calculated from positions above the minimum, relative to taxbase per head of population. The RRA is applied to councils in groups, depending on the services that they provide.
- 7.58 The change in RRA between 2006/07 and 2007/08 for the City Council shows an increase of 10.06%. This reflects changes in a number of constituent factors, and there is no readily available comparator for the assumed change in the actual level of Council Tax. Further detailed work will be required to disaggregate the RRA figures.
- 7.59 This means that the Council will need to determine the target level of Council Tax increase from another basis. This is considered further in Section 13.

Local Authority Business Growth Incentives (LABGI)

- 7.60 The Local Authority Business Growth Incentives (LABGI) scheme is a Government initiative which seeks to 'reward' local authorities that achieve significant growth in the business sector within their area.



- 7.61 Growth is measured in terms of the increase in each authority's rateable value (as determined by the Valuation Office Agency) during a calendar year. Each authority has a baseline target level which must be reached to gain from LABGI, which was calculated using a national Historic Growth Model with all authorities placed in one of 8 baseline groups.
- 7.62 In the first year of the scheme, entitlement under LABGI was limited by a ceiling figure for each authority, to ensure that no inequitable outcomes could occur in terms of grant relativity.

Table 11 : LABGI Funding from 2006

Year	Date of Announcement	LABGI (£'s)
2005	8 February 2006	480,524
2006	27 February 2007	1,536,051

- 7.63 In two-tier areas, such as the City, the County Council also receives a LABGI payment. The ratio for payment is set by using District figures (for population density, sparsity, day visitors, etc) in the County EPCS formula, and then comparing this with the District figure.
- 7.64 The scheme operates as a one-off non-ringfenced grant paid under Section 31 of the Local Government Act 2003. This means that authorities are free to spend the monies received on their own priorities.
- 7.65 Given the fact that the funding is one-off, it has been used to support one-off or time-limited projects or schemes. In both years, this has been achieved by using the funding as Direct Revenue Financing to support capital spending relating to the Lion Yard scheme, effectively reinvesting in the growth of business within the City.
- 7.66 The significant increase in the level of grant in the second year reflected the removal of the ceiling. However, there was still a 70% 'scaling back' implemented for all authorities. For the City this meant a reduction of around £658,300.
- 7.67 This 'scaling back' was made to reflect the potential impact of outstanding judicial reviews which had been brought by Corby and Slough Councils.
- 7.68 The legal challenge concerned the decision to exclude changes in rateable value recorded under VOA "change code 20", in the first year of the scheme. On 31 July 2007 the court found in favour of the councils.



- 7.69 In response to the judgement, the Government have confirmed that they do not intend to make any reductions in any payments previously made to authorities, and that additional payments will be made where appropriate. They have also indicated that they will be using the revised methodology for the third year of the scheme (i.e. the year to 31 December 2007).
- 7.70 This makes it unlikely that the Council will receive any of the amount 'scaled back' from its 2006 entitlement. However, the implications for the third year of the scheme are still less certain.
- 7.71 This has made it particularly difficult to accurately estimate this far in advance what future receipts we may get. As a result, it is not planned to anticipate and commit funds until they are received (as is the policy with capital receipts).

National Non-Domestic Rates (NNDR)

- 7.72 These are based on rate poundages set on a national basis by the government. The Council collects the monies due as agents of the government and pays them into a National Pool. The sums actually received by the Council from this Pool are based on a redistribution of the total available nationally, based on a per head of population calculation.
- 7.73 The amount received from the National Pool is included in the calculation of the Total External Support (TES) to which a Council is entitled under the grant distribution formula, as outlined above.
- 7.74 Compared with the total of over £72m to be collected by the Council and paid into the pool in 2007/08, only £10.38m will be received back - roughly 14%.
- 7.75 The 2003 Act included an initiative providing for a system of Business Improvement Districts (BIDS). Effectively this is a supplementary local rate based on the concept of Partnership Arrangements between local authorities and local businesses, which would allow the business rate to be varied either for the whole of the local authority's area or in specified areas.
- 7.76 Proposals for a BID scheme, which would specify the area to be covered, the amount to be raised, what it would be spent on and the partnership arrangements for implementing it could be initiated by either the local authority or businesses. This would result in a 'contract' between the two partners for additional, or improved, services in return for the additional rate. This would be subject to voting in a referendum, requiring a majority of businesses to be in favour for the whole area to be required to pay. If a majority opposed the proposals no additional local rate would be levied.
- 7.77 The sort of issues which it is envisaged could form the basis for such arrangements include :
- Improving public spaces



- Reducing crime and the fear of crime
- Improving public transport
- Business support and job creation
- Increased community involvement.

7.78 BIDs could offer local businesses advantages in terms of control in addressing key issues of concern, subject to co-ordination with local authorities and other relevant agencies. The initial round for BIDs was from 1 April 2005, but, to date, the Council has not been approached regarding any proposals. However, this may provide a potential avenue for funding under some of the alternative delivery models for City Centre and Tourism, which are currently under discussion.

Housing Green Paper 'Homes for the future: more affordable, more sustainable'

7.79 The Housing Green Paper was published by Communities and Local Government (CLG) on 23 July 2007. The ideas in the Green Paper need to be set against the context of other policy initiatives such as localisation and increased influence of tenants in managing their homes and neighbourhoods. Major reviews including Hills, Cave and Barker also play a significant role in shaping the proposals contained within the Green Paper.

7.80 The key points arising from the Green Paper are:

- 2 million new homes by 2016, 3 million by 2020
- housing and planning delivery grant to Council's performing and delivering land sites and new homes
- better homes with high standards and improving homes currently in existence
- all new homes to be zero carbon by 2016
- no infringement of the green belt, 200,000 new homes to be delivered on surplus public sector land
- £8bn programme for affordable housing 2008 to 2011, a £3bn increase on the previous 3 years and 70,000 more affordable homes a year by 2010/11
- 45,000 new social homes a year by 2010/11, a 50% increase in social housing in 3 years with 50,000 a year in the next comprehensive Spending Review period. 25,000 shared ownership and shared equity homes a year for key workers



- conversion of temporary accommodation into settled homes
- local housing companies set up by councils to deliver shared ownership homes and homes for first time buyers using council land
- councils building new homes through ALMOs or local authority companies will be able to retain the full rents and capital receipts
- greater private sector involvement in increasing social housing.

7.81 The role of local authorities is summed up in three main roles. The last of these is quite a shift from the position in the past two decades :

- enabling a new affordable supply to be built
- influencing the decisions that are made
- having a direct role in the building of new homes where it provides value for money.

7.82 Work being undertaken by CLG and HM treasury is informing thinking in the Green Paper on HRA subsidies and the use of capital receipts. To achieve viability new build schemes will retain the rental income and capital value from the investment. There is a cautious mention of the self-financing option for the HRA but with recognition of both the financial and political fallout that would arise from complete abandonment of the national subsidy system that currently determines payers and recipients.

7.83 There are incentives for the use of housing capital receipts with a proposal to consider local authorities retaining housing capital receipts generated by the disposal of equity shares in local authority dwellings if those retained receipts are used for the provision of affordable housing.

7.84 Social Housing Grant is provided as a capital subsidy and in the past has been directed to housing associations, in order to lever in additional private borrowing and deliver more housing. The Government now wants to explore whether council-backed schemes could bring in other benefits and bids for Social Housing Grant can now be made through a special venture vehicle or an ALMO. The Housing Corporation proposes to have a pre-qualification round for social housing grant next year, this will allow more councils an opportunity to put together partnership vehicles and schemes.

7.85 Whilst there is a push for new development there is a requirement to preserve the decent homes standard in existing stock.

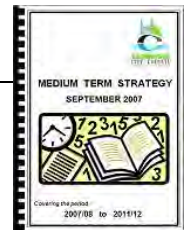


HRA Business Planning

- 7.86 Following the sign-off of the 2004/05 Business Plan as 'fit for purpose' by the Regional Office, as we are an excellent authority, there is no longer a requirement to submit an annual Business Plan. The government will still require regular updates on the progress being made to complete the tasks included in the associated action plan, a key indicator being the progress made towards achieving the Government's target of ensuring all council dwellings meet the Decent Homes standard by 2010.
- 7.87 From an internal perspective, however, business planning for the Housing Revenue Account informs a major part of the financial decision making process.
- 7.88 The Business Plan statistical returns continue to be submitted to the Government in July as in previous years.

HRA Rent Restructuring

- 7.89 The rent increase in April 2007 was the sixth phase of the Government's rent-restructuring programme to bring Local Authority and Registered Social Landlords (RSL's) rents for similar dwellings into line. The programme was originally anticipated to take ten years to complete. The data used to calculate rents is based on January 1999 prices.
- 7.90 When the scheme was introduced the government indicated that it would review the system at the end of three years of operation. The review took place, but recommendations were not implemented until April 2006. The changes included recognition that both Local Authority's and RSL's needed to adopt the same annual uplift factors to obtain convergence, in addition to updating fixed values for average local authority rents and property values within the formulae. An average limit on increases by each Local Authority was also introduced, at 5%, for 2006/07 and 2007/08. The result of the changes was an increase in target rents for Local Authority housing stock, with far fewer properties able to reach convergence by 2011/12.
- 7.91 Under the rent restructuring arrangements, individual property increases are still capped to an annual figure of inflation plus half a percent plus £2 per week.
- 7.92 In Cambridge, high house prices (one of the factors used to calculate the rents), combined with the separating out, in 2004/05, of certain service charges from rent, in line with the Government's policy and the changes in the 3 year review, results in a large proportion of the housing stock failing to reach target rent by the end of the initial ten year phased programme. At Cambridge City, it is estimated that a maximum of one third of the housing stock has the potential to achieve target rent by April 2011, assuming the 5% average limit on annual increases is lifted from April 2008.



- 7.93 Average rent increases for 2007/08 were 5%, in line with the recommendations of the 3-year review of rent restructuring.

Housing Revenue Account (HRA) Subsidy

- 7.94 This is an assessment of entitlement to Government support for Council-owned housing, which is based on calculations derived from a 'notional' Housing Revenue Account for each authority. This calculation is based on a number of key rules and assumptions about a standard level of service and the associated need to spend.
- 7.95 Forward projections of HRA subsidy entitlement can be modelled with far greater certainty than those for RSG, as better guidance is given on anticipated future trends, but they are still subject to changes in the rules and formulae used for any particular year.
- 7.96 An important component of subsidy is the Major Repairs Allowance (MRA), which was introduced in 2001/02. The allowance is used to fund increased capital repairs and improvements to the council's housing stock and this is reflected in the capital programme. The HRA subsidy projection shown in Table 11 includes figures for the MRA.
- 7.97 Another key element of the subsidy calculation is the Government's assumptions on rent increases, and resulting rental income, which are based on achieving a target rent over a 10 year period under rent restructuring guidelines.
- 7.98 The removal of rent rebate expenditure and subsidy in respect of HRA properties from the HRA to the General Fund from 1 April 2004 marked a significant change to the subsidy mechanism and resulted in a negative subsidy entitlement for the Council. The General Fund now incurs the cost of rent rebates and receives direct grant from The Department of Works and Pensions to meet its expenditure.
- 7.99 Another key component of subsidy is the Management and Maintenance (M&M) Allowance. The formula for allocating allowances between authorities was reviewed in 2003/04. The resulting changes will be introduced on a gradual basis, with authorities moving towards a target level of allowances by 2011/12. It is anticipated that Cambridge City will receive increases of approximately 4.4% in management allowances and 4.7% in maintenance allowances annually from 2008/09, until 2011/12, when target should be achieved.
- 7.100 Projections for the level of HRA subsidy are shown in the table below, with the Housing and MRA elements shown, as well as the net amount payable to the DCLG. The debt redemption premium charged to the HRA is also claimed within housing subsidy.



Table 12 : HRA Subsidy Projection - 2007/08 to 2011/12

Factor	HRA Subsidy (£ 000's)				
	2007/08	2008/09	2009/10	2010/11	2011/12
Management & Maintenance Allowances	(10,976)	(11,369)	(11,800)	(12,178)	(12,583)
Charges for Capital	(1,193)	(1,168)	(1,170)	(1,173)	(973)
MRA	(4,984)	(5,097)	(5,224)	(5,323)	(5,431)
Other	8	7	5	4	2
Guideline Rent	27,487	29,075	30,794	32,408	34,123
Net Subsidy [payable to Government]	11,448	11,448	12,605	13,738	15,138

Self-Financing for Housing Services

- 7.101 On June 7 2006, the Secretary of State for the Department for Communities and Local Government (DCLG) announced plans for the future of the Decent Homes programme. This included an exercise to be conducted with a small group of high-performing (CPA 'Excellent'-rated) local authorities and local authorities with high-performing (three-star rated) housing Arms Length Management Organisations (ALMOs) to examine the costs and benefits of operating their finances outside the national housing subsidy system.
- 7.102 Self-financing would remove authorities from the current HRA Subsidy system, and would cover housing management, maintenance, improvements, asset management and capital investment. The aim is to improve long-term business planning, allowing authorities to enter commitments based on revenues that could be predicted over the longer-term and to raise money to invest.
- 7.103 The exercise has investigated the effects of different financial and organisational models to test whether self-financing could provide value for money and sustainability.
- 7.104 The starting point for the exercise was a presumption that the financial impact on the Government is neutral (i.e. that a one-off adjustment is made to the HRA based on the net present value of anticipated future subsidy (positive or negative). However, the new arrangements have demonstrated that we could deliver more than under the current system; with an asset management plan to demonstrate that additional investment can be levered-in and that significantly better services can be delivered.



7.105 The authorities selected were :

Authorities with ALMOs

- ♦ Sheffield City Council and Sheffield Homes
- ♦ London Borough of Hounslow and Hounslow Homes
- ♦ Carrick District Council and Carrick Housing

Authorities without ALMOs

- ♦ Cambridge City Council
- ♦ Darlington Borough Council
- ♦ Warwick District Council

7.106 Although there was no additional direct funding to support participating authorities, DCLG will provide ongoing advice and engagement.

7.107 Participation in the exercise does not imply any commitment to move to the scheme on a live basis. The outcomes from the exercise are intended to inform discussions in the run-up to CSR2007, however, participating authorities who develop viable schemes may be supported to implement them through CSR2007.

7.108 Participation in the exercise has provided a valuable opportunity to be able to shape and influence a potential new approach to housing finance for local authorities.

7.109 The Housing Green Paper recognises that the project has “shown potentially significant benefits”. Recognising that the approach “.... would assist in long-term planning and improve asset management”. It also recognises the potential to “.... lever-in more private sector investment to support estate transformation, mixed communities and an increase in supply”.

7.110 The Green Paper suggests the need for further work to establish the affordability of self-financing schemes for both councils and the Government. The aim of this would be to “ establish the viability of a self-financing business plan with a level of resources that reflects the transfer of risk, but also maintains fairness for those councils who remain within the HRA subsidy system”. If this is achieved, then the next step is envisaged as a full pilot of the approach.

7.111 The Green Paper also notes that the work is helping Government to understand the potential benefits and risks of wider reform of the current HRA subsidy system, and notes that “The case for more local control over income and investment decisions has been strongly made”. However, it also recognises the potential impact on the redistributive effects of the current system.



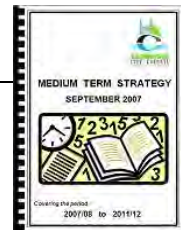
8. Revenue Spending Pressures and Opportunities

- 8.1 This section deals with the known pressures on revenue spending which each of the Funds face from 2008/09. Where known and unavoidable factors are identified they have been built into the revenue projections in Section 9, and are summarised in Appendix L.
- 8.2 This section also highlights bids which have come forward from Executive Councillors / Scrutiny Committees during the last cycle, together with actions taken under urgency powers since that cycle.
- 8.3 In addition, a list of remaining material areas of uncertainty is included in Appendix M. This highlights factors which could potentially impact on revenue spending but which are effectively unquantifiable at this stage. These should be taken into account when setting the cash limit targets, and in particular, the level of reserves to be maintained.

GENERAL (APPLYING TO MORE THAN ONE FUND)

Employers Pension Fund Contributions

- 8.4 The City Council is part of the Cambridgeshire Pensions Fund, which is administered by the County Council. The rate of contribution paid to the fund by participating employers is set following a triennial revaluation of the Fund by the appointed actuary.
- 8.5 The most recent triennial revaluation of the Fund was based on the position as at 31 March 2004, with the interim valuation results having been received from the Fund's actuary in May 2005.
- 8.6 Overall the last full valuation, at 31 March 2004, indicated that the assets of the Fund were valued at only 80% of the accrued benefits payable to members of the scheme (compared with 107% at the 2001 valuation, and 110% at the 1998 valuation). For the City Council element of the Fund this figure is 79.5% (compared with 106.9% in 2001, and 108.5% in 1998).
- 8.7 This significant worsening of the position on the Fund reflected the adverse impact of low market returns on investment, with the falls in 2002/03 having been the most notable impact. The Fund would have required a rate of return of 6% per annum to remain in line with the actuarial projections, whereas it was actually slightly negative – this alone resulted in a drop in funding level of around 25%. Since the revaluation date the markets have remained stable with some improvement over expected levels, but not to a material degree.
- 8.8 There were also, less significant, adverse effects from salary increases and early retirement costs having been higher than in the actuarial projections.



- 8.9 The adverse effects were, to some extent, offset by the adoption of a longer deficit recovery period (20 years), changes in the regulations and the impact of a review of demographic assumptions.
- 8.10 Given the materiality of the impact of reductions in investment income to the Fund, it is somewhat ironic that the Fund suffered by previously having the second highest surplus. This resulted in the surplus being used to reduce contribution rates, whilst Funds in deficit required additional cash contributions. In this scenario, with investment returns falling, the relative value of the higher contributions was an advantage to Funds previously in deficit, in relative terms.
- 8.11 At 80% funded the County Fund was at the average of a range of Funds nationally which runs from 61% to 94%, with no Funds now in surplus.
- 8.12 Contribution rates are calculated on an individual basis for each participating employer. The City Council was required to make a phased increase of 1.5% for 2005/06 with a 1.9%, year-on-year, over a longer 5-year period (from 2006/07 to 2010/11 inclusive). The effects of this are shown below :

Table 13 : Employers Pension Fund Contribution Rates

	31 March 2004 Valuation					
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Minimum Contribution Rate	10.9%	12.8%	14.6%	16.5%	18.3%	20.2%
Additional Budget Impact						
	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)
- GF	0	97,720	171,010	635,180	1,074,920	1,539,090
- HRA	0	30,920	54,110	200,980	340,120	486,990
Total	0	128,640	225,120	836,160	1,415,040	2,026,080

- 8.13 Previous budgets have already approved the inclusion of these increases in base budgets.
- 8.14 It should also be noted that the underlying long-term rate at 2004 was 12.6% (from 12.2% at the last revaluation).
- 8.15 The actuary to the Fund is currently undertaking the detailed work which lead to the issue of the 2007 triennial revaluation report, based on the position as at 31 March 2007. The timetable for this envisages a report in November 2007, which will be in time to inform final budget decisions from 2008/09.



- 8.16 Informal interim advice suggests that there is unlikely to be the need for additional increases in contribution levels from 2008/09, above those already agreed as part of the 2004 Valuation.
- 8.17 However, it also appears likely that there will be a significant increase in the underlying rate, reflecting the changes in demographics and mortality as well as changes in Regulations.
- 8.18 As from 1 April 2005, the Council is required to make a capitalised payment to cover the effect on the Fund of early retirements. The effect is calculated and reported to Members at the point that the decision is made, and is paid to the Fund over a 5-year period. This reflects accepted best practice, and serves to provide clear focus on the financial implications of early retirement decisions.

JNC Pay Review

- 8.19 The review of JNC pay was concluded, with the implementation of a new scheme with effect from 1 November 2005. Projections have confirmed that the costs of pay progression can be contained within the provision previously agreed, and the results of 2006 performance reviews for JNC staff show correlation with these projections.
- 8.20 In addition to reviewing pay, and linking pay progression with performance reviews, the package also included funding for organisational, management and staff development. This is felt to be essential to support the change which the Council faces and will facilitate the changes anticipated as part of the Corporate Change Programme.
- 8.21 Given the uneven nature of the requirement for this aspect of investment over time, available funding is held in a specific fund to ensure that its use can be effectively prioritised and the effects aligned with organisational change requirements. A five-year plan has been formulated which will ensure that the requirements for both pay progression and organisational development are balanced and remain within existing budget provision.

Employee Travel Plan

- 8.22 Included in the Annual Statement's 2007/08 work programme, and in support of one of the Council's key Medium Term Objectives, is the action to "Develop and implement a Travel Plan for Council staff ...". Work, to date, on this has been slow to progress, largely due to the limited funds with which to introduce "green" travel incentives for staff.



- 8.23 A full review of current staff travel practices has now been undertaken and a new Employee Travel Plan, accompanied by a plan of phased actions to be undertaken from 2007 to 2010, is in the process of finalisation. Delivery of the longer-term actions within the plan will depend on the release of funding from existing staff travel arrangements to fund new “green” travel initiatives.
- 8.24 In the shorter-term, full implementation of the Single Status Agreement will result in immediate savings released from departments amounting to approximately £38,000 p.a. It is proposed that these savings be transferred to a corporately managed Employee Travel Fund to enable the commitment to continuing “green” travel initiatives over the longer term. A review of the total amount of funding required from 2010/11 will be undertaken in the future.

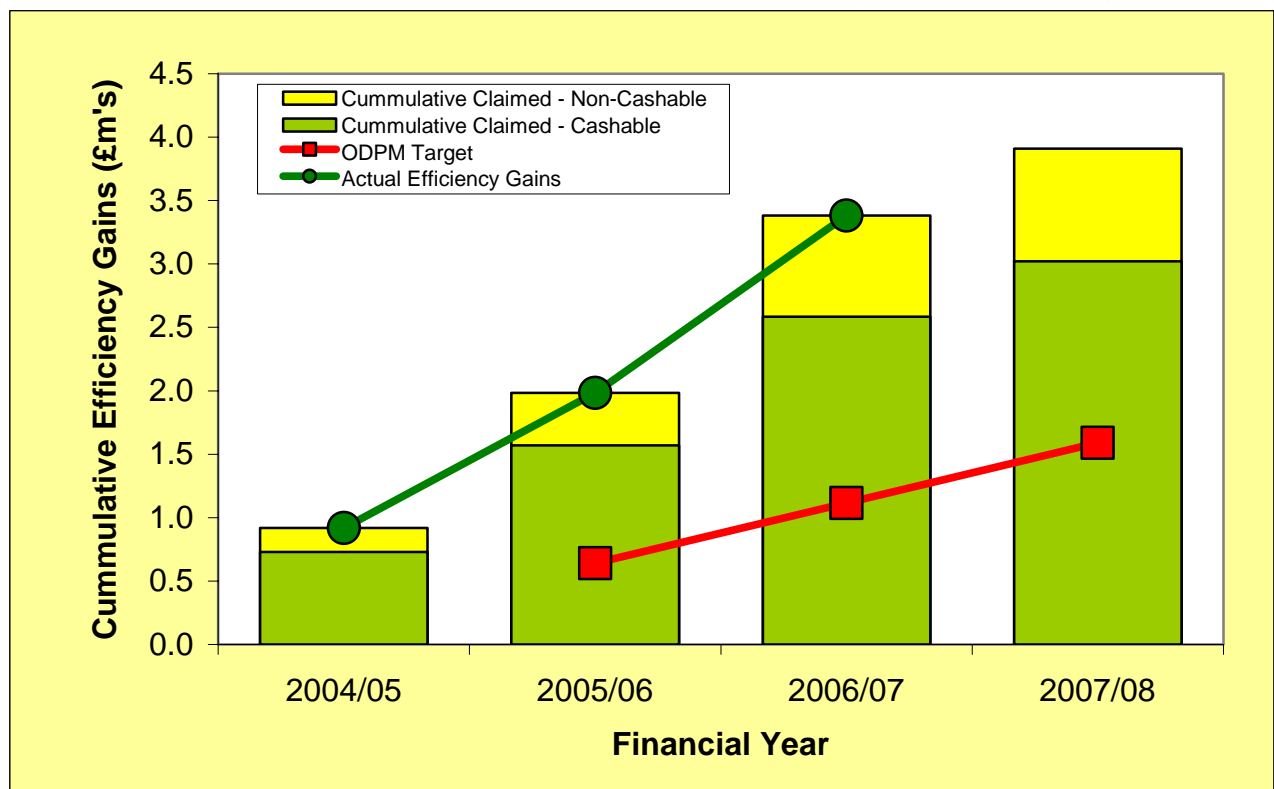
Efficiency

- 8.25 In line with the findings of the Gershon Review, SR2004 proposed efficiency savings across local government of 2.5% per annum to deliver £6.45b of efficiency and productivity savings by 2007/08. Half of the savings will be deemed ‘cashable’, becoming available to fund front line services.
- 8.26 Efficiencies are anticipated to be delivered :
- 40% through schools
 - 10% through policing
 - 35% through procurement in other services
- 8.27 Further savings are expected to be delivered through increased rationalisation of local authority back office functions and transactional services and improvements in staff productivity.
- 8.28 Government departments have committed to work with local government to deliver these efficiencies. The Regional Centres of Procurement Excellence are seen as having a significant role to play in the process, and Barry Quirk (the Chief Executive of Lewisham LBC) and Tim Byles (the Chief Executive at Norfolk County Council) have been appointed by the Deputy Prime Minister to work with local authorities, Government departments and other partners to share and promote best practice.
- 8.29 SR2004 also included £50m per annum of ongoing funding to assist with capacity building in local authorities. Around £25m of this is being made available to fund the Regional Centres in 2006/07 and 2007/08.
- 8.30 The Council's Improvement Plan, as well as its Implementing Electronic Government (IEG) work and a number of other reviews should provide a focus for the identification, and achievement, of efficiency savings in the areas identified in SR2004. Existing action plans include work relating directly to procurement and transactional services.

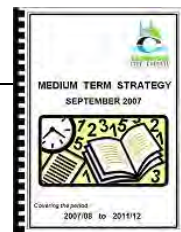


- 8.31 This has been demonstrated to have provided a sound basis in the results of the Annual Efficiency Statements (AESs) that the Council has been required to submit.
- 8.32 The identification and reporting of Efficiency Gains has been integrated within the existing corporate processes operated by the Council. This seeks to avoid any unnecessary additional or duplicated effort, whilst ensuring that Gains are considered at the most appropriate point in the annual process.
- 8.33 The Council has, for many years, sought to identify efficiency opportunities as being the most effective means to free-up resources to enable the provision of new or enhanced services. The Council would expect to continue to strive to identify all such opportunities as part of its annual budget and review processes.
- 8.34 A copy of the latest Forward-Look AES (for 2007/08) is included at Appendix X, and shows the areas which are projected to deliver efficiencies in the current year.
- 8.35 The level of Efficiency Gains which have been reported, to date, are illustrated in the following graph, compared with the Council's target levels of £641k for 2005/06 and £474k per annum in 2006/07 and 2007/08.

Figure 10 : Annual Efficiency Gains – Performance Against ODPM Targets



- 8.36 The Backward Looking AES for 2006/07 was submitted on 5 July 2007, and the updated figures have been included in the above analysis.



- 8.37 The graph clearly demonstrates that the City has outperformed its targets for efficiency gains, reflecting the active approach which has been developed as part of the core budget process over a number of years.
- 8.38 The future approach to efficiency is expected to be considered as an integral part of CSR2007.
- 8.39 It is widely anticipated that CSR2007 will include a significant increase in the expected level of efficiency gains expected to be delivered by local authorities. Figures such as 3.0% per annum have been raised as possible target levels, with an expectation that all of this would be met by cashable efficiencies, with non-cashable efficiencies being expected in addition.

Customer Access Strategy

- 8.40 The Customer Access Strategy, will result in radical changes to the way the Council delivers and organises its customer facing services, to provide more joined up services for council customers, more efficiently. It involves the creation of a corporate customer service centre dealing with reception visits and telephone calls services for the services across the council.
- 8.41 Funding for the set-up costs of this project was approved on the basis of a long-term payback model. It also provides the basis for helping to achieve other efficiencies in the Council's "back office" operation.
- 8.42 The initial cost of the change will be met from the use of reserves (based on appropriate shares from the GF and HRA), and this will be paid back from savings made under the new arrangements. The project costings also allow for the repayment of external interest receipts lost as a result of the temporary use of reserves, in order to fully reflect the cost of funding the project in this way and ensure no long-term detriment to either Fund.
- 8.43 Once the initial investment has been repaid (currently estimated to be after 8 years) the project will realise significant savings for both the GF and HRA, and these have been incorporated in budget projections for the relevant years.
- 8.44 Since the original approval of the scheme in July 2006, work on implementation has been progressing with the key stage of procurement of the Customer Relationship Management (CRM) system having been recently completed.
- 8.45 Together with the business process analysis work, this has enabled a more detailed review of the costings to be undertaken. Whilst this has served to confirm the overall figures, it has identified the need for some re-phasing of both capital and revenue figures compared with original projections.
- 8.46 The revenue re-phrasings required are shown below, for both the General Fund and HRA :



Table 14 : Customer Access Strategy – Rephasing of Revenue Implications

Financial Year	General Fund			Housing Revenue Account		
	MTS July 2006 (£'s)	MTS Sept. 2007 (£'s)	Re-phasing Required (£'s)	MTS July 2006 (£'s)	MTS Sept. 2007 (£'s)	Re-phasing Required (£'s)
2006/07	212,780	106,030	(106,750)	63,560	31,670	(31,890)
2007/08	935,540	1,010,390	74,850	279,450	301,800	22,350
2008/09	337,400	419,940	82,540	100,780	125,440	24,660
2009/10	(213,490)	(530,070)	(316,580)	(63,770)	(158,330)	(94,560)
2010/11	(538,460)	(613,240)	(74,780)	(160,840)	(183,170)	(22,330)
2011/12	(607,030)	(613,240)	(6,210)	(181,320)	(183,170)	(1,850)
2012/13	(616,650)	(613,240)	3,410	(184,200)	(183,170)	1,030
2013/14	(625,680)	(622,860)	2,820	(186,890)	(186,050)	840
2014/15	(632,900)	(631,890)	1,010	(189,050)	(188,750)	300
2015/16	(632,900)	(639,110)	(6,210)	(189,050)	(190,900)	(1,850)

8.47 The capital costs, and associated re-phrasings, are covered in Section 13; with the effect from use and repayment of reserves is shown in Section 10.

Electronic Document and Records Management (EDRM)

8.48 In conjunction with the implementation of the Customer Access Strategy, the Council is also implementing an EDRM system.

8.49 The key drivers for this are :

- Support for the Customer Service Centre and its CRM - without DIP the depth of service into the back office would be compromised and it is unlikely that the target of 80% of contacts dealt with on first contact would be met
- Reduction in time spent filing and searching for information
- Improved cross-working between departments, through the ability to share and retrieve information in electronic form



- Space savings due to paper file reduction
- Improved disaster recovery
- Speedier compliance with Data Protection and Freedom of Information legislation and other legal obligations
- Enabling remote and mobile working by giving mobile, flexible and home workers access to the information they need

8.50 The implementation is on a corporate basis so as to enhance the customer service provision and to ensure that efficiencies are maximised in all processes in both the front and back offices.

8.51 It is clear that this investment would allow the achievement of a range of efficiency gains (both cashable and non-cashable), however, it has not been possible to quantify any of these in detail at this stage. Resultant efficiencies would be identified as part of this and future budget processes, and would be available to deliver savings or service enhancements.

8.52 The MTS includes the approved funding for the resulting revenue costs. Capital costs of the project are considered in Section 13.

Corporate Restructuring

8.53 In light of operational changes and the need to reflect the Council's new approach to customer access, a review of the Council's departmental structure has been undertaken.

8.54 This is the first review of the structure since 1994, and has resulted in the creation of a new Customer and Democratic Services department, with associated changes to the location of a number of services.

8.55 Approval was given, in November 2006, to the delegation of detailed proposals for the changes to the Chief Executive, following consultation with the relevant Executive Councillor and Labour Spokesperson. In addition to the aim of achieving service improvements and efficiencies, the approval required an overall position which resulted in , at least, a cost neutral outcome.

8.56 The changes implemented have resulted in a position which will realise net savings for the Council of some £41,000 from 2013/14 onward. This reflects a 5-year period where the savings will be required to meet the additional costs associated with achieving the changes. Any additional efficiencies within the new departments post-restructuring will be explored as part of the main 2008/09 budget exercise.



Procurement

- 8.57 The service has been heavily committed to the delivery of the Customer Access, EDRMS and Choice Based Lettings projects in 2006/07 and onward to 2007/08. These projects have provided good opportunities to make use of the OGC Catalyst suite of contracts for the procurement of legal services and the supply of the telephony requirements for the CAS.
- 8.58 Despite commitment to corporate projects and the limitation on resources, the pilot study into the use of a corporate contract for the supply and maintenance of multifunctional devices was successfully completed in Environment and Planning and the corporate roll out of these services is in hand. Further corporate contracts were implemented (most recently the Building Maintenance Services suite of contracts in which 5 separate procurements were consolidated into a single exercise) and expanded use of purchasing consortia (ESPO and the OGC) continued. Work within the County Procurement Group identified opportunities for further savings where areas of common procurement were identified and more are in hand for future work.
- 8.59 The service has generated cashable savings in a number of areas (eg vehicle purchasing through ESPO and the corporate stationary contract) and will continue to do so. Further non-cashable savings will be generated through the incremental implementation of e-procurement services. The move to limited self-approval and on-line authorisation has proved successful and the capacity to send orders via e-mail has been successfully received by e-enabled suppliers.
- 8.60 Collaboration within the County has continued with the completion of contracts for translation services, Legionella testing services and for the collection and processing of abandoned vehicles. Agreement had been reached for a joint exercise for the procurement of bailiff services but resource limitations have delayed this work. More joint work is planned most immediately with the procurement of IT hardware and energy.
- 8.61 Further work will be undertaken to streamline back office processes including invoice processing. The move to monthly and on-line invoicing in particular has generated significant process savings.
- 8.62 By continuing to work with the Procurement Manager budget holders will be able to identify potential advantages and savings available from the roll-out of the pilots, and are able to count such gains against their cash limit position. This will serve to make the best use of the limited central resource and expertise, whilst incentivising all managers to participate actively in the project to identify cashable and non-cashable gains.
- 8.63 The major forthcoming demand on procurement input will be in connection with growth-related projects. It is anticipated that this will be considerable in the next two years at least and will provide interesting opportunities for further collaboration and the examination of the potential for shared services where this is advantageous to the authority.



Growth - Local Delivery Vehicle (LDV)

- 8.64 Partner Authorities including Cambridge City, Cambridgeshire County and South Cambridgeshire District Councils are working together with Cambridgeshire Horizons and developers to deliver growth. Cambridgeshire Horizons is the Local Delivery Vehicle (LDV) tasked with overseeing the delivery of new housing and infrastructure within the Cambridge Sub-region.
- 8.65 In 2006/07 Government channelled £2.1m through the LDV. This provided funding for the LDV's core activities and staff. It also provided funds for 8 additional staff within the 3 partner Authorities (including 2 at the City Council).
- 8.66 Following a review of the LDV by Government at the end of 2006 concerns were expressed about the working arrangements for delivering growth. Government also acknowledged that more resources were required to deliver growth effectively.
- 8.67 In return for implementing revised working arrangements Government agreed to provide an additional £1.4m of revenue funding in 2007/08 for additional staff and consultancy work (including up to 14 additional posts at the City Council). However, Government have said that they cannot confirm the level of funding for future years until CSR2007 has been completed later this year.
- 8.68 If we are to be successful in recruiting the new staff who will be key to us being able to deliver growth, we need to offer people realistic periods of employment. A minimum of 3 years. Shorter contracts will make recruitment to new posts much harder in an already difficult market. It will increase the risk of having to re-advertise and reduce the likelihood of us finding the highly skilled and experienced staff we need.
- 8.69 Similarly, the Planning Delivery Grant made by Government funds all or part of 14 fixed term posts (10.6 fte) at the City Council but this is due to end in April 2008. There is some uncertainty about the nature and scale of any replacement grant allocations after this date, and this is likely to be part of the CSR2007 announcement. Again, these posts are crucial to our ability to cope with existing demands upon the development control and planning policy service and at the same time deliver growth.
- 8.70 To enable us to recruit to the new posts until March 2011 and extend the existing posts for a further 3 years without the certainty of funding beyond March 2008, the City Council met on 9 July 2007 and agreed to effectively underwrite the cost of posts currently externally funded, and to extend funding for those posts currently met by City Council budgets.
- 8.71 The implications are :



Table 15: Growth Posts – Revenue Budget Implications

Existing and new posts	2007/08 £	2008/09 £	2009/10 £	2010/11 £
Underwrite	602,136	1,052,321	1,068,184	924,869
Additional Council funding	0	43,605	65,330	185,695

8.72 The Council made 2 key assumptions in assessing the risk :

- that there will be a replacement Planning Delivery Grant which will broadly reflect the existing PDG in terms of the income provided to the City Council.
- that the performance of the wider Local Delivery Vehicle, at both Member and officer level, will be a crucial factor in securing the funding we need to deliver growth.

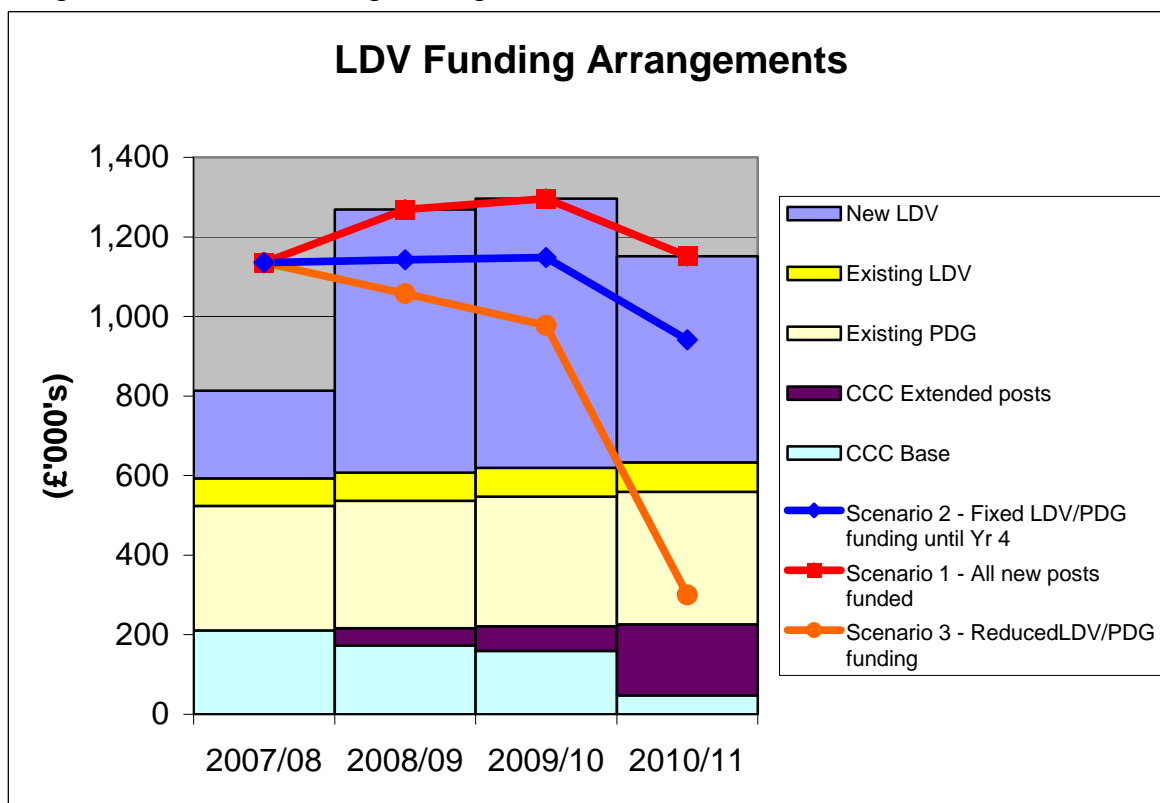
8.73 Government has put the need for more affordable housing and sustainable development at the top of its priority list and correspondence from DCLG has been positive about the joint delivery arrangements for growth. Therefore, as long as the LDV partnership works effectively and we move the growth agenda forward to programme, we should be positive about the likelihood of receiving appropriate funding in future years.

8.74 There is a high degree of certainty of funding for the current year and, therefore, very minimal risk to the Council. The degree of uncertainty increases slightly in 2008/09 and 2009/10 as funding levels are unlikely to be clear until CSR2007 is published. The uncertainty increases further in 2010/11 because the government may make funding conditional on performance.

8.75 In the report to Council the risks were clearly identified, and sensitivity analysis used to identify 3 main funding scenarios. The relative implications are shown graphically below :



Figure 11 : LDV Funding Arrangements



- 8.76 **Scenario 1** reflects the anticipated outcome. The LDV works very effectively at both Member and officer level and housing targets and sustainable growth are delivered to programme. Government view the LDV as a model of best practice and funding is provided in future years to cover all the costs highlighted. There is no additional cost to the City Council apart from that required to support the extension of existing contracts as set out in the summary table above.
- 8.77 **Scenario 2** reflects a 'middle' outcome. The LDV works reasonably effectively at both Member and officer level and housing targets and sustainable growth are broadly delivered to programme. Funding in 2008/09 and 2009/10 is a little lower than expected (as there is no increase in funding from that provided in 2007/08) and there is a 25% reduction in funding in 2010/11.
- 8.78 **Scenario 3** reflects the worst possible outcome. The LDV does not work effectively at either Member or officer level. Government are concerned that housing targets will be missed and that growth will not be sustainable. PDG and LDV funding is reduced in 2008/09 and 2009/10 and withdrawn completely in 2010/11.
- 8.79 Scenario 1 has been used as the basis for the MTS. However, the net additional effect of the other scenarios would be :



Table 16 : Growth Posts – Potential Additional Revenue Budget Implications

Additional cost to the Council	2007/08 £	2008/09 £	2009/10 £	2010/11 £
Scenario 2	0	126,387	147,749	209,684
Scenario 3	0	211,857	318,749	850,934

8.80 Notwithstanding capacity issues, these costs could be mitigated by :

- not recruiting to any further growth related posts in 2008/09
- reprioritising spending across Council services
- as last resort, making some of the new (or existing posts) redundant in 2010/11.

8.81 The Government has already awarded a number of Growth Area Delivery Grants to specific projects in the sub-region; including £7million towards the Addenbrooke's Access Road and £2 million towards access improvements to the Northern Fringe East.

8.82 The Council is currently working with its partners to develop a bid for the next round of Growth funding (GAF3), which has to be submitted by 1 October 2007.

8.83 The impact of the Growth Agenda on the City Council and its services was reviewed in Section 5. In order to plan effectively for this major challenge, a robust process has been developed, which will model the effects of the future impact of growth across the Council's services, in order to help Members to make decisions and prioritise available resources.

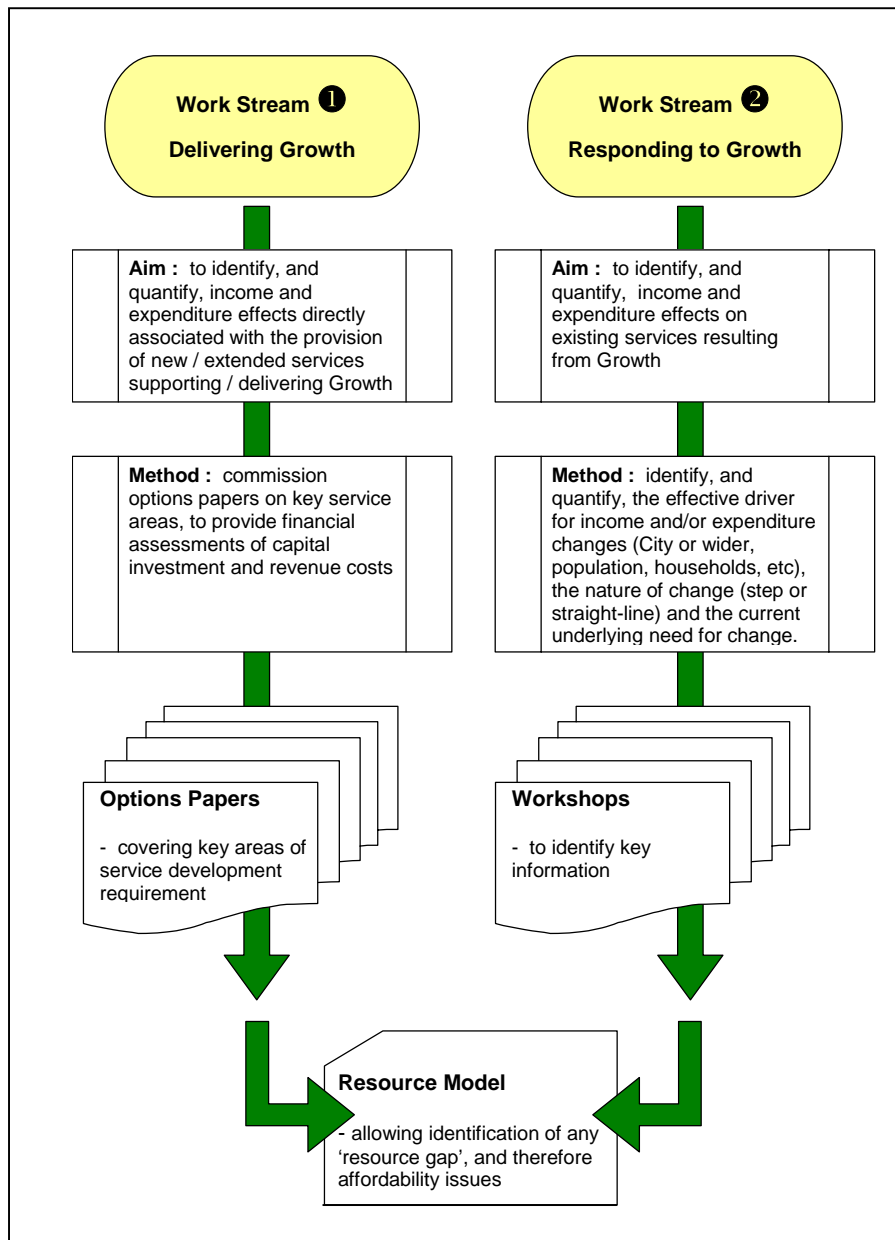
The Resource Model

8.84 The resource model comprises two parallel streams of work – Delivering Growth and Responding to Growth. Taken together these will enable the Council to identify any 'resource gap' and resultant affordability issues (both short-term and potential longer-term issues).

8.85 This work is being overseen by the Cambridge Urban Growth Group (CUGG), which will report through Corporate Management Team.

8.86 An overview of the model is shown below :

Figure 12 : Growth Resource Modelling Process



8.87 The model is currently being updated to reflect the latest information and projections from planning applications. Further information will be included in the February 2008 Budget-Setting Report.



Asset Management Revenue Account (AMRA) and the Capital Adjustments Account (CAA)

- 8.88 Up until the 2006 Best Value Accounting Code of Practice (BVACOP) it was a requirement to charge service revenue accounts with a capital financing charge (notional interest) based on the value of assets they employed in the delivery of their services. The AMRA was the accounting mechanism required to operate the capital accounting regime. It received the notional charges to all services and was also where the actual principal and interest payments made by the authority were recorded. Due to the nature of the account it was treated as an exclusion from the cash limit process operated for budget purposes although the overall financial position was reported separately to Strategy Scrutiny Committee.
- 8.89 Changes to the BVACOP mean that notional interest charges are no longer required to be made to direct services, although charges will still be made to certain major trading accounts to ensure that, in their pricing, fixed assets are not treated as free. As a result, a new Capital Adjustments Account will replace AMRA. The net position on this account will continue to be treated outside the cash limit.

Best Value, Value For Money and Strategic Service Reviews

- 8.90 Best Value requires councils to review their services where :
- There is a need to improve performance on a shared or local priority
 - Authorities are unclear whether a service is still needed or whether its contribution is as effective as it could be
 - There is a clear and proven case for a new service or a different way of providing an existing service
 - There is evidence that the costs of a service are significantly out of line with comparable services elsewhere
 - There is a clear opportunity to work with other authorities to deliver common services, through for example, new technology.
- 8.91 The Council remains committed to ensuring that services represent value for money to the citizens of Cambridge, and reviews provide one means of achieving this.
- 8.92 The corporate planning and decision-making cycle for 2008/09 (as shown in Appendix A) has been updated to reflect the introduction of a process for Strategic Service Reviews.



8.93 These reviews are designed to cover requirements which cannot be met within the normal budget timetable, and can be undertaken using a range of methods; including independent consultant reviews, internal reviews, elective outsourcing, market testing, joint authority / peer reviews. The annual cycle highlights the key stages at which review outcomes fit into the wider annual cycle.

8.94 A number of potential 'triggers' have been identified which may indicate service areas to be considered for reviews. These include :

- Contacts Register - external contracts and internal 'agreements'
- End of agreed 'life' for Capital Programmes
- Performance Management
 - Service Plans
 - MTO PIs
 - Local / Service PIs
- Audit Report
 - Internal Audit
 - External Audit
- Inspection Report
 - Service inspection
 - CPA / VFM / UoR
- Public consultation outcomes
 - corporate
 - budget
 - service specific
- Budget process (prior year)
- New service, or those subject to significant change
- Risk Register
- Specific Request (Member or officer)

8.95 In the current year there have been 3 reviews undertaken. The areas concerned and the proposed treatment of their outcomes are as follows :

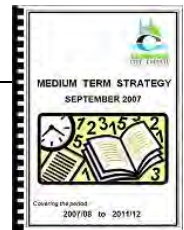


Table 17: Proposed Treatment of Strategic Service Review Outcomes

Service Area	Outcome and Treatment in MTS
Revenues Services	Outcome report produced by independent consultant, and reported to CS&R scrutiny committee in March 2007. Action Plan agreed. - a key part of the action plan is a review of the structure for the service, which can only be undertaken effectively in conjunction with the structural review for CAS. It is recommended that the action plan be treated as items to be part of the main budget process.
Economic Development and Tourism	The outcome of the review was reported to the scrutiny committee in July 2007. - the net reduction in expenditure resulting from the recommendations has been taken into account in the MTS projections, on the basis that the service is excluded from the savings requirement calculation.
Architects	Review undertaken by independent consultant. Currently awaiting final report. - final report will not be received in time for reflection in the MTS, so will need to be considered as part of the main budget process.

8.96 Detailed budget work during the current year may identify additional areas for review.

Carbon Reduction and Climate Change

8.97 National policy initiatives to tackle climate change are progressing across numerous fronts including energy supply, transport, buildings and communications. Two specific initiatives which will affect Cambridge City Council corporately are :

- three climate change indicators to be included within the new Comprehensive Area Assessment arrangements to replace CPA in 2009, to cover carbon emissions from Council buildings, across the city, as well as resilience to climate change risks. This forms part of the changes proposed in the 2006 Local Government White Paper
- an emissions trading scheme for energy use by large organisations using more than 6,000 MWh of electricity per year, which includes Cambridge City Council. The scheme is currently called the Carbon Reduction Commitment and could be introduced in 2010 under enabling powers contained in the Draft Climate Change Bill 2007.



- 8.98 On 22 September 2006 Cambridge City Council signed the Nottingham Declaration on Climate Change which commits the Authority to developing a climate change strategy by September 2008. This will address the causes and consequences of climate change for both Council assets and activities as well as those across the city in collaboration with partner organisations. The strategy will include provisions for meeting the requirements of the two national policy initiatives stated above as well as enhance delivery of the MTO for carbon reduction and sustainability. Its development will be led by the new Climate Change Officer appointed in June.
- 8.99 The Cambridge climate change strategy will include a detailed baseline assessment of greenhouse gas emissions and climate change risks for the Council and city, objectives and targets for carbon and climate change risk reduction, and specific activities for their achievement. This will form a significant programme of action for the City Council to be integrated within future budget and service planning processes.
- 8.100 To contribute to this programme of action on climate change the preparation of the 2007 MTS will include an appraisal of budget bids to ensure their alignment with Council climate change objectives.

GENERAL FUND PRESSURES & OPPORTUNITIES

Priority Policies

- 8.101 The current Annual Statement outlines a number of areas of commitment to develop service delivery. At this stage detailed costings of all of the measures involved are not available to inform the process of setting cash limits for each spending committee. Therefore, in order to ensure that the cash limit process can continue to work effectively at portfolio and committee level the 'Priority Policy Fund' (PPF) approach will continue in 2008/09.
- 8.102 The proposed financial strategy for the 2008/09 budget includes an annual sum of £500k to provide funding for developments which can demonstrate significant contribution to the Medium Term Objectives.
- 8.103 This represents a balance between the benefits of flexibility to prioritise between all service areas through the PPF, and the need to keep a realistic level of savings target.
- 8.104 The Fund will be administered by the Executive Councillor for Strategy who will consider the applications and deal with prioritisation using the new Medium Term Objectives as a remit. It will also be important to maintain an overview to ensure that bids represent a higher priority for the Council than any reductions made within committees as part of the savings process.



Council Tax Benefits / Rent Allowances and Rent Rebates

8.105 Preliminary workings indicate that the 2007/08 budgets need to be increased by £132,640. Forecast total subsidy for 2007/08 is in the region of £33million. The forecast increase in costs is due to a number of factors, namely :

- a one-off increase for subsidy of £67,070 was approved for 2006/07, this has now been confirmed by more detailed work as an ongoing effect
- the Department of Work & Pensions (DWP) Admin Subsidy grant has been reduced, £861,000 in 2006/07, £828,000 in 2007/08 and a potential 5% cut for 2008/09 (to be confirmed) resulting in grant of £787,000

8.106 These factors been included in Appendix L.

8.107 Projections are based on a continuation of current performance levels. If performance were to fall, and the Council breached the thresholds (upper and / or lower) set by the DWP for local authority error, then this could materially affect the level of subsidy receivable. If the lower threshold were breached this could result in the loss of some £90,000, whilst for a breach of the upper threshold a reduction of £162,000 could result.

8.108 It is important to note that although the Council has had a very positive track-record in terms of local authority error rates, the work to achieve transition of these services to the new Customer Service from February 2008 could adversely affect performance. This is reflected in the latest risk analysis.

Concessionary Fares

8.109 From 1 April 2006, people over the age of 60 and people with certain disabilities have been able to travel free of charge on local bus services within their local area. As Cambridge City is part of the Cambridgeshire and Peterborough concessionary fares partnership, this means that eligible Cambridge residents can travel free of charge anywhere within Cambridgeshire and Peterborough and to selected destinations in the neighbouring counties.

8.110 For the first six months of the scheme residents could only travel free within their own districts and had to pay a flat fare on any journey that took them into any of the other districts. This proved very unpopular and, after the main bus operators agreed to cap their reimbursement levels, the free countywide scheme detailed above, started on 1 October 2007. The arrangement was for each district to pay up to the amount that we would have paid had the district only scheme been in place, with the county council meeting anything above this by using LPSA monies. The City Council is funding the excess from the LAPE monies and savings in the transport budget. These savings are being made through major changes to the Taxicard scheme, a revised pricing policy for the night bus service and cuts to the publicity budget.



- 8.111 This gave the City Council a capped amount of £870,000 for operator reimbursement, plus a further £50,000 for other costs including a concession to passengers on Cambridge Dial a Ride, who are not covered by the concessionary fares legislation.
- 8.112 Throughout the country, there have been very high levels of take up of the new scheme and Cambridge is no exception to this. The funding provided by the government was not sufficient to cover the increased costs. Cambridge is not alone in this, there have been similar problems elsewhere in the country.
- 8.113 In 2007/08 our capped limit for payment to the County Council is set at £913,000.
- 8.114 The City's share of additional operator costs for 2006/07 is £19,704, which has been offset slightly by reduced fees paid to the Post Office for handling new passes under the current scheme, resulting in a net cost of £14,000 that needs funding in 2007/08, see Appendix L.
- 8.115 On 1 April 2008 a new national scheme will be introduced with pass holders able to travel free of charge on local bus services within England. Smartcards will be introduced at this point, but in most areas, including Cambridgeshire, will not be "smart" until smartcards are activated. Each single pass holder journey will be paid for by the district in which the passenger gets on the bus. This is going to be a particular problems for places like Cambridge that attract high numbers of visitors.
- 8.116 The formula for distributing the additional funding for the new national scheme has not yet been decided and, so it cannot be determined whether this will be sufficient to meet the actual costs of the new scheme in Cambridge. The additional funding, and its distribution, is not intended to make up any shortfall in the current scheme. As the new scheme will be a statutory requirement, the Council would have to meet any additional unfunded costs. As a result, the Council has determined to retain a contingency of £200,000 per annum against any potential additional costs. Any costs above this level would require an additional budget bid.

Development Plan Fund (previously Local Plan Fund) - post public inquiry provision

- 8.117 There is an ongoing need for the Development Plan Fund to enable the City Council to fulfil its statutory planning function. The future work programme has been agreed by the Executive Councillor and confirmed with the Government Office through a Local Development Scheme (LDS). Future Government Grant for planning work will to some extent depend upon fulfilment of the LDS programme.



8.118 It is not possible to fully analyse future costs but preliminary analysis reveals that the anticipated expenditure puts the fund under pressure and is projected to be in a deficit position by the end of 2011/12 of approximately £41,000. An additional annual contribution of £10,250 has been included in Appendix L to mitigate this shortfall. This is also dependent upon winning the current Local Plan Challenge, inquiry costs being no greater than anticipated, there being no significant consultancy costs, and no need to use the budget to pay for staff costs.

Public Realm Enforcement / Rangers

8.119 There has been a four fold increase in requests for enforcement action to be taken as a result of environmental crime. This cannot be effectively actioned within existing resources and consideration will need to be given to increasing resources if this demand is to be met. An affordable solution of expanding the service would be to involve partners in the issuing of Fixed Penalty Notices (FPN's). With partner support it is anticipated that we could cover the costs of increasing the whole service. It is estimated that the total cost (including partnership costs) would be £235,000 with a projected income from FPN's of £236,000.

8.120 The Clean Neighbourhoods and Environmental Act 2005 states that the income from receipts has to be used for particular functions. However, authorities that are excellent can use receipts for any purpose. Strategy Committee on 20 November 2006 approved that income from FPN's, ' will be used to protect and enhance the environment under the direction of the Executive Councillor for Environmental Services.'

8.121 Discussions are currently taking place with Members regarding how this issue should progress and it is proposed that it will be handled as part of the 2008/09 budget process.

Bereavement Services income projections

8.122 A reduction in mortality rates of 3% is being experienced across the country. This national trend is being reflected in the provision of Bereavement Services provided in Cambridge. Cambridge also has a much higher proportion of cremations than burials.

8.123 If the income budgets for Bereavement Services are not reduced to reflect this reduction in mortality the service will not achieve its projected income target at the end of the financial year. Adjusting for a 3% reduction in death rate and taking account of the type of activity being undertaken at the different prices being charged results in an ongoing reduction in income of £134,000. If death rates fall by more than 3% a further income shortfall will be generated.



Tree Risk Management

- 8.124 As part of the 2007/08 budget process an ongoing bid of £25,000 was included to fund prioritised maintenance work to trees identified as high risk. At the time it was also agreed that if additional funding was required a staged approach to resourcing would be adopted.
- 8.125 A recent tree survey has highlighted the need for £53,000 of urgent tree work on parks and open spaces and at the cemeteries & crematorium. This requires an additional budget commitment in 2007/08 of £29,000. Work is continuing on clarifying the future tree work requirements through the application of the approved risk management framework.

Grand Arcade

- 8.126 The associated car park reopened in mid May 2007, following which the annexe car park was closed and handed over to the contractors for refurbishment. The new car park and refurbished annexe will be fully operational by the end of September 2007. The loss in car park revenue with the closure of the Lion Yard car park as part of the Grand Arcade development was reflected in compensation arrangements negotiated with the developers. However, this compensation was a fixed negotiated settlement and will not reflect the changes in attitudes and usage patterns during the period of closure, which may affect longer-term demand.
- 8.127 Current income projections at Lion Yard car park are lower than anticipated. This may simply reflect the fact that it will be November 2007 before new units at Christ's Lane and in Grand Arcade open for trading. Hence, it will be important to review usage patterns as this happens. At this stage in the financial year it is felt that income will not recover sufficiently during 2007/08, and so a figure of £150,000 has been included in Appendix L, to reflect the projected income shortfall.
- 8.128 The Shopmobility Service will move into new purpose built premises in the Grand Arcade car park to coincide with the opening of the shopping centre in March 2008. The facility will have its own parking spaces and direct lift access to main shopping malls. Funding of the move to the Grand Arcade Car Park and the need to demolish the temporary facilities at Park Street and Christ's Pieces has yet to be finalised.

Planning Delivery Grant (PDG)

- 8.129 As part of the Spending Review 2002, the government identified £350m, over the three year period of the review, to provide funding to local authorities to ensure that they deliver the high quality services vital to securing Communities Plan objectives.



- 8.130 Investment provided to support the planning reforms set out in the Barker Review, includes £425m to be delivered through the Planning Delivery Grant system over the SR2004 period.
- 8.131 In 2003/04 the Council received £101,320 in Grant. In 2004/05 £235,656 was received in Grant, in three components: housing and growth areas - £34,388; plan making - £76,109; development control - £111,304.
- 8.132 For 2006/07 the Government made £135m available through PDG, nationally, some £35m less than in the previous year. The emphasis continued to be on driving performance towards the Public Service Agreement 6 planning targets for development control, and Local Development Frameworks. As a result, the majority of PDG is allocated to reward progress in these areas.
- 8.133 It is assumed that PDG allocations will, again, be made on the basis of a 75:25 split between revenue and capital, in line with the expectation that Local Planning Authorities (LPAs) should use PDG to continue to invest in systems that will improve the efficiency and delivery of their planning services.
- 8.134 For 2007/08 the Council was allocated a first tranche of funding of £32,480. The Government has recently announced a provisional allocation for the second tranche of funding of £412,090, which gives a total of £444,570.

Legal Fees

- 8.135 There are a significant number of ongoing legal cases relating to planning issues that have entailed obtaining advice from Counsel and external legal advice, which could have financial implications, depending upon the outcome of the cases. This has been identified as an uncertainty in Appendix M and it is anticipated that more information will be available for the 2007/08 Revised Budget element of the process.

Waste Minimisation and Recycling

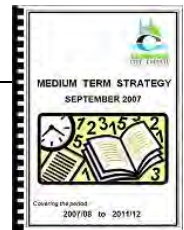
- 8.136 SR2004 announced that an extra £20m per annum will be provided (by 2007/08) for the Waste Management Performance Reward Grant, which is to be introduced from 2005. This grant will be used to reward local authorities for sustainable waste management - supported by an increase in provision for PFI credits for investment in new value for money recycling and waste disposal facilities of £155m in 2007/08.
- 8.137 Additional support will be provided for programmes aimed at waste minimisation by businesses, increasing energy efficiency, and further development of the market for recyclates and diversion of waste from landfill. This will be funded from the recycling of landfill tax revenues, and is expected to reach £146m by 2007/08.



- 8.138 SR2004 targets £300m of efficiency savings on waste services, achieved in part through the roll-out of best practice from more efficient local authorities, and the standardisation of procurement operations.
- 8.139 The Cambridge Councils' Association Waste Forum (CCAWF) comprises seven partner authorities, and has been planning a long-term strategy in Waste Management for several years now. The key elements of the strategy are to increase recycling, promote waste minimisation and meet various statutory requirements related to waste diversion from landfill and recycling.
- 8.140 The CCWAF is also working with the County Council to progress its Private Finance Initiative scheme to seek Government funds to meet some of the growing costs for waste processing in order to achieve future legal requirements regarding the use of landfill.
- 8.141 The Council introduced a scheme of alternate weekly collections from October 2005, and at the same time introducing a plastics recycling service at the kerbside. This represented a major change in service provision, and has made a significant contribution towards increasing the Council's recycling rates.
- 8.142 The Government's drive to reduce landfill disposal may mean that additional resources are required to cover increased landfill taxes as well as increased potential tipping charges from the County Council. The City Council is looking at how it can mitigate these potential cost increases through our commitment to recycling of domestic and trade waste. Work will continue on quantifying the potential cost increases and how these costs can be mitigated during the next few months and proposals presented to Council as part of the 2008/09 budget process.
- 8.143 The Waste Electrical and Electronic Equipment (WEEE) Directive is likely to have operational consequences for the Council but the financial burden should fall on the producer. The Waste and Emissions Trading (WET) Act enables the Waste Disposal Authority to direct the Council on segregation of waste to maximise recycling and introduces the landfill allowance trading scheme which limits the amount of biodegradable waste that the disposal authority can landfill.
- 8.144 There are also proposals to amend the recycling credit scheme which may also have in impact on the Council's budget.

Trade Waste Cardboard Recycling

- 8.145 The Local Government Association expects a 20% reduction in landfill commercial and industrial waste by 2010, compared with 2004, to avoid penalties under Landfill Trading Scheme (LATS) and landfill tax. (Ref. LGA Briefing in the Waste Strategy Review, 24/5/07).



- 8.146 The County Council and the RECAP partnership are keen to support the city's trade waste recycling collections as they recognise the importance of diverting trade waste from landfill, as this supports their need to meet the Landfill Directive through the Landfill Allowance Trading Scheme (LATS) whereby allowances decrease year by year.
- 8.147 Environment Scrutiny Committee recently agreed, in principle, to support a capital and revenue bid for a cardboard collection vehicle and associated revenue costs in the 2008/09 budget cycle. Following this meeting the County Council have made an offer of funding the capital purchase of a vehicle (£85,000) and the associated annual running costs of this vehicle up to the end of 2008/09. The only stipulation the county have made is that the vehicle is purchased in the 2007/08 financial year and that it should carry a logo recognising the partnership working between the city and county.
- 8.148 The County's proposal is beneficial, as it means that a bid for City Council capital resources is not required and as the service becomes established and as businesses are going to be required to recycle more of their waste it is felt that the demand for cardboard recycling will increase and this will reduce the revenue costs of the vehicle. It is hoped that in the longer term the service will become almost self-financing.
- 8.149 Evidence also suggests that the expansion of recycling services will have a beneficial effect on the trade waste services in that businesses are often looking for a one stop shop for all their waste requirements. Not providing trade waste recycling could have a detrimental effect on trade waste income, from losing existing customers through not providing the service and new customers not sign up for our trade services.
- 8.150 A request to purchase the vehicle in 2007/08 and include the item in the Capital Plan is incorporated in this MTS. This will be fully funded by a contribution from the County Council.
- 8.151 The anticipated revenue (savings) and costs associated with the vehicle is highlighted below, all figures are at the current price base.



Table 18 : Trade Waste Cardboard Recycling – Financial Implications

	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)
Expenditure				
City Council running costs	28,000	75,500	75,500	75,500
Income				
Sale of cardboard	(4,000)	(4,400)	(4,800)	(5,300)
Income from collections charges	0	(18,000)	(23,400)	(29,300)
Brew funding (promotional work)	(14,000)	0	0	0
County Council contribution to running costs	(14,000)	(75,500)	0	0
Cardboard not going into landfill	0	(2,640)	(5,600)	(9,220)
Projected additional costs/ (savings) to be included in the budget	(4,000)	(25,040)	41,700	31,680

Lion Yard

- 8.152 Following an unsuccessful planning application, by Arlington Property Investors (the developers of Lion Yard) for the next phase of development works, revised proposals have recently been received.
- 8.153 The Council has a 25% share in the development, and so has to contribute that share of any development costs. The Council had already provided funding of £3.61m towards the next development phase (capital scheme SC221), and detailed consideration is being given to the latest proposals to determine the financial implications compared with the existing provision made.
- 8.154 The Council's advisors support the view that there is a strong basis for supporting the further development of the centre at this time. A meeting of the City Centre Development committee has been arranged for 26 September to review the revised proposal and detailed advice from the Council's advisors on its merits.
- 8.155 The capital funding for the Council's share of the scheme is covered in Section 13.



8.156 The scheme should generate a material increase in the rental stream from Lion Yard over time. This will be reflected in an ongoing increase in receipts for the City Council of around £280,000 from 2012/13 onwards. The interim period reflects a number of peaks and troughs from the effect of rent-free periods on new units, a one-off compensation payment for the unit lost in creating the breakthrough to Grand Arcade and other factors. The net effect across this period is an additional sum of £650,000, and this is being used as DRF to partially fund the Council's capital contribution.

VAT on Car Parks

8.157 The Isle of Wight (I.O.W) local authority, along with 3 others, successfully argued, at Tribunal, that they should not have to charge VAT on off-street car parking. This was principally on the basis that this would not, despite protests by HM Revenue and Customs (HMRC), create a significant distortion of competition (a key factor in determining VAT liability).

8.158 The Tribunal considered the implications of these local authorities not charging VAT by looking at the effect on their pricing policies, customer usage and on potential private providers. It found that prices were set at levels to either stimulate customer numbers or discourage car use; were generally below those set by the private sector and were not an overriding factor in customers choosing where to park (they would park nearest to the facility they needed rather than choosing solely on price). It could not find any evidence of distortion of competition in respect of the local authorities represented at the Tribunal. In conclusion it was unlikely that a change in VAT liability would result in either a change in price or parking policies.

8.159 In anticipation of HMRC being compelled to change the VAT liability of off-street car parking for all local authorities, from 'standard rate' to 'non-business' (i.e. no VAT chargeable), Cambridge City, along with many other local authorities, under advisement, submitted repayment claims to HMRC requesting reimbursement of the VAT already paid on off-street car parking since 1998 (the furthest back allowed at the time). Total claims lodged to date amount to £7,527,433.

8.160 However, HMRC did not agree with the Tribunal decision and lodged an appeal to the High Court. This was heard in November 2006 and on 16 February 2007 the High Court decided to refer the case to the European Court of Justice (ECJ). The ECJ typically take 18 months to 2 years to turn around such referrals. In the interim, HMRC will not consider making any repayments of VAT other than to the local authorities actually involved in the Tribunal (i.e. I.O.W.; Mid-Suffolk D.C.; South Tyneside Metropolitan Council and West Berkshire Council); any refunds would be subject to the "unjust enrichment" rules and in the event of HMRC being successful in Court, they will seek repayment of any refunds with interest.



8.161 This is clearly a case that will continue for the next year or two but which has the potential for significant revenue receipts for the Council should HMRC lose their case. Cambridge City will continue to account for VAT on off-street car parking but will also continue lodging claims with HMRC for repayment, in order to protect its position.

Housing Supply

8.162 In line with the recommendations of Kate Barker's review of housing supply (March 2004), SR 2004 announced:

8.163 The East of England experienced a significant uplift in funding for housing for the 2006/08 National Affordable Housing Programme (in the region of a 40% uplift). The majority of this is being focussed onto new build housing, although £18m has been top-sliced for development of gypsy and traveller sites. Cambridge has not been able to benefit significantly from this uplift as major developments are not yet on stream.

8.164 New social housing building is projected to increase by 50% (10,000 homes a year) to tackle the growth in homelessness. This will be funded through a £430m increase in direct investment by 2007/08, an expanded PFI programme and significant efficiency savings. Hostel provision for homeless people will also be one of the six priority areas for the new 'Invest to Save - Inclusive Communities Fund' (worth £90m over the SR2004 period). Cambridge City Council are benefiting from this fund and it has promised £500k to Jimmy's for the proposed conversion to an assessment centre.

8.165 Continued Government funding for the housing supply matters outlined above are subject to the outcomes of the Comprehensive Spending Review 2007, where announcement is anticipated in late 2007 / early 2008.

Growth in Community Services

8.166 Additional resources were approved in Community Services as part of the MTS and budget process for 2007/08, providing for 2 additional posts within the department for a time limited period, to create capacity to respond to the policy and delivery issues, primarily around housing (to include mix, size and tenure, S106 and RSL selection), but in the longer term taking on board the increasing demands in relation to community and recreational facilities.

8.167 The Strategic Development Manager was funded as part of 2007/08 MTS for 3 years until mid 2009/10. The Growth Projects Officer (Community & Culture) was funded in the 2007/08 budget process for 3 years until 31/3/2010.

8.168 The costs of recruiting to these roles, once evaluated, with the additional overheads associated with employing staff (training, travel, etc) were initially under-estimated in the MTS and budget process for 2007/08.



- 8.169 Once all the major sites are on stream, the resource requirement (including posts supported by external funding) will not significantly diminish, as on-going work on site phases will continue for the majority of the growth period. Without a completely accurate programme, it is difficult to be certain for how many years we require the additional resource, but is likely to be in excess of 6 years.
- 8.170 As a result of the above, additional resources are requested by Community Services as part of the MTS, as detailed below, to continue with the strategy and enabling work associated with the growth development process up to 2010/11. This is to fund revenue costs over and above those already identified in the table at 2.38, as part of the corporate growth model.

Table 19: Growth in Community Services

	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)
Additional Revenue funding required	£7,500	£7,500	£7,500	£7,500

Rent Deposit Guarantee / Access Scheme

- 8.171 The Access Scheme assists homeless households in finding and securing accommodation in the private rented sector, by paying one months rent in advance, and providing a rent deposit or rent guarantee. Tenants have to agree to repay the deposit with regular repayments over the course of the tenancy and the rent in advance is usually recovered from housing benefit at the end of the tenancy.
- 8.172 The scheme has been a success to date. In the year prior to the introduction of the Access Scheme (2003/04), the cost to the Council of bed & breakfast accommodation exceeded £477,000. In the first full year of the scheme (2004/05), actual payments to bed & breakfast establishments were less than £60,000, in 2005/06, approximately £98,000 and £120,000 in 2006/07.
- 8.173 As part of the 2006/07 budget process, members approved £30,000 additional funding for the scheme for 2 years (2006/07 and 2007/08) in the form of a development bid, to assist in the ongoing delivery of the service.
- 8.174 The success of the scheme in reducing the costs of bed & breakfast accommodation, have resulted in the ability to demonstrate ongoing efficiencies as part of the Annual Efficiency Statement process.
- 8.175 To facilitate continuation of the scheme, allowing for a similar number of placements each year, ongoing revenue funding at a similar level to that approved for 2006/07 and 2007/08, an additional £28,900 per annum, will be required from 1/4/2008.



8.176 The consequences of the scheme operating with a reduced level of placements are a likely increase in homelessness, increased numbers in temporary accommodation and a significant increase in the costs to the Council, of bed & breakfast accommodation.

Choice Based Lettings

8.177 The implementation of the Choice Based Lettings (CBL) by 1st February 2008 is a priority for the Council. In order to achieve the implementation of CBL, the Council, in conjunction with the other six authorities within the housing sub-region, had to award a contract to the preferred CBL supplier in August 2007. The contract awarded by the sub-region and the Council is a four year contract, with the option to extend by a further four years.

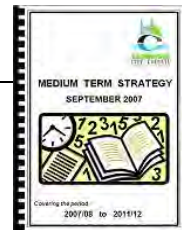
8.178 The effect of the contract award is to commit resources for the next four to eight years. The required resources exceed the budget provision currently available.

8.179 The total operating and ancillary gross costs of the contract over the initial four years, assuming that RSL's are charged for their lettings, compared to the existing resources are as follows:

Table 20 : Choice Based Lettings - costs

	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 [ongoing] (£'s)
CBL Contract Costs	44,890	41,110	42,010	44,910
Current Revenue Provision	30,000	30,000	30,000	30,000
Additional funding required to meet Contract	14,890	11,110	12,010	14,910
Additional bid as part of MTS	14,000	14,000	14,000	14,000

8.180 As the contract has been awarded, by an urgent decision taken by the Executive Councillor, the additional revenue resources required are an unavoidable cost of the award of the contract. Resources at an average of £14,000 per annum are requested as part of the MTS, with the intention to manage small in year variances as part of the annual budget / carry forward process.



‘Unavoidable’ Pressures

8.181 For the purpose of the MTS revenue projections a number of the pressures identified have been treated as effectively ‘unavoidable’ and included in the base funding requirement. These are detailed in Appendix L.

HOUSING REVENUE ACCOUNT PRESSURES AND OPPORTUNITIES

Decent Homes

8.182 The commitment to achieve Decent Homes, as set out in the Housing Green Paper *‘Quality and Choice: A Decent Home for All’* continues to be one of the driving forces of the Government’s housing initiatives. In June 2003 the Council committed to a six-year programme of work to meet the Government’s ‘Decent Homes’ target.

8.183 The Council has, with effect from 2005/06, tendered and awarded three contracts, to work in partnership with two contractors, to assist in the delivery of the housing maintenance service and support achievement of the Decent Homes programme. The Housing Service is now working closely with both City Services and Apollo London Ltd, to ensure best value in all repair and improvement works.

8.184 Site works in respect of the aforementioned commenced on 1 July 2005, following a five-month lead-in period. At the commencement of this financial year (1/4/2007), the level of the decency within the Council’s housing stock stood at 85%, with a target set of reducing non-decency by 28% in the year (this assumes work is carried out not only on properties that are non-decent at 1/4/2007, but also on those falling non-decent during the year). The priority for the forthcoming year will be in addressing potentially non-decent dwellings and homes becoming non-decent due to time-aged components. This will ensure that the Council achieves the Decent Homes target of 100% decency by 2010.

8.185 A new variable now has to be considered in planning construction works related to Decent Homes, due to the introduction of the new method of assessing housing fitness, via the Housing Health and Safety Rating system (HHSRS). The scope of HHSRS is much wider than the previous methodology employed for assessing fitness (and thereby decency), which concentrated primarily on building fabric and structural components. The impact of the new method of assessment is still being assessed via new software systems, recently introduced for field survey work.

8.186 Some 48% of the stock has now been surveyed from partnered resources, building on the 10% survey undertaken by Savills and Co in 2003, resulting in the ability to plan work more effectively.



8.187 There is continuing pressure on housing maintenance budgets and forecasted rates of inflation are of great concern. Target prices have been introduced for our contracted partners, along with an incentive scheme. This will help contain inflationary pressure and reduce the Council's risk.

Stock Options

8.188 The result of the stock option appraisal exercise in 2004 confirmed that stock retention, ALMO and stock transfer were all financially viable options for Cambridge City. However, the result of the tenants' preference ballot, in the autumn of 2004, clearly indicated a desire to remain as tenants with the Council, resulting in the decision to retain the housing stock at this stage.

Supporting People

8.189 The County Council as Supporting People Administering Authority received cuts in 2005/06 of 5.9% in the overall Supporting People grant allocation, with cuts capped at 5% for 2006/07, and 2007/08. The future of overall Supporting People (SP) funding remains uncertain until the results of the Comprehensive Spending Review 2007 and a further programmed national review of Supporting People are known.

8.190 As a result of this the County have, since the start of the programme, been cutting costs on an annual basis. Following 2004/05 retrenchment, 2005/06 savings, and 2006/07 unit cost capping, the support rate payable was cut to a maximum of £20 per hour from 2007/08 onwards. The impact of cuts was slightly mitigated for 2007/08 as, following a nil inflation increase in 2006/07, a 2.5% inflation increase was awarded to those contracts with an hourly support rate of less than £20.

8.191 To address these cuts the City Council has introduced a range of cost-saving measures over the last few years, including a major review and restructuring of the Independent Living Service, reducing the number of hours going into some sheltered schemes, reallocating duties across the sheltered housing service, and reducing service levels in the Temporary Housing and Housing Support services.

8.192 In order to ensure a more cost-effective service in the long term, the County is currently reviewing its approach to service provision and funding through the development of a new county-wide SP Commissioning Strategy. This will determine how resources are allocated in future, and will be aimed at ensuring that services are targeted at those in greatest need.



- 8.193 Once this is in place, the contracting arrangements for Supporting People services are to be reviewed, and current indications are that future contracts are likely to be let competitively on a larger scale than currently, possibly across authority boundaries. This would mean that in order to continue to provide SP funded support services, the City Council would be subject to procurement competition, which depending on the size of contracts to be let could also be subject to EU procurement rules.
- 8.194 It is recognised that the City Council's service costs are high compared with some other providers; relevant factors include the organisational overheads chargeable to the service, and an organisation-wide Job Evaluation scheme.
- 8.195 The impact of the proposed changes on the City Council as a provider here are likely to be significant.

Support for Older People

- 8.196 As a result of the 2003 county-wide Best Value Review of Sheltered Housing a Sheltered Housing Green Paper was developed and consulted on during 2006/07, setting the proposed way forward for sheltered housing across the county. Funding currently allocated for sheltered housing has been ring-fenced, but the Green Paper proposes that this be redistributed more evenly across the county, with the greatest shift in funding being away from Cambridge City. Coupled with this, a significant number of the Council's existing sheltered housing units will not meet the minimum accommodation standards proposed in the Green Paper, and Supporting People funding is expected to be phased out for those schemes in the near future. It is proposed that the impact of this on residents could be minimised through the provision of SP funded floating support. Discussions around this are in the early stages, and the details of whether and how such a scheme might work, levels of funding available, timetabling etc are yet to be established.
- 8.197 These proposals are still subject to final approval, but are expected to start to be adopted from April 2008 onwards, and plans will need to be put in place to deal with the impact of the proposed reduction in the number of SP funded sheltered housing units in Cambridge (including those of other providers), between 2008/09 and 2015/16, as well as a likely further reduction in the hourly support rate payable.
- 8.198 The Green Paper also proposes an increase in the number of extra-care units in Cambridge, but the indications currently are that funding will not be made available for this until greater county-wide equity has been achieved. Prioritisation of SP funding within this framework will also be taken into account in the regional allocation of Housing Corporation capital funding for supported housing projects, which could have a significant impact in relation to external capital funding available for implementing the Council's Sheltered Housing Modernisation Strategy.



Home Improvement Agency

8.199 Supporting People funding has been secured for the next three years from 2007/08 to 2009/10, although Social Services and PCT funding for this service from 2008/09 onwards has not yet been agreed.

Support for Non-Sheltered Tenants

8.200 The Housing Support Service was increased in 2002/03 to provide support for tenants living in the Council's general housing stock. The Floating Support Service employs Housing Support Co-ordinators to support non-sheltered tenants and former street homeless tenants. Staff work with vulnerable, existing or prospective, tenants and those experiencing short-term difficulties in maintaining their tenancies because of rent arrears, anti-social behaviour or drug and alcohol abuse.

8.201 As with Supporting People services for older people, the availability of future funding for the Temporary Housing and Housing Support service is subject to similar uncertainty. The proposed shift towards more tenure-neutral floating support models, and the likelihood of a further reduction in the hourly support rate payable is likely to have a significant impact on the future funding available for the service.

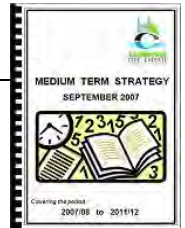
Supporting People Summary

8.202 There are significant challenges facing the City Council's Supporting People funded services.

8.203 Indications are that future funding for support services will be administered via Local Area Agreements. The full financial impact of this is unclear, but it is anticipated that Supporting People funding will no longer be ring-fenced, and that the allocation of resources will be subject to competition with other priority areas.

8.204 Although there is still considerable uncertainty around future funding, the likelihood of ongoing funding cuts, the proposed redirection and re-channelling of existing funding, and changes in future contracting arrangements mean that there are likely to be significant impacts on service levels and on contributions from the HRA and General Fund over the next few years.

8.205 These changes also raise considerable uncertainty around the position of the Council as a provider of support services, and some difficult decisions will need to be made around the future of these services.



Amended Fire Safety Law

- 8.206 Updated guidance issued by the Fire Service requires the purchase and installation of red fire safety boxes in all communal facilities together with detailed floor plans and fire risk assessments, ie: sheltered schemes, blocks of flats, to enable easy access to necessary information for the Fire Service, in the event of an emergency.
- 8.207 To enable the introduction of these in the relevant housing stock, one-off additional resources of £7,500 are required in 2007/08.

Unavoidable' Pressures

- 8.208 For the purpose of the MTS revenue projections a number of the pressures identified have been treated as effectively 'unavoidable' and included in the base funding requirement. These are detailed in Appendix L .



9. Earmarked Funds

- 9.1 The Council maintains a number of earmarked funds. Those which are directly relevant to the budget proposals for 2007/08 are :

Repair and Renewal Funds

- 9.2 These are maintained to fund the periodic replacement of assets such as vehicles, plant and equipment and for major repairs to Council-owned premises. Annual contributions are based on estimated replacement and repair costs, spread over the anticipated life of the assets.
- 9.3 Significant asset portfolios within the Council, such as the City Services vehicle fleet or the ICT infrastructure, have medium and long-term programmes for replacements; which form part of the Council's Capital Plan. Individual items, or schemes, within these programmes are brought forward as capital bids subject to standard project appraisal and review requirements.

Section 106 Contributions

- 9.4 These are contributions made by developers towards the costs associated with their developments, for example community infrastructure. Some agreements provide for the return of contributions made if capital projects are not carried out within a specified period.
- 9.5 The majority of the unspent contributions are held as capital contributions unapplied. Schemes funded from these monies, in part or in whole, will be brought forward as capital bids and subject to the review and scrutiny process applied to all capital schemes.
- 9.6 At 31 March 2007 the Council held s106 contributions in the sum of £8,108,309 which included £1,687,453 of contributions received during 2006/07. In addition £2,799,089 of further contributions had been negotiated during the year, but not yet received.

Technology Investment Fund (TIF)

- 9.7 This Fund was set up to contribute towards the costs of investment in Information Technology systems and infrastructure.
- 9.8 All bids for use of the Fund are initially reviewed by the Council's officer ICT Steering Group, and are then reported for Member approval.



9.9 As at 1 April 2006 the Fund had a significant balance of £947,065. This was applied as part of the funding for the Council's Customer Access and DIP / EDRMS projects.

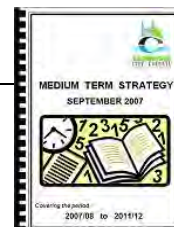
9.10 The Fund currently receives annual contributions of £84,320 from the cost reductions achieved as part of the recent re-letting of the Council's ICT Facilities Management Process. This will provide some funding to support further development and enhancement of ICT facilities from the 2007/08 budget onward.

9.11 The current position on the TIF is :

Table 21 : Technology Investment Fund (TIF)

	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)		Notes
(Surplus) / Deficit Balance b/f	947,065	13,320	65,640	149,960	215,280	299,600	
Annual contribution	84,320	84,320	84,320	84,320	84,320	84,320	
Total surplus available	1,031,385	97,640	149,960	234,280	299,600	383,920	
<i>less</i>							
Existing approvals							
Earmarked for Customer Access	(947,065)						plus other Funding for Capital Scheme SC328
Spend on DIP/ EDRM	(71,000)						plus other Funding for Capital Scheme SC329
sub-total	13,320	97,640	149,960	234,280	299,600	383,920	
New bids							see Appendix H for detail
Provisional approvals for :							
- Committee Rooms : audio-visual equipment		(20,000)					Item C1201 - approved at ICT Steering Group on 18 Oct. 2006
- E&P GIS Solution : Phase 3				(19,000)			Item C1041 - approved at ICT Steering Group on 18 Oct. 2006
- VeriSecure Web payment system enhancements		(12,000)					Approved by Exec Councillor and ICT Steering Group on 1 June 2007
(Surplus) / Deficit Balance c/f	13,320	65,640	149,960	215,280	299,600	383,920	

9.12 Bids for TIF funding will be scrutinised by the ICT Steering Group, which will make recommendations to the Corporate Management Team. These will be reflected in bids and project appraisal documents submitted to Members. Provisional approvals have been made for Committee Room audio visual equipment (£20,000) and enhancements to the Versecure web payment system (£12,000). A further £19,000 is earmarked for E&P GIS in 2009/10. A possible bid of £20,000 to support flexible working has also been identified.



Planning Delivery Grant (PDG)

- 9.13 Planning Delivery Grant is an incentive-based grant regime to support and improve the speed and quality of the planning service and to increase the available resources for the planning function within local authorities.
- 9.14 PDG is part of the wider approach being adopted by the Government to improve the performance of the planning service in terms of both the submission and handling of planning applications and the wider plan-making role.
- 9.15 2007/08 is the last year of the PDG in its current form.
- 9.16 Following a review of the effectiveness of this initiative, proposals are currently being finalised to replace PDG with a new grant which is expected to continue to be performance-based, but which will cover both housing and planning aspects.
- 9.17 The current position on the revenue element of PDG funding is :

Table 22 : Planning Delivery Grant (Revenue element)

	2006/07 (£'s)	2007/08* (£'s)	2008/09 (£'s)	Notes
Balance b/fwd	198,180	159,000	73,318	PDG guidance assumes 25% of annual allocation is earmarked for capital expenditure, therefore 75% earmarked for revenue
Allocation (*Provisional)	343,440	333,428		
Total available	541,620	492,428	73,318	
less				
Existing commitments Revenue	(382,611)	(419,110)	0	
Balance c/fwd	159,009	73,318	73,318	

- 9.18 The current position on the capital element of PDG funding is :

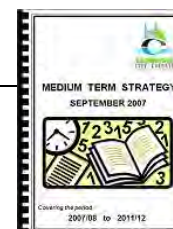


Table 23 : Planning Delivery Grant (Capital element)

	2006/07 (£'s)	2007/08* (£'s)	2008/09 (£'s)	Notes
Balance b/fwd	0	114,480	172,733	PDG guidance assumes 25% of annual allocation is earmarked for capital expenditure
Allocation (*Provisional)	114,480	111,143		
Total available	114,480	225,623	172,733	
<i>less</i>				
Existing commitments				
- Environment & Planning Geographic Information System (GIS) Solution Phase 1	0	(47,890)	0	
- Environment & Planning Geographic Information System (GIS) Solution Phase 2	0	0	(38,070)	
New bids				
Planning Expert System	0	(5,000)	0	
	0	0	0	
Balance c/fwd	114,480	172,733	134,663	

9.19 The current budget includes one capital bid (C1041) where funding from PDG is being recommended.

Local Authority Parking Enforcement (LAPE)

9.20 The City Council undertakes the parking enforcement function within the City on an agency basis for the County Council.

9.21 The agreement on which this work is based specifies that any surpluses on the LAPE account in each financial year will be split equally between the two authorities. Any cumulative surplus may be spent on a range of specified functions.

9.22 The current position in terms of accumulated surpluses is shown below :

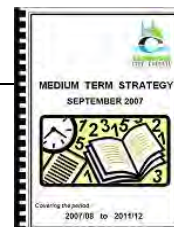
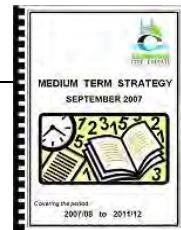


Table 24 : Local Authority Parking Enforcement (City Council Surpluses)

	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	Notes
(Surplus) / Deficit Balance b/f	0	(29,458)	(165,335)	(269,200)	
(Surplus) / Deficit from LAPE a/c in year [City Council element]	(29,458)	(135,877)	(197,700)	0	16 Oct 2006 Area Joint Committee (AJC) report projected £171,200 overall surplus in 2006/07
Total surplus available	(29,458)	(165,335)	(363,035)	(269,200)	
<i>less</i>					
Existing approvals					
- Provision of Sunday P&R Service	0	0	5,325	0	Urgency approval 1 Dec 2006
sub-total	(29,458)	(165,335)	(357,710)	(269,200)	
New approvals					
- UC1053: Purchase of Emergency rescue vehicle for Lion Yard car park	0	0	0	13,000	
- UC1057: Purchase of surface cleaning machine for Lion Yard car park	0	0	0	28,000	
- C1055: Provision of green parking bays and charging units	0	0	0	5,000	
- C1289: Dial-a-Ride bus	0	0	0	17,000	
- X1064 : Feasibility study on scheme to encourage use of low-emission vehicles	0	0	0	2,500	
- X1334: Start up costs for Car Club	0	0	0	6,000	
- RB1203: Contribution to additional cost of 2006/07 Concessionary Fare scheme	0	0	88,510	0	
(Surplus) / Deficit Balance c/f	(29,458)	(165,335)	(269,200)	(197,700)	

9.23 This identifies a number of revenue and capital bids which have been identified as being appropriate to the criteria for application of the accumulated surplus. Approval for these items is sought as part of the budget.



10. Revenue Forecasts and Reserves

General Factors

- 10.1 The major assumptions on which the revenue forecasts are based are summarised in Appendix K.
- 10.2 These are based on the analysis included in previous sections of the paper, and are based on the best information available at the time of printing.
- 10.3 The assumption for income (and hence charges) is that there will be a basic increase in line with the assumed level of inflation. This has been built into the base calculation. Service Committees will still be required to review the level of all charges under their control, and any increases above that level, which are felt to be appropriate, will provide scope for further service development or enhancement.
- 10.4 Where factors vary between Funds these are specifically highlighted.
- 10.5 A number of areas of uncertainty still remain, where the exact financial impact on the Council cannot yet be accurately identified. These items are detailed in Appendix M, and must be borne in mind when setting the financial strategy in general, and the individual committee cash limits in particular.

General Fund

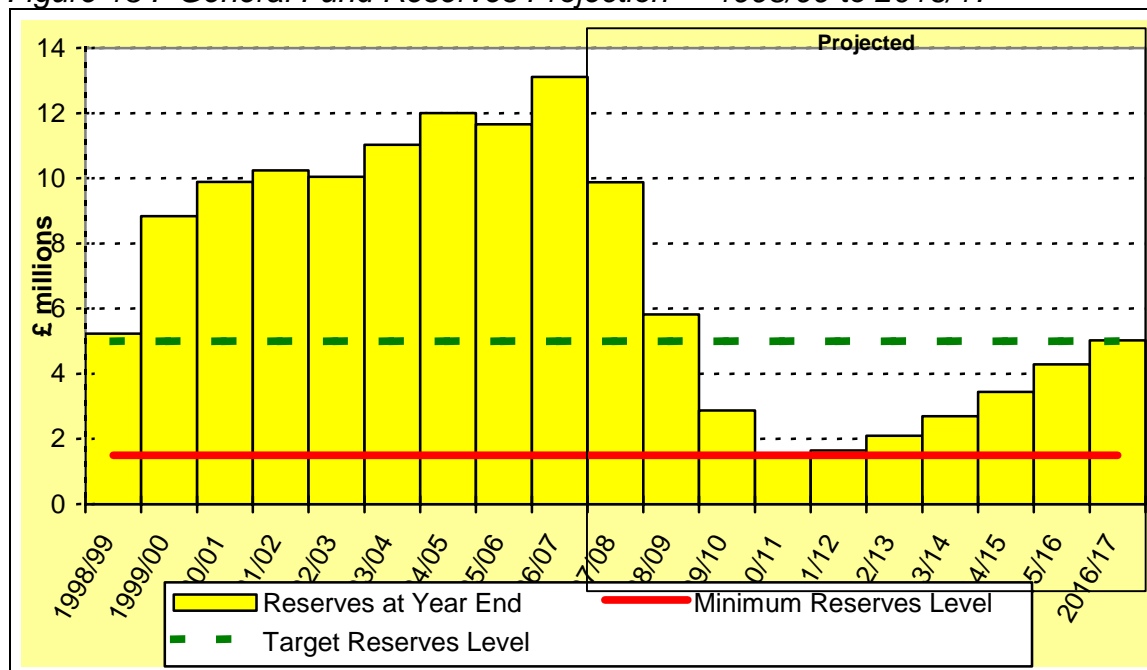
- 10.6 The anticipated net spending for the period 2007/08 to 2011/12 is set out in Appendix L.
- 10.7 The original budget for 2007/08 approved net General Fund spending at a level of £23,712,570, which included a use of reserves of £5,759,330. This reflected a contribution of £6,216,500 to fund capital expenditure.
- 10.8 The projected position for the General Fund reserves is shown in Appendix N. This projection includes the effects of changes in capital resources and re-phasing and the requested carry forwards from 2006/07, as well as the change from the Asset Management Revenue Account (AMRA) to the new Capital Adjustments Account (CAA).
- 10.9 The revised projection of the use of reserves in the current year (2007/08) now indicates that there is expected to be a net decrease of £4,164,390, in addition to the effective transfer of £577,670 to fund the approved level of carry forward items, this primarily reflects the re-profiling of capital resources and expenditure.
- 10.10 These have been built into the latest projection.



10.11 The final reserves position for 31 March 2007 was £13,118,450. This included £577,670 which will be used to fund the approved carry forward items.

10.12 The projected position for General Fund reserves to 2015/16 is shown below :-

Figure 13 : General Fund Reserves Projection - 1998/99 to 2016/17



10.13 The 10-year projection is important in this instance as it demonstrates that the uneven impact of the unavoidable cost pressures can be handled, whilst providing for the temporary use of reserves to fund the Customer Access Strategy.

10.14 The lowest point resulting from the temporary use of reserves is at the end of 2010/11, when the balance will be £1.503m. This is below the medium-term target level, but still meets the minimum working balance requirement.

10.15 The graph demonstrates that the level of reserves will return to the target level from 2016/17 onward, when they continue at a sustainable level.

10.16 General Fund reserves are also used to support the Council’s Capital Plan, and this effect also has to be taken into account when considering the long-term impact on the reserves position; and hence the ability to ensure the sustainability of the Council’s policies and services.

10.17 Risk analysis and a determination of the adequacy of the level of reserves are key elements within the statement which Directors of Finance are now required to provide, under Section 25 of the Act, in conjunction with the final budget and Council Tax recommendations.

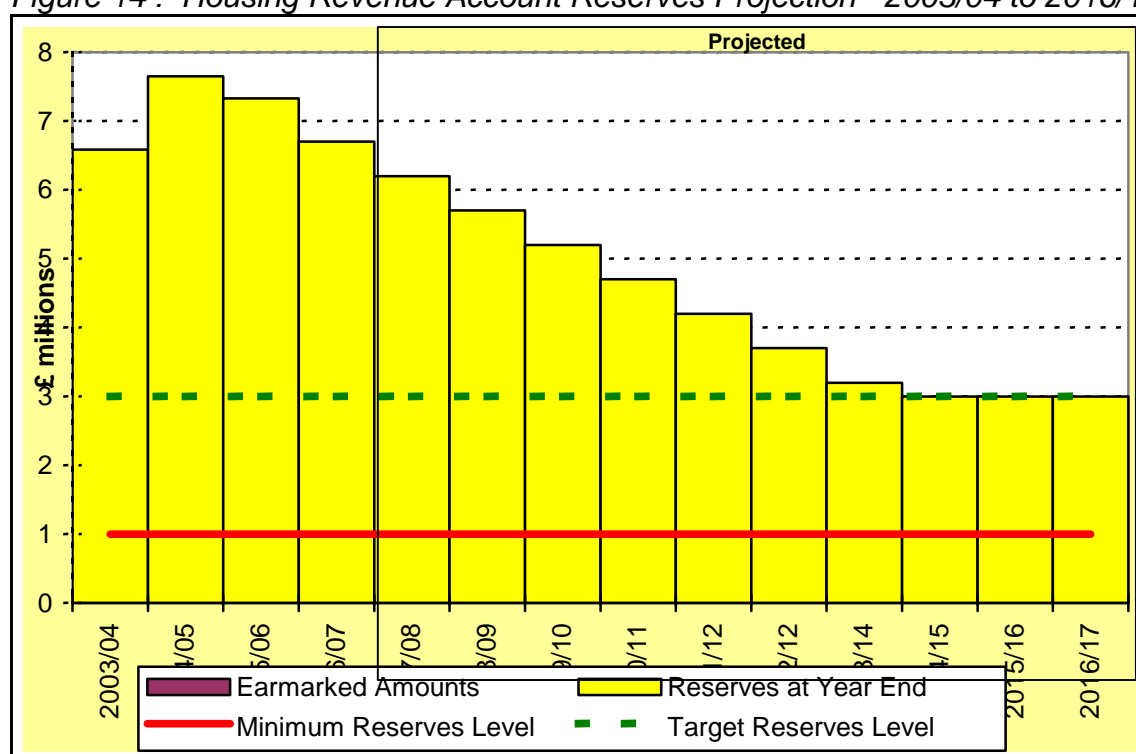


- 10.18 The corporate planning and decision-making cycle (shown in Appendix A) shows how the corporate risk and assurance framework has been integrated. As part of this process, a review of the full corporate risk and assurance database has taken place to inform the development of this MTS. This has provided the context for the specific annual MTS risk assessment.
- 10.19 A summary of the key points from this latest risk analysis, as well as controls and actions to mitigate against identified risks, is shown in Appendix Y.

Housing Revenue Account (HRA)

- 10.20 A similar forecasting exercise has been undertaken for the Housing Revenue Account, details of which are included at Appendix O. A section identifying known commitments and their impact on the level of balances has been included in order to give a more meaningful context for decision-making. The projection is also shown in the chart below, against the agreed minimum and target levels.

Figure 14 : Housing Revenue Account Reserves Projection - 2003/04 to 2016/17



- 10.21 This serves to highlight that the planned reduction in the level of reserves down to the target level of £3m in 20014/15, at which point revenue plans are based on delivering a balanced HRA budget with no requirement to use reserves.
- 10.22 The reduction in the level of reserves has provided additional funding to support capital expenditure. By basing this on a £500,000 per annum level, flexibility is retained to review this proposal should adverse factors affect the revenue position during that period.



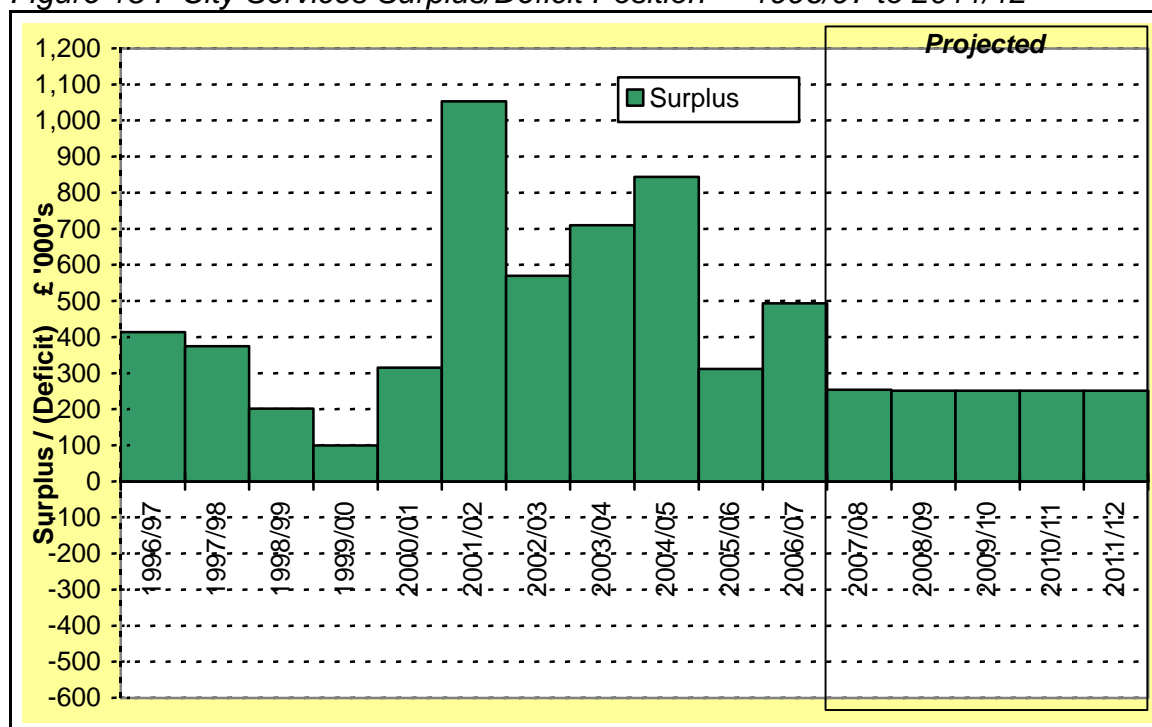
10.23 Balance projections will need to be revisited, particularly in the light of decisions surrounding the Customer Access Strategy and the Growth Agenda. It is anticipated that this will take place as part of the main 2008/09 budget process.

City Services

10.24 City Services have drawn up detailed Business Plans for all of their services, which were based on Service (and Performance) Plans which were approved by Executive Councillor for Customer Services and Resources in the January 2007 Committee cycle.

10.25 The graph below illustrates the surplus/deficit position for City Services trading services since 1996/97.

Figure 15 : City Services Surplus/Deficit Position - 1996/97 to 2011/12



10.26 Since January 2000, City Services has operated as a trading operation within the General Fund providing direct services for both the General Fund and the HRA.

10.27 The accounting arrangements for City Services results in a net trading surplus or deficit at the end of each financial year. For the purposes of drawing up the final accounts this is treated as a contribution to the General Fund reserves.



- 10.28 The final outturn for City Services shows surplus' returned to the HRA and General Fund. This ensures the real cost of service provision is reflected, as required by the Best Value Accounting Code of Practice (BVACOP), and it provides funds that can be reinvested back into the service during that year.
- 10.29 No longer under CCT legislation, City Services has taken the opportunity for its accounting and reporting practices to be aligned largely with Council practice. Whilst so, it has been important to acknowledge that there are a number of trading units within City Services (principally Building Services and Waste and Fleet Management) which undertake work for external organisations and it is clearly important that decisions regarding this type of work are made in a fully informed environment.
- 10.30 The scrutiny committees play a leading role in monitoring and challenging service delivery. External Trading is included in the Strategy and Resources portfolio, whilst the remaining City Services' services are within the Environmental and Waste, Climate Change and Growth, Community Development and Health and Arts & Recreation portfolios.
- 10.31 The table below illustrates, using the projections for 2007/08, the categories for which turnover and resultant surplus / deficit will effectively be analysed.

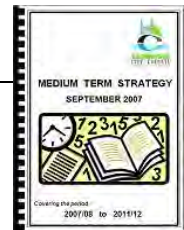
Table 25 : City Services Trading Surplus / (Deficit) by Fund

Cost Centre	General Fund		Housing Revenue Account (£'s)
	Internal Trading (£'s)	External Trading (£'s)	
Building Services	0	0	0
Streetscene	0	2,000	0
Fleet Management		4,500	
Waste Management	246,000	5,800	
Design & Print	0	1,000	
TOTALS	291,000	20,500	(~) 0

Note : (~) Any HRA surplus is reinvested in programmed work under the latest arrangements

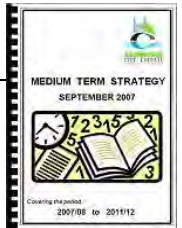
Medium-term projections of trading surpluses available to the General Fund and HRA have been built into overall financial projections and planning.

- 10.32 A number of issues will impact on City Services trading activities including :
- the strategy chosen to extend local authority parking enforcement (LAPE) to other districts in Cambridgeshire



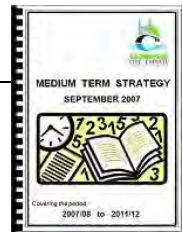
- partnership discussion of the use of LAPE surpluses where they arise
- the transfer of CCTV services into Parking Services management control
- disruption to customers from improvement and refurbishment works associated with car parks development
- major changes to retail activity in the city centre
- traffic management and transport planning strategies, particularly road pricing
- efforts to reduce invoice processing
- the potential arising from digital vehicle tracking systems and mobile working
- further development of in-cab data communication with waste services
- capacity to respond to increased workload from new legislation without additional resources.

10.33 Having re-integrated City Services within the main Funds of the Council, consideration must also be given to the impact of significant new spending pressures (e.g. pension contribution increases which are unavoidable). These issues were covered in Section 8, and will be built into General Fund and HRA projections as appropriate.



Part D

Capital





11. Asset Management

- 11.1 The Council has (at 1 April 2007) a diverse asset portfolio including 7,619 council dwellings (council houses, sheltered dwellings and shared ownership properties), substantial areas of common (109 hectares) / parkland (83 hectares), as well as assets for direct service provision including 7 swimming pools and 8 community centres.
- 11.2 There is also a sizeable commercial property portfolio including a selection of small business units aimed principally at small local and start-up companies plus over 80 shops in council estate locations which provide important local services for their communities.
- 11.3 The total value of assets held by the Council at 1 April 2007 is shown below :

Table 26 : Total Value of Assets (as 1 April 2007)

Category	Value (as at 1/4/2007)	
	£ 000's	%'age
Operational Assets		
Council dwellings	577,682	75.64
Other land and buildings	88,306	11.56
Vehicles, plant and equipment	4,988	0.65
Community assets	764	0.10
Infrastructure assets	419	0.06
Total Operational Assets	672,159	88.01
Non-Operational Assets		
Investment properties	86,356	11.31
Assets under construction	553	0.07
Surplus assets for disposal	4,634	0.61
Total Non-Operational Assets	91,543	11.99
Overall Total	763,702	100.00



Asset Management Plan (AMP)

- 11.4 Whilst a formal AMP does not have to be submitted to Government after 2002, due to the achievement of a 'good' rating on previous submissions and the Council's 'Excellent' rating under CPA, it is felt to still be important to keep the AMP updated, as it fulfils a key role in considering how the deployment and use of assets (land and buildings) can be optimised in terms of benefits for the delivery of council services and the achievement of a financial return.
- 11.5 A key element of the AMP is monitoring the performance of assets to identify any that are currently held which are deemed to be under-achieving, or which are no longer appropriate to hold in the portfolio. This enables consideration to be given to alternate uses or disposal. The Council has effectively undertaken such a process for a number of years through the annual Property Portfolio Review, and an enhance approach is currently being developed through the Asset Management Group.
- 11.6 The strategy for the management of Housing related assets covering the period 2007-2010 was agreed by Community Services Committee on 19 July 2007. The plan concentrates largely on activities relevant to the management of the Council's housing related assets, but also touches on the wider housing context within the city and is a key component of the overall HRA business plan. The new strategy follows on from the strategy approved in 2003 that covered the period 2003 to 2006.
- 11.7 The strategy provides a framework for targeting limited resources to areas of highest priority. The Council's Housing Capital Plan will be reviewed in the short to medium term in light of the issues raised in the Plan.

Property Portfolio Review

- 11.8 The significant degree of development around the City may provide the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. This may result in significant opportunities for capital spending over the medium-term as the receipts are realised.
- 11.9 Major sites where this would apply include land at Clay Farm for housing and land along Cowley Road for housing or commercial uses. Given the pressure for development other windfall sites may be identified, e.g. the redevelopment on land currently occupied by low density housing that is in need of renewal.
- 11.10 As receipts from disposals cannot be guaranteed until buyers are found and legal agreements concluded, any possible usable receipts have not been taken into account for funding purposes at this stage. On receipt they would be applied in line with the Council's financing strategy, effectively replacing existing use of reserves in the first instance.



- 11.11 Figures for rental income built into the forecast allow for projected disposals. Detailed findings from the review are normally reported to Customer Services and Resources Scrutiny Committee, as they contain confidential information which is exempt from general publication.
- 11.12 When planning any further asset disposals the revenue impact of the disposals (i.e. the potential loss of net rent income from the asset against the income which would be received from the investment of the set-aside portion of the receipt) must also be taken into account.

Housing Asset Management Strategy

- 11.13 In July 2007, Community Services Scrutiny Committee approved an update of the Asset Management Strategy for Housing Related Assets.
- 11.14 With the over-arching strategy now in place, further work is required to investigate and respond to the issues identified in the strategy, building the financial implications into future budget processes.
- 11.15 The Action Plan includes the following areas that will be reviewed during the life of the asset management strategy:
- garage maintenance – formulate planned maintenance programme
 - review sheltered housing strategy (in the light of County wide review and changes to supporting people)
 - integration of repairs service delivery with new customer access centre
 - delivery of refurbished sheltered housing schemes approved within strategy
 - review of post 2010 position regarding Decent Homes
 - external survey of related building fabric including boundary, drying and amenity areas.
 - replacement of defective polystyrene cavity insulation with rockwool replacement where required.
 - determination of liabilities relating to common parts e.g. flats over shops, courtyards etc.
 - pursuit of transfer of amenity pathways to County Council as highway
 - review of fencing repair requirements and development of planned maintenance programme



- review lease arrangements for Miscellaneous leasehold properties let to Social Landlords
- transfer the reactive maintenance of communal external lighting to a planned preventative programme scheme
- review of leasehold charges and introduction of annual charging for day to day repairs
- integration of housing management systems with City Services operational systems
- eradication of category 1 hazards identified within Housing Health and Safety Rating surveys
- review of contractual relationships for activity post 2010 and formulate recommendations for ongoing procurement thereafter.
- examination of the impact of the growth agenda on existing Council housing estate, residents and interfaces with new development areas.
- address issue of analogue transmission switch off and Digital TV aerial systems
- undertake best value evaluation of the grounds maintenance service for housing
- ascertain financial implications for meeting recycling commitment
- ascertain financial implications for meeting fire risk assessment outcomes.



12. External Funding Projections - Capital

- 12.1 The legislative and regulatory changes introduced from 1 April 2004 have resulted in significant changes to the funding regime for capital.
- 12.2 This has seen the previous capital controls, principally under Part IV of the Local Government and Housing Act 1989, replaced; with a move away from the use of a system of credit approvals to each authority as a means of limiting the power to borrow, to a more flexible system based more around affordability.
- 12.3 The main factors are reviewed below.

Prudential Framework

- 12.4 The Local Government Act 2003 introduced changes to the financing of capital expenditure, including the abolition of credit approvals and a new prudential capital finance system (the Prudential Framework), with effect from 1 April 2004.
- 12.5 One of the consequences of the new system is that all capital allocations from 2004/05 and future years have been expressed in a different way.
- 12.6 Under the new system a local authority is free to make its own borrowing decisions based on what it can afford. However, central government support for borrowing through RSG and HRA Subsidy will continue to be given based on a specified amount of capital expenditure which the borrowing will support.

Prudential Borrowing

- 12.7 Under the Prudential Framework local authorities are now free to make their own judgements as to whether new borrowing is affordable and prudent, subject to a duty to follow agreed professional principles.
- 12.8 These professional principles are contained within the Prudential Code, which was developed specifically for the purpose by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 12.9 Under the Framework the Secretary of State retains a national 'long stop' limit on the power to borrow, so as to be able to ensure that the overall position is consistent with national economic policy. It is not anticipated that this power would be exercised in practice, and it was confirmed that it would not be used on 2006/07 spending plans.
- 12.10 The main advantages offered through borrowing under the Prudential Framework would appear to be in terms of :



- a) Rescheduling capital expenditure - where existing levels of revenue used to directly fund capital schemes are used instead to meet the costs of borrowing, allowing a significant initial amount to be spent. The downside of this is that it is primarily a one-off move, bringing forward expenditure or facilitating a single expenditure on a significantly higher level than could otherwise be afforded.
- b) Spend-to-Save schemes - where the capital investment achieves revenue savings which could wholly or largely meet the ongoing revenue costs associated with the level of borrowing required.

12.11 The new Prudential Framework seeks to formalise and standardise good practice, particularly in terms of making clear the revenue consequences of capital spending decisions. To this end a set of Prudential Indicators are to be approved and published by authorities each year (shown in the Treasury Strategy at Appendix I).

12.12 The City Council has always ensured that revenue implications and affordability are central to decisions on capital, and the decision-making framework proposed this year incorporates the marginal prioritisation of available funding between capital and revenue spending, without requiring any additional Council Tax increase to meet specific new approvals.

National Pooling of Housing Capital Receipts

12.13 The redistribution of housing capital receipts has been, and remains, a fundamental principle of national housing capital finance. Introduced under powers contained within the Local Government Act 2003, a new national pooling regime was implemented from 1 April 2004.

12.14 Pooling applies to 75% of receipts from Right-to-Buy sales and 50% of other receipts, unless they can be excluded. The pooling arrangements also apply to non-monetary receipts. The arrangements applied to all new receipts from 1 April 2004, but were not applied retrospectively.

12.15 Capital receipts below £10,000, nomination rights and stock transfer receipts are specifically excluded from pooling. The regulations also allow the deduction of administrative costs of disposal and costs of improvements made to the asset in the 3 years preceding disposal.

12.16 Authorities are also allowed to exclude amounts relating to their Capital Allowance, which includes the amount of any spend (or resolution to spend) on the provision of affordable housing or regeneration. To this extent the definition of these two areas are critical to effective capital planning.



- 12.17 Recognising the impact of the changes on debt-free authorities (such as the City Council) the regulations provided for transitional arrangements covering the first 3 years of the regime. Under these arrangements relevant authorities are able to reduce the amount that must be paid into the pool by 75%, 50% and 25% respectively for 2004/05, 2005/06 and 2006/07. To claim this for a particular year the authority must have remained debt-free.
- 12.18 The transitional arrangements ceased with effect from 1 April 2007, and from this point Cambridge City Council was subject to the regulations to pool 75% of all right to buy receipts and 50% of other capital receipts, less allowable deductions.
- 12.19 From April 2007 onwards, any proposed scheme requiring the Council to undertake long-term borrowing would need to be investigated to compare the ongoing financial impact that borrowing would have on the authority, against the benefits the particular scheme would deliver to the city.

Major Repairs Allowance (MRA)

- 12.20 This is received through HRA Subsidy and is “ring-fenced” to be spent on repairs and improvements to the Council’s own housing stock. The allowance for 2007/08 is £4.983m (compared to £4.923m in 2006/07) and assumptions are made that it will be increased by inflation on an annual basis, with proportional reductions for right to buy sales.

Right to Buy Sales (RTB)

- 12.21 The proceeds of dwelling sales under the right to buy scheme have been the major source of regular ongoing capital receipts for many years.
- 12.22 The Council has, for a number of years, given a commitment to earmark the usable element of receipts from sales of council houses specifically for housing purposes.
- 12.23 From 2007/08 the resources available to the Council from right to buy sales reduce as a direct result of the cessation of the transitional pooling arrangements for debt free authorities. From April 2007 the authority is required to pay over 75% (less allowable deductions), of all right to buy receipts. Resources then continue to fall steadily year on year due to a predicted downturn in sales.
- 12.24 The actual level of sales under this scheme in 2006/07 (72 dwellings) was significantly lower than in 2005/06, at 81 units in total. This can be compared to a total of 155 in 2001/02.



Table 27 : Right to Buy Sales - 2003/04 to 2010/11

	Actual Sales				Forecast Sales			
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Sales – Houses	74	62	37	41	30	27	25	22
- Flats	47	47	38	31	30	27	24	22
Total Sales	121	109	81	72	60	54	49	44
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Net Capital Receipt	9.960	10.057	7.647	8.306	7.185	6.467	5.868	5.269
- of which 'Usable'	9.960	7.975	4.810	3.720	1.887	1.683	1.523	1.362

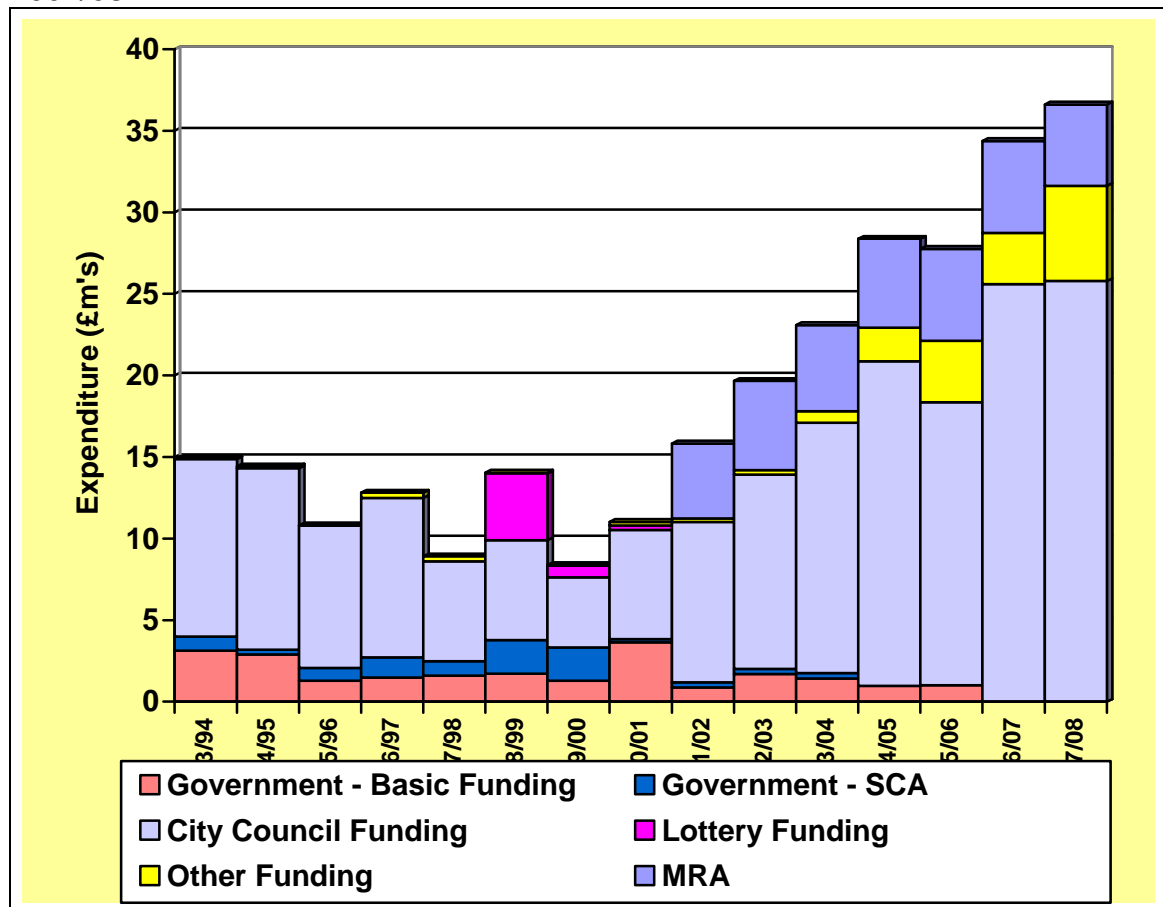
12.25 The projected level of right to buy sales from 2007/08 onwards, is currently estimated to reduce by 10% per annum, reflecting the considerable downturn in sales experienced between 2003/04 and 2006/07. Given the importance of this element in terms both of revenue and capital planning review mechanisms have been developed between Housing and Finance to improve the accuracy, and timeliness, of information for forecasting and monitoring purposes. This still remains a difficult area to predict accurately, as it is affected by external factors, such as interest rates and property prices.

Summary

- 12.26 Whilst bidding to specific funding sources continues to be a key part of obtaining capital funding, the move toward a single capital pot will confer far greater flexibility in the application of the funding available.
- 12.27 The graph below illustrates the trend in terms of the sources of funding for the Council's capital spending :-



Figure 16 : Cambridge City Council Capital Funding Sources - 1993/94 to 2007/08



12.28 This demonstrates that the amount of funding available for capital has increased due to the introduction of MRA, however as this is ring-fenced for use on the HRA the Council is reliant upon its own resources to support the Capital Plan. It also demonstrates the reliance upon funding from other sources and one-off funding to be able to undertake significant projects. The increase in City Council Funding from 2003/04 was due to the Council being able to utilise 100% of Right-to-Buy receipts.

12.29 Capital Plan schemes are shown at gross cost, with all funding sources shown. This enables more effective targeting and monitoring of external funding for capital.



13. Capital Spending Pressures

Review of Approved Capital Programmes

- 13.1 Of the programmes within the current Capital Plan a number have funding remits which end after 2007/08 or 2008/09. The programmes in question are:-

Funding only to 2007/08

- PR9 Development of Joint-Use Facilities
- PR12 Road Safety Schemes – Traffic Calming
- PR13 Road Safety Schemes – Crossings
- PR14 Environmental Safety Fund
- PR15 Repair and Refurbishment Programme - Hobsons Conduit
- PR20 Aspects of ICT Infrastructure Programme – Corporate Firewall Replacement, Desktop Standardisation)

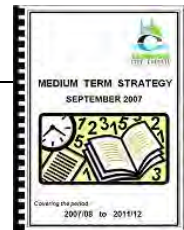
Funding only to 2008/09

- PR001a Housing Investment Programme S106 funded
- PR20 Aspects of ICT Infrastructure Programme – Network Upgrade)

- 13.2 Reviews of these programmes are required as part of the current budget process, to identify progress to date against the agreed remit, and whether there is any requirement for bids to extend the funding of the programme in future years.

- 13.3 In recent years there has been a tendency for the specified periods for Programmes to be changed to 'ongoing' when reviewed. This means that the Programmes do not undergo regular scrutiny and challenge to determine if they are continuing to meet the agreed aims, and whether they should continue to be funded for further periods.

- 13.4 As a result of review work already completed by the Council's Asset Management Group some of the Programme remits have already been improved and clarified, and it is intended that the remaining schemes will be reviewed as part of the 2008/09 budget process.



PR16 - Public Conveniences Programme

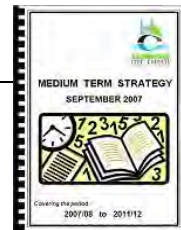
- 13.5 The work required on Chesterton Road conveniences is exceeding the budget available due to additional ground works. Using resources approved for the Cherry Hinton Hall conveniences, as this programme has been put on hold awaiting the outcome of the redevelopment of the site, following the proposed demolition of the propagation centre there is still a need for an additional £20,000 to complete the work at Chesterton Road. There is also some discussion about developing a facility for letting space at the site, however as the site has only been given a D3 planning approval it is looking unlikely that enough rental income will be generated from letting the space to offset the costs of the proposed development.
- 13.6 Once the position at Cherry Hinton Hall is clarified further resources may need to be made available to complete the work on the public conveniences at the site.

Review of Hold List

- 13.7 It is also important that items currently on the Council's capital Hold List are reviewed. These are items which have been approved in principle, but are awaiting the approval of appropriate funding before they can proceed.
- 13.8 The 2 schemes on the hold list are :
- Grafton East multi-storey car park repair and refurbishment
 - Mercury abatement equipment and replacement of cremators
- 13.9 The current cost included in the hold list for Grafton East refurbishment is £1.840 million in 2008/09. Further investigation into the work required has highlighted that the costs of the project are likely to be higher than originally anticipated and an extra £410,000 is required to complete the work, bringing the total cost of the scheme to £2.250m for a scheme which will include a corrosion monitoring system.
- 13.10 Proposals for funding both of these schemes, and moving them to the Capital Plan, are covered in Section 14.
- 13.11 Details of the revised Hold List are shown in Appendix U.

Unavoidable Pressures and Bids to the July Cycle of Scrutiny Committees

- 13.12 Items highlighted in July which impact on the Council's Capital Plan are detailed below, and have been included in the Capital Plan at Appendix R.



Re-phasing

13.13 The projections in the MTS also include re-phrasings which have been identified as part of the latest monitoring and review of the Capital Plan. Details are shown in Appendix T, and reflected in the updated Capital Plan in Appendix R.

Memorial Choice

13.14 This scheme was included in the Council's Capital Plan as part of the 2007/08 budget process. At this time expenditure of £100,000 was anticipated in 2007/08. However, due to staffing issues at the Crematorium and protracted negotiations regarding a land purchase at the site mean that £40,000 of the proposed expenditure has been re-phased into 2008/09.

Park Street Car Park

13.15 A requirement for significant repair work at Park Street car park has been identified as part of the development of the forward programme of works for all of the car parks. This requirement cannot be contained within the existing Repair and Renewal Fund provisions that are being made in respect of the car park.

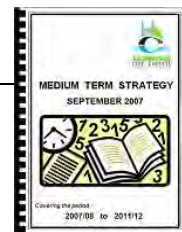
13.16 It is currently estimated that £1m will need to be spent in 2011/12. However, given the review of the overall parking portfolio requirements and usage that will be taking place in the interim period, it is proposed that these works are included on the Council's Hold List, at this stage.

Refurbishment of Play areas

13.17 Consultation is about to commence on a number of Active Community schemes which are recorded on the current S106 list of projects. These are :

- refurbishment of Church End play area
- refurbishment of Ramsden Square recreation ground
- refurbishment of Thorpe Way recreation ground and creation of an informal games area and potential skateboard park.

13.18 Estimated costs of completing the schemes have been included in the Council's Capital Plan, however these items will need to be reviewed following the outcome of consultation exercises which could impact on the nature of the schemes. Ramsden Square and Thorpe Way will be funded from S106 resources and Church End from R&R balances.



Customer Access Strategy

13.19 Section 8 outlined the proposals for the Customer Access Strategy, and set out the revenue implications.

13.20 The latest review of progress with the scheme has highlighted changes to the profiling of capital expenditure that was originally envisaged. This reflects updated information available following the major procurements for the Customer Relationship Management system, and accommodation works, as shown below :

Table 28 : Customer Access Strategy – Rephasing of Capital Implications

Financial Year	General Fund			Housing Revenue Account		
	MTS July 2006 (£'s)	MTS Sept. 2007 (£'s)	Re-phasing Required (£'s)	MTS July 2006 (£'s)	MTS Sept. 2007 (£'s)	Re-phasing Required (£'s)
2006/07	0	33,360	33,360	0	9,970	9,970
2007/08	609,790	895,900	286,110	182,140	267,610	85,470
2008/09	241,060	192,490	(48,570)	72,000	57,500	(14,500)
2009/10	60,450	0	(60,450)	18,060	0	(18,060)

13.21 Although there has been some change between the balance of capital and revenue expenditure, the overall projected spending on the scheme is within the total originally agreed.

Lion Yard

13.22 Section 8 also detailed the further development proposal received from Arlington Property Investors in respect of Lion Yard, and considered the revenue implications in terms of future rental streams.

13.23 Scheme SC221 currently provides funding of £3.61m towards the future development at Lion yard. Once the scheme has been through the planning process the cost assumptions can be revisited in light of any changes required to the scheme, and the provision requirement can be revisited.

13.24 The revised scheme proposals are due to be considered at the 26 September meeting of the City Centre Scrutiny Committee.



Waste and Recycling

- 13.25 Section 8 highlighted the need for development of Trade Waste Cardboard recycling and the offer of capital and short term revenue funding from the County to support this development.
- 13.26 In the medium term vehicle requirements will need to be considered in respect of domestic flats and recycling. Currently the same recycling facilities offered to houses is not available to all flat dwellers as current vehicles need to be adapted to allow for chamberlain containers to be dealt with, or an appropriately adapted vehicle purchased. Further work is progressing in this area and it will be subject to discussion and debate as part of future budget cycles.

Repair and Renewal (R&R) Funds

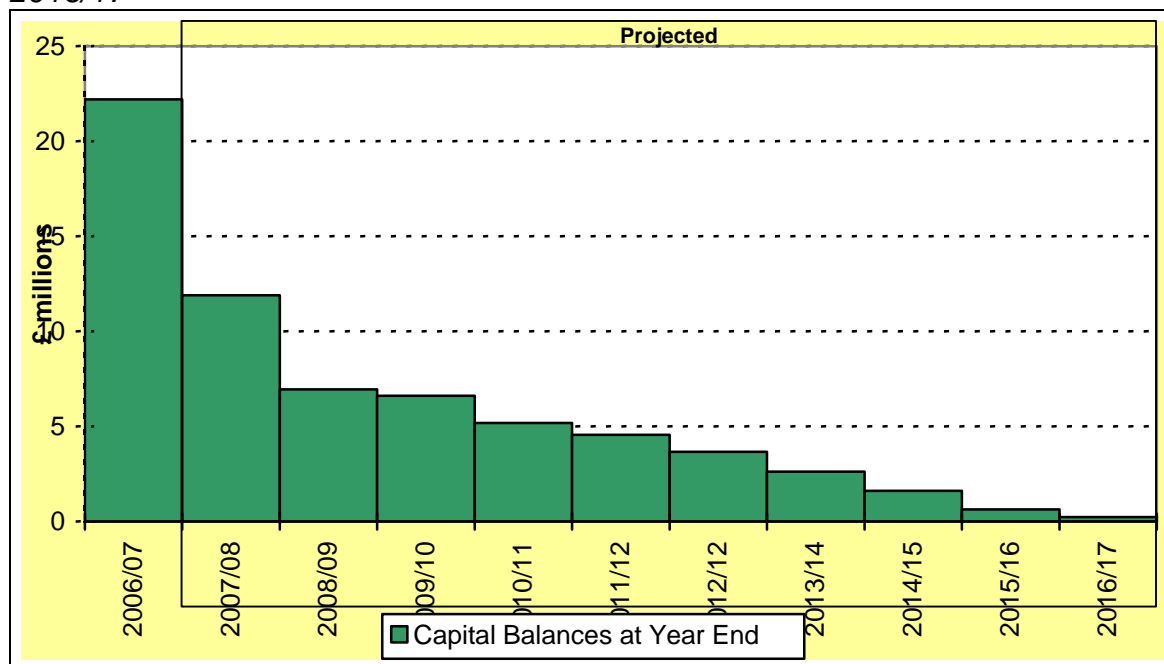
- 13.27 The Council is committed to the provision of R&R Funds to ensure that funding is accumulated to meet the cost of repair or replacement for all major assets which have a finite life.
- 13.28 This serves to even-out the cost associated with these major items of expenditure, whilst ensuring that ongoing services are fully sustainable.
- 13.29 Over recent years work has been undertaken to develop medium and long-term programmes of work for which R&R Funding is being provided. This achieves two important aims, firstly to ensure that the level of provision is in line with the anticipated costs that will be faced over the long-term, and secondly to identify opportunities to plan for the most effective timing and form of procurement exercise.
- 13.30 No further programmes have been requested for inclusion within the current Capital Plan.

Housing Capital Expenditure

- 13.31 The Council's debt free status reduced the pressures on capital expenditure related to housing services over the last 4 years, as 100% of Right-to-Buy receipts were usable in 2003/04, 75% in 2004/05, 50% in 2005/06 and 25% in 2006/07. From 2007/08 the Council no longer benefited from the residual transitional arrangements for debt-free authorities, and are required to pool capital receipts into the national pool in line with the prescribed guidelines.



Figure 17 : Capital balances available for housing purposes - 2007/08 to 2016/17



13.32 The estimated capital resources available were included in an update of the ten-year Housing Investment Plan to meet strategic housing priorities, which was last approved in February 2007 by Council.

13.33 The Housing Investment Plan was last revisited in full in January 2007, and again in part, in July 2007. The revised plan uses housing capital balances over the period to deliver decent homes and environmental improvements in our housing stock, and to enable additional investment of up to £10 million in affordable housing in Cambridge.



14. Capital Plan Forecast

Financing Strategy

- 14.1 The Council's current financing strategy for capital is geared toward ensuring the maximisation of the resources available to the Council. The strategy has been developed, and operated, over a number of years now and has proved successful.
- 14.2 In order to maximise the total level of resources available, funding is applied in the following order :-
- (1) Specific grants
 - (2) Usable capital receipts
 - (3) Revenue contributions (Direct Revenue Financing - DRF)
 - (4) Reserves.
- 14.3 This enables the Council to maintain a greater degree of flexibility, as usable capital receipts can only be used to finance capital spending, whereas both revenue and reserves can be used for both capital and revenue purposes.
- 14.4 In light of the success of this strategy in recent years it is recommended that it is continued.

Resource Availability

- 14.5 The projected availability of resources for capital is outlined in Appendix Q.
- 14.6 The existing stock of non-housing usable capital receipts was fully expended during the 1995/96 financial year, as part of the financing strategy. Since that point the usable receipts are, therefore, based on use of receipts due in that particular financial year only.
- 14.7 Projections of usable receipts are primarily based on Right-to-Buy sales of council housing stock, together with disposals resulting from the review of the general property portfolio.
- 14.8 The level of unapplied capital funding available has been increase significantly since the February 2007 Budget-Setting Report, due to 2 factors :
- The application of the 2006 LABGI funding, which effectively increased funding available for capital purposes by £1,536,051; as agreed at Council on April 2007.



- A net receipt of £2.25m which will be received this month in respect of the sale of a site at Arbury. This is after allowance has been made for the Council's s106 and infrastructure costs.

14.9 This additional funding has enabled a review of the 2 significant schemes which were on the Hold List, and has resulted in the recommendation that they be moved to the Capital Plan as part of this MTS.

Capital Plan

14.10 The current Capital Plan is shown at Appendix R. This includes rephrasing to reflect movement in scheme costs between 2006/07 and 2007/08, with appropriate adjustments made to the funding profile. It also includes the 2 schemes transferred from the previous Hold List. The changes are detailed in Appendices S and T.

14.11 The revised Hold List are shown in Appendix U.

14.12 The Housing Capital Investment Programme (HCIP) is subject to separate scrutiny by the Housing Portfolio / Community Services Scrutiny Committee. It includes the investment of HRA capital resources in our own stock (meeting decent homes, improving sheltered schemes and other capital investment) and in housing in the private sector (disabled facilities grants, private sector grants and loans and the provision of new affordable housing).

14.13 It is recommended that this practice continues, with HCIP being included in the Capital Plan as a single programme line to ensure that there is control of the overall allocation of resources and spending at Strategy & Resources Scrutiny Committee.

Commitment of Available Funds

14.14 A projection of the level of funding available over the period through to 2011/12 has been drawn up based on the analysis included in Section 9 of this document.

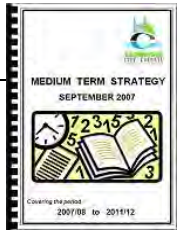
14.15 When compared with the projected funding available for capital expenditure the overall position is :-



Table 29 : Commitments Against Available Capital Funding - 2007/08 to 2011/12

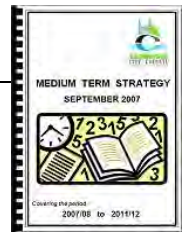
	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	2011/12 (£ 000's)
Programmes	26,002	18,157	12,723	13,234	11,714
Schemes	10,230	4,913	3,788	1,870	25
Total Spend	36,232	23,070	16,511	15,104	11,739
Available Funding	(36,607)	(23,844)	(17,308)	(15,975)	(12,610)
(Surplus) / Shortfall in Funding	(375)	(776)	(797)	(871)	(871)

14.16 This reflects the standard policy of returning any unapplied use of reserves at this stage of the process, so that more effective consideration of its application can be made. The main decision point for funding will be made following the January 2008 meeting of the Strategy & Resources Scrutiny Committee, at which time new bids from the budget cycle will have been received from service committees and the position with regard to any further receipts from asset disposals should have been clarified.



Part E

Budget Strategy



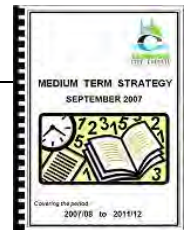


15. Budget Strategy and Process

REVENUE - GENERAL FUND

The Budget Process

- 15.1 The introduction of cash limited budgets from the 1997/98 budget cycle onward has enabled the completion of the budget process to the agreed timescales and enabled overall control of the budget to be maintained, whilst allowing additional discretion within individual spending committees.
- 15.2 In this way, once the requirement of affordability at a Council-wide level is met, committees have the opportunity to direct the benefit gained from any additional savings to develop and enhance their services. This is in line with the aims of the Annual Statement.
- 15.3 In reviewing the budget process for 2008/09 no significant changes are proposed compared with 2007/08.
- 15.4 The other process issue for 2008/09 will be how to deal with the impact of both the Growth Agenda and the Customer Access Strategy. Both of these projects have far-reaching and complex interactions with most of the services across the Council, and will run for considerable periods of time.
- 15.5 At this stage in the development of both projects, there is insufficient detail to be able to make effective changes at detailed code level. However, the effects of the projects will need to be built into base budgets as the projects proceed.
- 15.6 It is, therefore, proposed that both projects will be run as parallel streams of work to the main budget process for 2008/09. This will allow detailed work to be progressed on each.
- 15.7 In order to ensure the integrity of the work in each stream the existing budget process will be enhanced to allow for any items in the main budget process to be identified which may relate to either project. These can then be reviewed to ensure that proposals are not contrary to, or duplicate, something that is integral to either project. This can be effectively delivered in practice, through a minor enhancement to the Council's budget database; minimising additional effort whilst ensuring a robust review is achieved.
- 15.8 No further changes to the process are anticipated and the budget and decision making process, which is illustrated in Appendix A.
- 15.9 Key features of the process are :



- Executive Councillors are responsible for putting together a package of budget proposals for consideration by each Scrutiny Committee
- Service Plans have been introduced for all services, to reinforce the performance management process. The staff performance review process has also been revised to integrate with this development
- There is an emphasis on review of current year performance as part of the process. This is the focus for Scrutiny Committees in the November cycle, resulting in revised estimates for the current year (2007/08)
- Consideration of 2008/09 budgets only takes place during one cycle of Scrutiny Committee meetings, in January 2008. Service Plan / budget reports will be sent out for all scrutiny committees in December 2007, so that Members have an overview of all proposals at one point in time, as last year.

15.10 It has been assumed that this process is followed for the current year, and on this basis relevant activities have been included in the outline programme for the overall budget process; which is included at Appendix B.

The Calculation of General Fund Cash Limits

15.11 In order to effectively control the overall financial position of the General Fund the need to spend must first be matched against the projected availability of funding to determine affordability. Any excess over available funding will identify the amount by which the overall spending base must be reduced, and hence allows a percentage reduction level to be calculated for use in arriving at cash limit targets for each committee.

15.12 For 2008/09 the previous approach of seeking to achieve a sustainable underlying financial position, where the levels of spending and Council Tax are not unduly dependent on use of reserves is being maintained; in line with the Annual Statement. This reflects the availability of reserves for specific one-off / unexpected events, and the need to consider carefully the level of uncertainty when agreeing the level of reserves.

15.13 As a result a near nil use of reserves in the medium / long-term is a key determinant for a sustainable position. This is assessed by using the full 25-year financial projection model. The importance of this approach is shown in Section 9, which demonstrates the need to add to reserves in the short-term in order for the Council to be able to effectively manage cost pressures at the end of, and beyond, the MTS period.



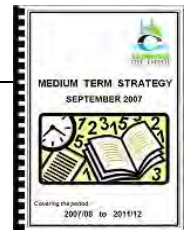
15.14 The calculation of the affordability of the projected base position for 2008/09 was outlined earlier, and results in the determination of the level of savings required as shown below :-

Table 30 : Calculation of 2008/09 Savings Requirement

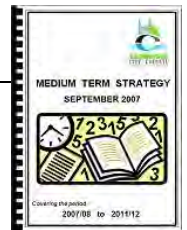
		(£ 000's)	(£ 000's)
SPEND	Inflated Committee Base	20,926	
	Capital adjustments and MRP	(2,417)	
	Other appropriations	3,980	22,489
<i>add</i>	NEW REQUIREMENTS		
	Unavoidable costs	349	
	Priority Policy Fund	500	
	Other items	450	1,299
<i>less</i>	AFFORDABILITY		
	Use of Reserves	4,016	
	Council Tax	6,120	
	Total External Support	12,443	22,579
	Need to reduce overall base by :-		1,209

15.15 The Version 1 MTS report to Strategy & Resources Scrutiny Committee reflected an overall reduction requirement of £1,035,000 – this being before the inclusion of the additional cost associated with the latest 2007/08 pay award offer from Employers (referred to in paragraph 4.48, above).

15.16 In seeking to achieve this level of reduction an adjusted gross expenditure total is used to apportion the requirement across committees in as equitable a manner as possible. A key question in arriving at the gross expenditure totals to use is whether contractual commitments should be included or excluded.



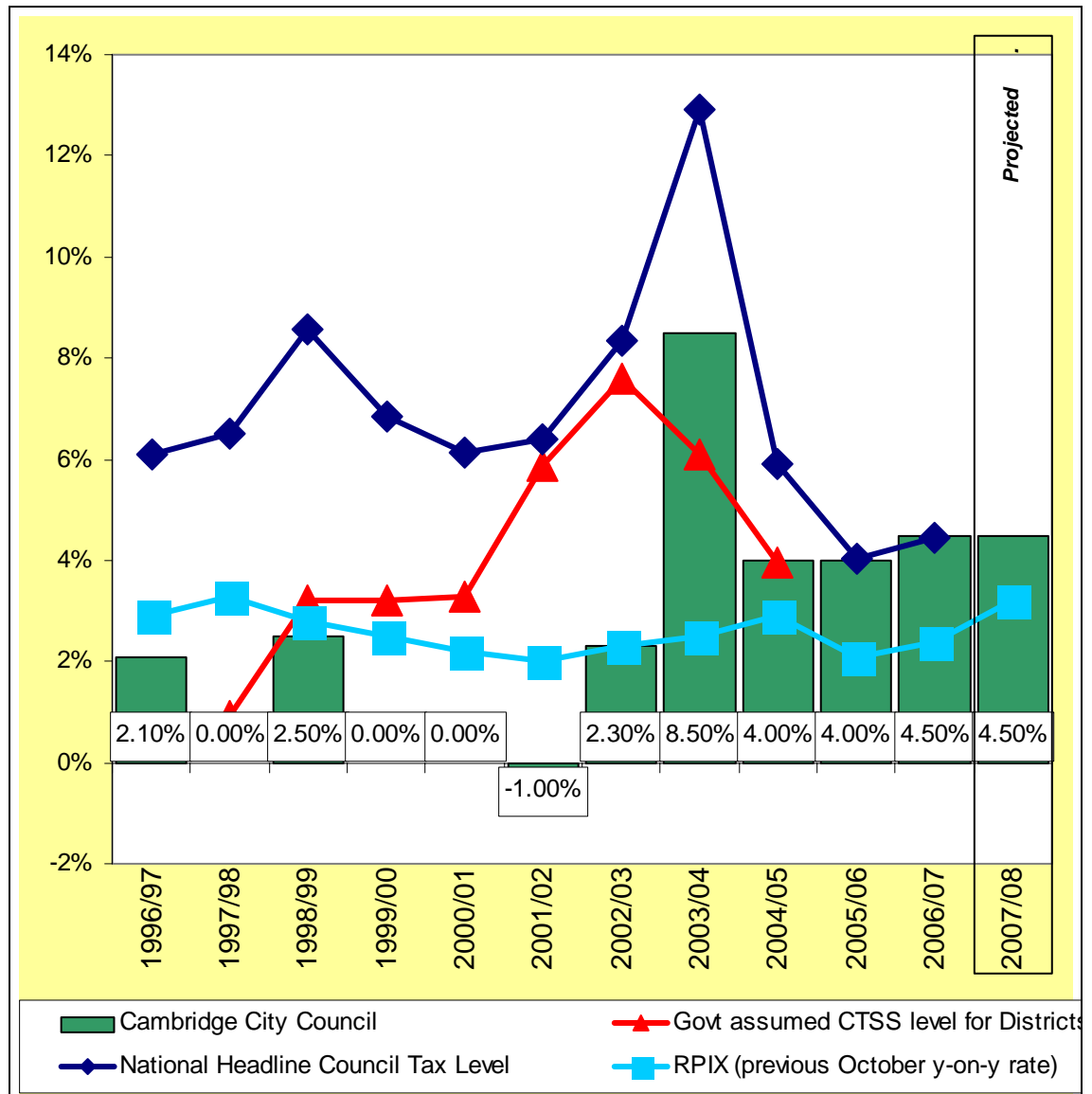
- 15.17 It can be argued that areas of service which are subject to contracts / agreements face significant constraints on their ability to effectively alter terms during the period of the contract / agreement. In such instances the committee has to find additional savings from other areas within its control in order to meet the overall cash limit target.
- 15.18 Given the re-integration of City Services with the main Funds, and the fact that their work is only governed by internal agreements, they will not be treated as exclusions for the purposes of savings calculations. However, as well as being subject to savings targets, they will be eligible for central provisions against key unavoidable cost, such as NIC and pension contribution increases.
- 15.19 This year, the approach again being adopted is to exclude any major external contracts which are 'within term' during 2008/09. In practice this means that the Pools Service Management, Housing Repairs and ICT Facilities Management contracts will be excluded.
- 15.20 As outlined in Section 8, it is also proposed that the Economic Development and Tourism service is excluded from the calculation for 2008/09 in recognition of the savings that have already been incorporated in the MTS, resulting from the review of the service reported to committee in July 2007.
- 15.21 This approach also provides a more appropriate fit with the Best Value process, allowing detailed reviews to identify the need for resource changes at the point where the contracts / agreements are re-tendered or re-negotiated; and hence when real flexibility to alter the level and nature of service provision exists.
- 15.22 The effect of this is an implied reduction of 3.44% in the calculation of committee cash limits (compared with 2.93% last year), based on an adjusted gross expenditure base of £35.107m. The Version 1 report to Strategy & Resources Scrutiny Committee identified an implied reduction level of 2.95% prior to the inclusion of the additional provision for 2007/08 pay costs.
- 15.23 Previous experience suggests that this level of savings will not be easy to identify purely through efficiencies, and in light of the anticipated cost pressures associated with the Growth Agenda over future years the long-term modelling for the General Fund has sought to reduce the level of savings required. At this stage, projections suggest that the level required would fall to around 2.0% (i.e. around £700,000) at the end of the initial 10-year period (i.e. 20016/17).
- 15.24 The more detailed calculation of cash limits for individual committees is contained in Appendix V.
- 15.25 Given the information currently available, it would seem prudent at this stage to plan based on an overall net spend (after use of reserves) of £22130,120 (£22,168,580 in Version 1).



15.26 This approach is proposed in order to allow an opportunity to set a level of Council Tax for City Council services which will increase by the projected rate of 4.5% at the meeting in February.

15.27 Recent Council Tax trends are shown below :

Figure 18 : Council Tax Increases - Actual and Government Assumptions

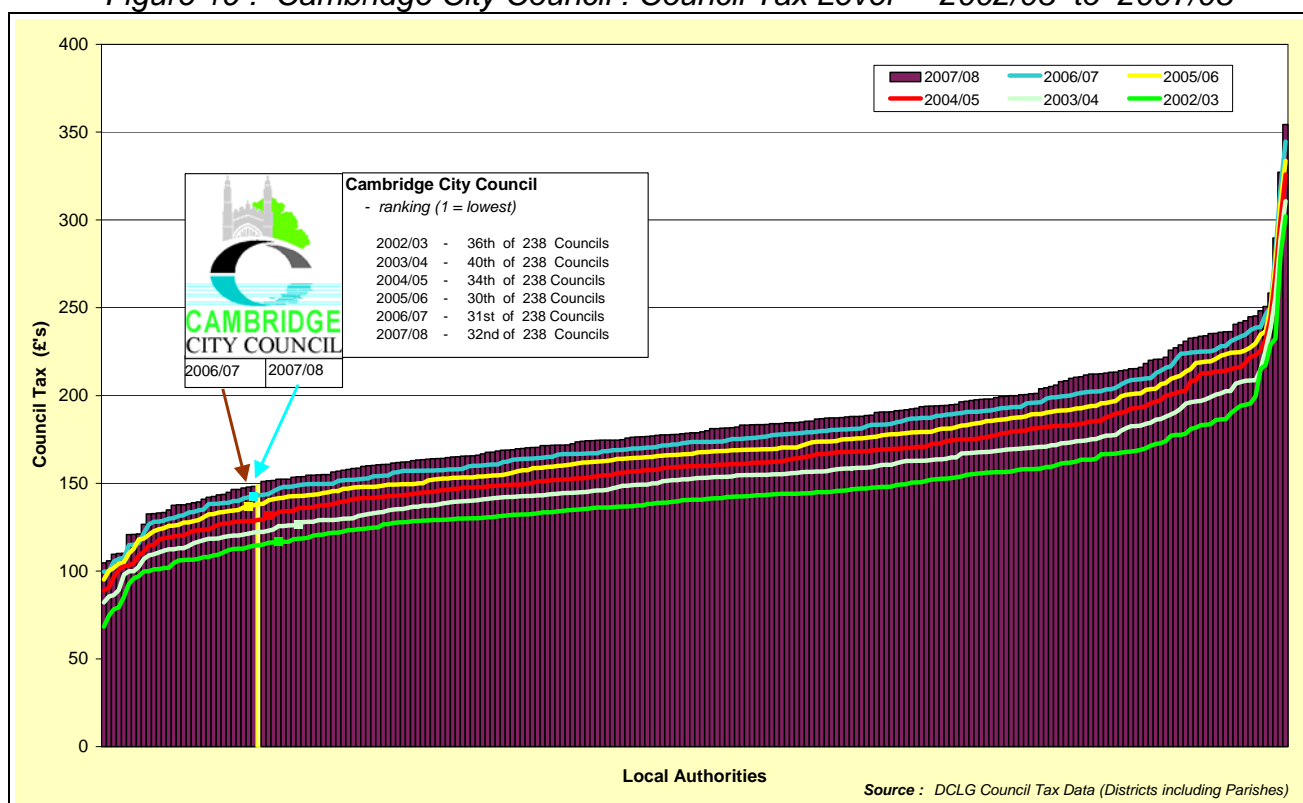


15.28 The latest public consultation feedback on Council Tax again showed a split in views as to whether Council Tax should be increased, if necessary, to protect services; but the recent trend has changed and is now moving back towards protecting services and away from cutting services.



15.29 The City Council had the 32nd lowest level (out of 238) of Council Tax for a district council, based on ODPM statistics, as illustrated in the table below, at £148.81. The full charge for City residents at Band ‘D’ (i.e. including the elements for the County, Fire and Police) is the 11th lowest (again of 238), at £1,283.08 for 2007/08.

Figure 19 : Cambridge City Council : Council Tax Level - 2002/03 to 2007/08



15.30 Given the spending pressures outlined in this document, and the policy context statements, a Council Tax increase equal to 4.5% has been used for the MTS, as a working assumption. This is in line with the forward projections which had been agreed as part of the February 2007 Budget-Setting Report.

15.31 A frequent comparison made is against the rate of inflation. Inflation in June was 4.4% (measured by RPI, and 2.4% by CPI), whilst the General Fund in 2008/09 will have to bear additional net inflation-related costs of £745,000 (which equates to a 4.23% increase on the net cost base) - the actual inflationary pressure that the Council has to bear to maintain services at existing levels.

15.32 This is aimed at continuing to deliver a relatively stable final level of Council Tax for payers in the City, without unduly impacting on services, in line with the existing financial strategy.



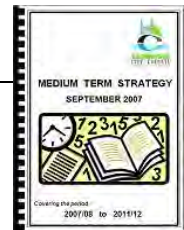
- 15.33 This strategy is designed to continue to deliver a broadly stable level for the City's element of Council Tax without unduly impacting on services, in line with previous aims.
- 15.34 The reserves table (shown at Appendix N) demonstrates that the Council's previous plans to provide for an on-going level of reserves over the medium to long-term of around £5m is still sustainable.

REVENUE - HOUSING REVENUE ACCOUNT

- 15.35 The minimum level for HRA balances has been set at £1m, with a target level of balances at £3m. This aims to give enough flexibility, that structured decisions can be made in light of any uncertainties, particularly surrounding subsidy announcements, rental income and the decision taken a few years ago to self-insure the housing stock up to a stop-loss of £250,000 per annum.
- 15.36 The HRA Financial Model assumes that spending on day-to-day repairs will reduce in line with the reduction in the stock, and also builds in assumptions of on-going reductions in management expenditure across the ten-year forecast, necessary to deliver a balanced Housing Revenue Account.
- 15.37 The initial savings expectation was 2.5% per annum, as included in Version 1 of the MTS. However, for 2008/09 this was increased to 3.0% following the Strategy & resources Scrutiny Committee meeting to reflect the additional cost pressures associated with the 2007/08 pay award. This will continue to be revisited regularly in light of any change in external factors.

Use of balances

- 15.38 The available balances at the end of 2006/07 are approximately £6.7m. The Housing Revenue Account forecast contains the assumption that HRA balances will be reduced by an estimated £500,000 per annum until the target level of £3m is arrived at. This will be achieved by making additional direct revenue financing (DRF) of capital contributions, to contribute towards the investment need identified in the Housing Investment Plan.



CAPITAL

The Budget Process

- 15.39 The process for capital items is based around two main categories, the Capital Plan and the Hold List. The Capital Plan lists all of the items of expenditure which have received the necessary approvals from the relevant Executive Councillors and Council, and have been allocated funding. The Hold List comprises items where the content of the proposed scheme has been agreed, but funding has not yet been allocated, this forms the basis for consideration on how to use any unallocated capital funding.
- 15.40 There are two main categories for capital items :
- a. Programmes – effectively rolling programmes over a prescribed period. These are set up based on a specific purpose (as defined in a remit statement) and a finite timescale. In the year before they reach the end of the agreed period they should be reviewed so that future needs can be assessed. Once approved by the Executive Councillor for Strategy & Resources / Council for inclusion in the Capital Plan a programme can be drawn upon by smaller projects, which enable the remit to be met
 - b. Schemes - specific individual projects which are finite in nature, and which have been approved by the Executive Councillor for Strategy & Resources for inclusion in the Capital Plan.
- 15.41 The Housing Capital Investment Programme (Capital Plan PR01) is subject to separate detailed scrutiny and control by the Housing Portfolio / Community Services Scrutiny Committee. It is recommended that this practice continues, with control over the overall allocation of resources being retained by Strategy & Resources through the inclusion of the single programme line in the Capital Plan.
- 15.42 It is recognised that completing the full preparatory work for substantial new bids has a significant cost in terms of both officer time and money. The process for bidding for new items has, therefore, been drawn up as a two-stage process.



Table 31 : Capital Bidding Process

Stage	Process
1	<p>An outline bid is submitted by the service committee to Strategy & Resources Scrutiny Committee. This should identify the purpose of the bid and what identified need(s) it will meet, the approximate cost, what sources of external funding would be sought and the revenue consequences.</p> <p>Approval at this stage would give the committee / department approval to fully work up the scheme in detail.</p>
2	<p>The detailed bid is submitted to Strategy & Resources Scrutiny Committee with a request for inclusion on the Hold List or direct inclusion in the Capital Plan.</p> <p>The scheme can only proceed when it has been approved for inclusion in the Capital Plan, and hence the required funding agreed.</p>

15.43 It is accepted that some smaller schemes may have a limited resource requirement in developing a detailed bid, and that some schemes may need to meet a short timescale (e.g. responding to bids for joint funding). In such cases these circumstances would be accepted in going straight to the second stage.

15.44 In terms of timing there are three key phases to consideration of capital items during the year.

Table 32 : Consideration of Capital Items

Strategy & Resources Scrutiny date	Issues to be considered
July	<p>Overview of the existing capital position, including the implications of the outturn for the following year.</p> <p>Consideration of any bids referred from committees.</p> <p>Housing Business Plan Statistical Appendix Programme submission made to the CLG.</p>
September	<p>Preview of anticipated spending pressures and likely external funding for the next financial year.</p>



Strategy & Resources Scrutiny date	Issues to be considered
January	<p>Review of the projections for the next financial year, in light of the provisional allocation announcement.</p> <p>Review of current Hold List.</p> <p>Bids from Executive Councillors' budget proposals forwarded to Strategy & Resources Scrutiny Committee. Overall decision on Capital Plan by the Leader.</p>
February	<p>Final Government Capital Notification allows confirmation of the final funding decision for the Capital Plan. This will include proposals to ensure full funding of the commitments for the next financial year.</p> <p>Council confirms new Capital Plan.</p>

15.45 The Council's Asset Management Group (AMG) plays a key role in the mechanisms in respect of monitoring and reporting capital, to ensure a corporate and consistent approach is followed across the Council.

Summary

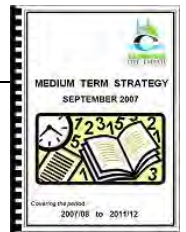
15.46 The Medium Term Strategy review recommends budget strategies for the General Fund and Housing Revenue Account which seek to continue the prudent financial management of the funds which the Council operates on the public's behalf.

15.47 In fulfilling this aim one of the key factors is ensuring medium and long-term sustainability of services and policies adopted by the Council, and the analysis in this paper serves to demonstrate that this is achievable.

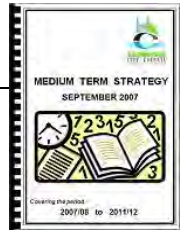
15.48 2008/09, and future years, will be particularly difficult for the General Fund, given the degree of uncertainty regarding Government funding and the anticipated cost pressures arising from the Growth Agenda.

15.49 It can be expected that services and Executive Members will face difficult decisions in seeking to meet their cash limit targets whilst responding to need.

15.50 The MTS shows that the major pressures faced for 2008/09 can be met with savings targets being held to a reasonable level, as a result of benefits derived from the Council's financial strategies.



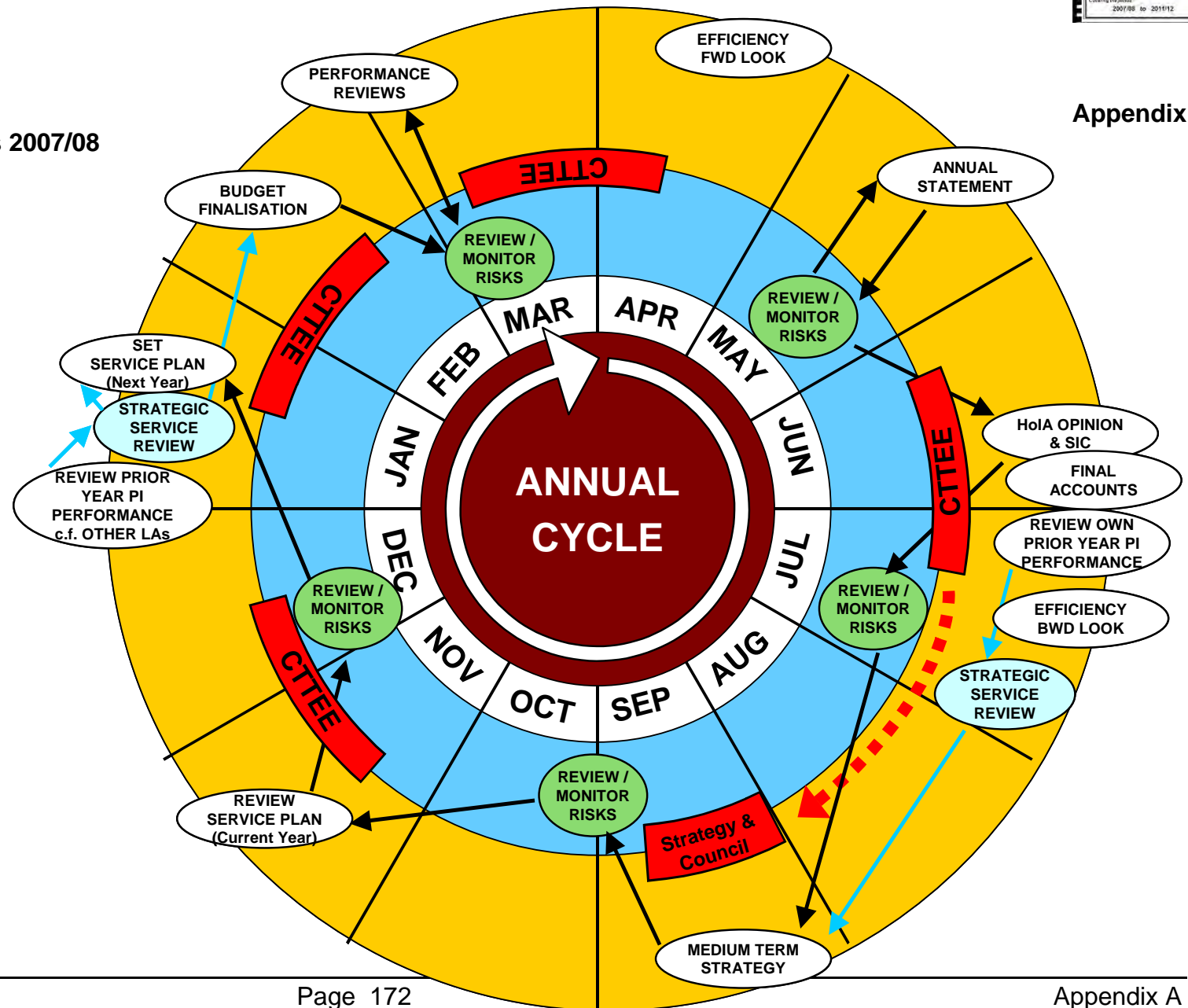
Appendices



Corporate Decision-Making Process 2007/08

The revisions to the process for 2007/08 reflect the embedding of the Strategic Service Review process.

The cycle clearly identifies clear points in the year when the Strategic Service Review and Risk Assurance processes will link into the wider corporate process. Both will provide context to inform key corporate decisions.





Appendix B

Outline Budget Preparation Timetable

Timetable for the key stages in the 2008/09 Corporate Planning and Decision-Making Cycle and Budget Preparation process

Proposed Date	Major Stage
8 & 22 May	CMT agrees revised corporate planning and decision-making cycle and outline MTS timetable. MTS 'deliverables' list agreed and circulated.
24 May	Council AGM - adopts Annual Statement which indicates outline plan & priorities for 2008/09 and future years
5 July	Latest date for return of MTS 'deliverables' from Departments.
18 July	CMT / Executive Councillors Meeting
2 to 19 July	Scrutiny Committee meetings - agreeing final outturn position on revenue and capital for 2006/07. - identifying any revisions or new bids which need to be included in the MTS
↓	<i>Updating for new events / information</i>
3 Sept.	Strategy & Resources Scrutiny Committee meeting
<i>Various</i>	MTS Presentations / Briefings for Members
13 Sept.	Council agrees MTS
14 Sept.	Detailed Budget, Performance Review and Service Planning Guidance Notes and Savings exemplifications issued (<i>followed by pro formas, budget working papers, etc</i>),
19 & 26 Sept.	Service Planning training
Nov. Cycle	See separate table below : Performance against Service Plans for current year 2007/08

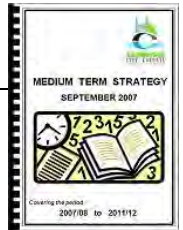


Proposed Date	Major Stage
mid Dec.	Executive issues Draft Service Plans and budgets for all Scrutiny Committee areas
<i>Jan. Cycle</i>	See separate table below: Draft Budgets & Service Plans for 2008/09
24 Jan	Executive Budget Meeting which considers final Service Plans, budgets, precept and tax requirements
8 Feb	Special Strategy & Resources Scrutiny Committee considers any Budget amendment motions
21 Feb	Council sets Council Tax precepts and levels
29 Feb	Final approved budgets to be sent to Cost Centre Managers by Finance
28 Mar	2008/09 Budget Book published by Finance
Jan - Mar	Medium Term Objectives cascade through staff performance reviews

November Scrutiny Committee Cycle

[to consider current year performance 2007/08]

	Environment	Housing Management Board	Community Services	Strategy	Council
Revised 2007/08 Service Plans & Pls on Intranet	19 Oct.				
Final Agenda publication	25 Oct.	31 Oct.	1 Nov.	8 Nov.	28 Nov.
Committee Dates	6 Nov.	13 Nov.	15 Nov.	19 Nov.	6 Dec.



January Scrutiny Committee Cycle

[to consider Draft Budget & Service Plans 2008/09]

	Environment	Housing Management Board	Community Services	Strategy & Resources	Executive Budget Meeting
2008/09 Full Service Plans & Budgets on Intranet	12 Dec.				
Final Agenda publication	17 Dec.				14 Jan.
Committee Dates	8 Jan.	15 Jan.	17 Jan.	21 Jan.	24 Jan.

Note :

- There will be a Special Strategy meeting to consider Budget Amendment submissions on 8 February 2008, prior to Council on 21 February 2008.



Appendix C

Annual Statement 2007/08

The Council has a strong sense of the city we want Cambridge to be.

Our vision... ***is of a compact, dynamic, sustainable City with a thriving historic core surrounded by attractive neighbourhoods and green spaces, and where the community as a whole and every person in it matters.***

There will be strong leadership on environmental issues, and diverse local communities will enjoy a high quality of life in safe, accessible neighbourhoods supported by affordable housing, integrated transport, and good access to leisure and community facilities.

Cambridge will continue to foster a strong local economy together with its development as a centre of excellence and a world leader in the fields of higher education and research.

In 2006 the Council agreed a new set of Medium Term Objectives (MTOs) to help us achieve our vision. Foremost amongst the changes has been the specific recognition that climate change has become an increasingly important issue for our nation and our world. We believe that at a local level the Council has a part to play in identifying how the city of Cambridge contributes to global warming and, in taking action with our citizens and our partners, to minimise this impact where we can.

Our Medium Term Objectives are to:

Promote Cambridge as a sustainable city, in particular by reducing carbon dioxide emissions and the amount of waste going into landfill in the City and sub-region

Ensure that residents and other service users have an entirely positive experience of dealing with the Council

Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods

Lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities, and supported by transport networks so that people can opt not to use the car.

During 2007-08 we will carry out the programme set out below. These actions will help us to deliver against each of our Medium Term Objectives and to prepare for further initiatives to enable us to realize our vision in future years.



1. Promote Cambridge as a sustainable city, in particular by reducing carbon dioxide emissions and the amount of waste going into landfill in the City and sub-region

Climate change and Carbon reduction

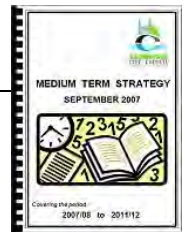
We will:

- Prepare the climate change strategy for the city of Cambridge, seeking the cooperation of businesses, and public and voluntary organisations to measure their emissions and to take active steps to reduce them.
- Develop a comprehensive action plan for the council itself building on the many measures developed and implemented so far.
- Appoint a dedicated Climate Change Officer.
- Put climate change issues and policies as the core theme of the new Local Development Framework.
- Seek to achieve a leading edge sustainable development of affordable housing on the Council's land at Clay Farm.
- Continue improving the energy efficiency of all City Homes properties including the trial of an experimental wind turbine.
- Give grants and loans to elderly and disabled home-owners to improve the heating and heating efficiency of their homes.
- Support renewable energy projects through Energy Saving Trust grants.
- Continue to grant aid local groups to encourage public engagement in environmental agenda.
- Refurbish public conveniences to incorporate renewable energy sources.

Sustainable transport

We will:

- Press the County Council to promote a shift away from car use as part of the development of a long-term transport strategy.
- Advocate to the County Council that they introduce a road-pricing scheme that discounts the price of road use for low emission vehicles.
- Press the County Council to develop full investment plans for public transport which runs predictably and regularly and which is accessible to all residents and workers in Cambridge.
- Lobby national government to invest directly in enhanced public transport in Cambridge.
- Encourage use of low emission cars by introducing a new season ticket pricing structure in our car parks and provide battery-charging facilities for electric bikes and cars.
- Trial electric vehicles in city centre street cleaning rounds.
- Develop and implement a travel plan for council staff to encourage greater use of public transport and bicycles, and encourage other employers to do the same.



Waste, recycling, and pollution

We will:

- Continue to improve our recycling service by:
 - extending recycling to flats and other hard to reach properties;
 - working with tenants to improve recycling facilities in council flats;
 - establishing bring facilities for dry cell batteries;
 - trialling ways in which material from litter collection can be recycled;
 - planning in better recycling facilities from the start in new developments.
- Reduce mercury emission from the crematorium.
- Reduce amount of paper used in the Council.
- Work with outside agencies such as the Environment Agency to maintain and improve the quality of watercourses in the city for which the Council is responsible, to prevent flooding.
- Promote sustainable urban drainage in new developments.

2. Ensure that residents and other service users have an entirely positive experience of dealing with the Council Service quality and efficiency

We will:

- Improve the services we offer customers through the introduction of a new customer service centre at Mandela House.
- Enhance the range of services available on the Council's website.
- Streamline council's scrutiny arrangements to put more resources into Area Committees.
- Extend credit card payment facilities to the new car park serving the Grand Arcade and Lion Yard.
- Introduce new pay-on-foot equipment in Grafton East and West and Queen Anne car parks, incorporating credit card facilities.
- Improve the air handling and heating systems at the Corn Exchange.
- Investigate the feasibility of mobile-phone ticket-marketing for the Corn Exchange and other council run events.
- Achieve at least two stars in the Audit Commission inspection of our housing service.

Engaging with residents and service users

We will:

- Continue to encourage increased participation in the democratic process using a range of innovative approaches, such as *'I'm a Councillor Get Me Out of Here'* and *'It's About Me'*.



- Develop approaches to public consultation on plan-making and major planning applications through the new Statement of Community Involvement.
- Review the role of Development Control Forums to encourage pre-application discussions between residents and developers as well as the current post-application format.
- Complete the implementation of Choice-based Lettings, which will offer potential tenants a choice of housing rather than this being decided for them by council officers.
- Engage in regular consultation with residents on Council estates about our housing services.
- Building on our experience so far, complete the roll-out of neighbourhood policing as an effective form of public engagement linked to the Area Committees.
- Improve choices in the services available at the crematorium in consultation with users.

Access and equality

We will:

- Continue to support a wide range of social, educational, environmental, cultural and recreational provision through grants, information and advice to the local voluntary sector.
- Continue to achieve 40% affordable housing in new developments.
- Refurbish Mansell Court as part of our programme to improve older sheltered housing schemes that do not meet modern needs and aspirations.
- Seek to prevent homelessness and reduce the use of Bed & Breakfast through improved working with landlords and by providing loans for deposits.
- Implement the new homelessness and rough sleepers strategy including:
 - plans for a new assessment centre at Jimmy's
 - a reconnections policy to help people get back in touch with the people and systems that support them best.
- Develop our IT systems so planning applications can be submitted and viewed on the web.
- Improve the lighting and use of technology in the Committee Rooms in the Guildhall so that more effective presentations can be given to the public, particularly on planning matters.
- Move the Visitor Information Centre into the old Crown Court area, providing it with an up-to-date customer environment and freeing up space for commercial development including a major restaurant on Wheeler Street.
- Publish reports on the web about the cleanliness and food safety of the city's eating-places.

3. Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods Improving Local Amenities



We will:

- Launch a new Leisurecard with more discounts in conjunction with Local Secrets.
- Develop a City Centre management business plan in partnership with the public, private and voluntary sectors with the aim of promoting an attractive, vibrant city centre for all who use it.
- Invest significantly in the Lion Yard shopping centre, to ensure that it continues to contribute to the economic dynamism of Cambridge and is attractive to shoppers.
- Prepare development briefs for the Old University Press/Mill Lane site and East Mill Road/Brookfields.
- Promote awareness of the built environment through the David Urwin award and Blue Plaque scheme, and support for architecture week activities.
- Introduce a new, more strategic, approach to providing open space, games areas and play equipment with money from developers and put in place systems to help us to complete projects more quickly.
- Carry out a programme of rebuilding and refurbishment in our parks and open spaces including:
 - refurbishing Sheep's Green Learner Pool and putting up new security railings;
 - refurbishing the King George Vth recreation ground pavilion and Cherry Hinton toilets;
 - rebuilding Chesterton Road toilets and recycling centre to an innovative design.
- Agree new standards and arrangements with Streetscene to ensure that our parks and open spaces are attractive, clean, well-maintained and enjoyable places to be.
- Make post-code based information available on the web about street sweeping, weed control, and grass cutting schedules.
- Make progress with programming conservation area reviews including an appraisal of the Storey's Way area.
- Continue to implement Environmental Improvement Programmes by area committees with newly devolved budgets.
- Assess the outcome of the verge parking byelaw trial.
- Continue working with the Conservators of the River Cam and river users to ensure that the Council's Moorings policy contributes to an outstanding river amenity for everyone.
- Improve services for young people by:
 - continuing to work with partners to provide a venue for young people in the city centre;
 - providing a new vehicle for the DEC youth project.
- Broaden the range of events staged at Guildhall.

Health and Safety

We will:

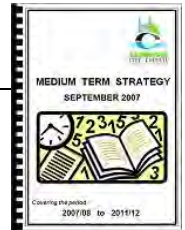


- Work with the community safety partnership to achieve our target of 21% reduction in crime in Cambridge.
- Consider introducing additional local byelaws to reduce anti-social behaviour where this is a problem.
- Promote and use good design to reduce crime in new developments.
- Work to help prevent domestic violence through:
 - a “safe room” project with the police;
 - training for officers, especially those in the housing department, to recognise signs of domestic violence and take appropriate action.
- With the police, continue to look at the distribution of licensed premises in the city and consider the use of ‘cumulative impact zones’ to regulate the granting of future licenses in some parts of the city.
- Work with partners to consider health issues and the provision of healthcare facilities when we appraise policies and projects and in the design of new developments.
- Implement the new Smoke Free legislation to control smoking in workplaces and enclosed public spaces.
- Implement a landlord accreditation scheme identifying and giving publicity to good landlords. The scheme will include gas and electrical safety, and energy efficiency and landlords will be offered deals to help fund improvements to their rented property.
- Review ways to make Midsummer Fair safer, and more neighbourly and attractive.
- Do more work to maintain the safety of trees in public spaces.
- Make sure that graveyard monuments are safe.

Getting Around

We will:

- Support the provision of local bus services by:
 - contributing to the funding of a new Dial A Ride bus
 - continuing to support night and evening buses
 - continuing the programme of improving bus shelters.
- Promote a system of transport interchanges, in particular at the railway station, so that people can change from one service or form of transport to another without having to come into the city centre.
- Invest in new major cycle paths, and continue to promote two-way cycling on one-way streets.
- Continue to lobby the County Council for a new residents parking policy which would give powers to control commuter parking in the city where this is necessary.
- Press the County Council to spend the surplus they have made from parking enforcement in Cambridge on transport enhancement in the city.
- Open the new car park serving Grand Arcade and Lion Yard.



- Launch Cambridge's first Car Club.

4. Lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities, and supported by transport networks so that people can opt not to use the car

Our Policy Framework

We will:

- Work with developers and other authorities to develop and adopt a Quality Charter for Growth in the Cambridge area that sets out a joint vision for the quality of the built environment in the area.
- Ensure that the new joint bodies within which the Council is required to work are organised in a way which will enable highly quality sustainable housing and infrastructure to be built efficiently whilst maintaining accountability to the people of Cambridge.
- Oppose government's new higher and 'minimum' targets for building new houses in the city arguing that we now need a stable framework in which to deliver existing stretching ambitions.
- Consult and adopt a new Planning Obligations Strategy that includes S106 contributions for primary health care.
- Consult on a new affordable housing Supplementary Planning Document.
- Study the housing market, retail capacity and employment land in Cambridge and the sub-region to provide information for our new local plans.
- Monitor the new Local Plan and develop a new over-arching policy position for new Local Development Framework.
- Draw up new guidance on trees in growth areas and development sites.
- Introduce a new approach to grant-funding the not-for-profit sector (a 'Futures Fund'), to help organisations prepare for the challenges arising from the expansion of Cambridge.

New Developments on Fringe Sites

We will:

- Support an inquiry into Cambridge East Area Action Plan and prepare a strategic master plan for Cambridge East in line with our vision and the standards set out in Local Plan, the Quality Charter and our Sustainable Construction Supplementary Planning Document.
- Work towards an agreed framework with other authorities for the North West Area Action Plan.
- Successfully manage negotiations on major planning applications for areas of major change in the Southern fringe and North-West Cambridge, which represent over 5000 new homes.



Resources

We will:

- Ask for the £700,000 owed to Cambridge under the Business Growth Incentive be restored to the Council so that the share of business rates reflecting the growth in the city's economy can be spent locally on supporting the infra-structure of the city.
- Work with government and our partners to access funding to ensure sustainable growth can be planned and delivered within new service delivery and decision- making structures.
- Continue to campaign to abolish the Council Tax and replace it with a local income tax based on people's ability to pay.



Appendix D

Medium Term Objectives 2006

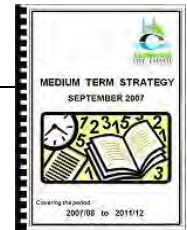
OUR VISION

.... is of a compact, dynamic, sustainable City with a thriving historic core surrounded by attractive neighbourhoods and green spaces, and where the community as a whole and every person in it matters. There will be strong leadership on environmental issues, and diverse local communities will enjoy a high quality of life in safe, accessible neighbourhoods supported by affordable housing, integrated transport, and good access to leisure and community facilities. Cambridge will continue to foster a strong local economy together with its development as a centre of excellence and a world leader in the fields of higher education and research.

Our Medium Term Objectives are to			
Promote Cambridge as a sustainable city, in particular by reducing carbon dioxide emissions and the amount of waste going into landfill in the City and sub-region	Ensure that residents and other service users have an entirely positive experience of dealing with the Council	Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods	Lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities, and supported by transport networks so that people can opt not to use the car
We will do this by			
<ul style="list-style-type: none"> • Working with national, regional and local partners to promote sustainability and agree targets for carbon dioxide reduction; 	<ul style="list-style-type: none"> • Consulting residents and service users so that we know what is important to them and providing opportunities for involvement in the council's 	<ul style="list-style-type: none"> • Providing attractive clean streets, neighbourhoods and open spaces • Reducing levels of crime and 	<ul style="list-style-type: none"> • Using our influence in partnership working across the sub-region. • Ensuring that the views of residents and other stakeholders are taken



<ul style="list-style-type: none"> • Taking practical steps towards promoting sustainability and reducing carbon dioxide emissions and waste in the way the council operates • Improving the energy rating of housing, offices and other buildings in the city • Working with local communities, organisations and businesses to help people understand how they personally can make changes to live more sustainably and contribute to carbon reduction • Encouraging sustainable waste management through waste minimisation, re-use and recycling 	<p>decision making</p> <ul style="list-style-type: none"> • Managing the performance of our services to ensure they are efficient, cost effective and focused on what matters to service users • Managing housing and housing estates owned by the Council in a way which involves tenants and responds to their needs • Promoting equality of opportunity for all and celebrating diversity • Delivering services in a fair and equal way to all sections of the community • Encouraging young people to participate in the Council's decisions • Developing the skills of officers and members in working with young people 	<p>fear of crime though working with partners to deliver the Cambridge Community Safety Strategy</p> <ul style="list-style-type: none"> • Supporting a flourishing and diverse voluntary and not-for-profit sector. • Ensuring Cambridge residents can access a range of sports, arts, recreational and community facilities and activities • Working with partners to achieve better health outcomes for those who live and work in Cambridge • Working with voluntary and statutory agencies to reduce homelessness in the City and tackle its consequences • Working with the County Council in partnership with young people and others to improve services to children and young people 	<p>into account in debating the growth agenda, and that the Council represents these views in the key decisions taken by partners</p> <ul style="list-style-type: none"> • Working to maximise the supply of affordable housing in the City and to ensure Cambridge residents have safe, decent and energy efficient homes • Applying our planning policies so that new housing of all tenures is close to a good range of facilities with high standards of design • Promoting more sustainable modes of transport including effective public transport, pedestrian and cycle networks • Ensuring that the growth of the city is not accompanied by matching growth in private car traffic • Promoting best practice in urban design and the provision of green space in the City
<p>In tackling all these issues we will</p>			
<ul style="list-style-type: none"> • Put service to the public first • Treat everyone fairly and strive to treat all as rational people able to make up their own minds 			



- Strive to provide services on the basis of need rather than ability to pay
- Encourage and welcome innovation, the acquisition of new skills and learning in the city as whole, and invest in the training and development of our staff
- Provide services in partnership or through other providers where this is the best option
- Work to maximise our resources by delivering services as efficiently as possible; working in partnership with others, in particular continuing to negotiate with Cambridgeshire Horizons for a fair share of resources to ensure delivery of infrastructure to support the City; and lobbying the Government for increased funding to implement Cambridge's challenging growth agenda, together with powers to set the high standards necessary for sustainable development
- Continue to make the case for a new system of local government funding which is predictable and fair, where levels of local tax are more directly related to local decisions on services, and with tax bills based on each resident's ability to pay



Performance Indicators (PIs) to be Used in Measuring Progress Against the Medium Term Objectives (MTOs)

Objective 1: Promote Cambridge as a sustainable city, in particular by reducing carbon dioxide emissions and the amount of waste going into landfill in the City and sub-region

MTOPI	Indicator Description	BVPI Links
1a	Household energy use (gas and electricity) per household.	
1b	Household water use per household per day.	
1c	Percentage of new dwellings issued with Energy Certificates at level A.	
1d	Number of households that have received energy advice in the form of a home energy check.	
1e	Number of renewable energy installations on Local Authority stock.	
1f	Average SAP (Standard Assessment Procedure) rating of local authority owned dwellings.	BVPI 63
1g	Number of CCC properties with an SAP of less than 35.	
1h	Average SAP rating for the whole housing stock (CCC, OO, HA, PR)	
1i	Average CO ₂ emissions for City Council and private housing stock (per CCC, OO, HA, PR property)	
1j	Average CO ₂ emissions per City Council non-housing property.	
1k	CO ₂ emissions per capita (tonnes per year).	
1l	Water leakage rate from mains and customer pipes.	
1m	Number of voluntary and community sector projects supported to promote sustainability.	
1n	Level of funding to voluntary and community sector projects to promote sustainability.	
1o	Number of households receiving energy efficiency grants.	
1p	Percentage of total tonnage of household waste which has been recycled.	BVPI 82a
1q	Percentage of the total tonnage of household waste which has been composted.	BVPI 82b
1r	Number of kilograms of household waste collected per head of population	BVPI 84a
1s	Percentage change in the number of kilograms of household waste collected per head of population.	BVPI 84b
TOTAL NUMBER OF INDICATORS: 19		



Objective 2: Ensure that residents and other service users have an entirely positive experience of dealing with the Council.

MTOPI	Indicator Description	BVPI Links
2a	a) Number of members of the public attending meetings (including area committees) b) Percentage change over the previous year	
2b	a) Number of speakers (members of the public) and petitions at meetings b) Percentage change over the previous year	
2c	Percentage of citizens satisfied with the overall service provided by the City Council a) all respondents b) ethnic minorities c) non ethnic minority d) women e) men	BVPI 3
2d	Percentage of survey respondents expressing satisfaction with: a) recycling facilities b) household waste collection	BVPI 90
2e	Percentage of planning applicants satisfied with the service received	BVPI 111
2f	Percentage of users who either agree or strongly agree that they are satisfied with our benefits office: a) facilities for getting in touch b) services in the office c) the telephone service d) benefits staff e) forms to be completed f) speed of service	BVPI 80
2g	Percentage of people who agree or strongly agree that the Council: a) consults its residents before making decisions b) takes resident's views into account when making decisions c) communicates well with the public	Citizens Survey.
2h	Percentage of adult population included on the register of electors	
2i	Benefits: Speed of processing a) average time taken to process new claims b) average time taken to process notifications of change of circumstances	BVPI 78 a&b
2j	Benefits: Accuracy of processing a) Percentage of cases for which the calculation of the amount of benefit due was correct	BVPI 79a
2k	Unit cost of providing a) Revenues service b) Benefits service	
2l	Percentage of Council Tax collected	BVPI 9
2m	Percentage of non-domestic business rates due for the financial year received by the authority	BVPI 10
2n	Percentage of invoices for commercial goods and services which were paid by the authority within 30 days of receipt	BVPI 8
2o	Cost of waste collection per household	BVPI 86
2p	Percentage of refuse collections made on the advertised day of collection	



MTOPI	Indicator Description	BVPI Links
2q	Percentage of applications determined in line with the Government's development control targets of a) 60% major applications within 13 weeks b) 69% minor applications within 8 weeks c) 80% other applications within 8 weeks	BVPI 109
2r	Percentage of appeals allowed against the authority's decision to refuse planning permission	BVPI 204
2s	Average relet times (days) for Local Authority housing	BVPI 212
2t	a) Number of complaints received by department b) Percentage of complaints dealt with within 7 days	
2u	Number of complaints to the ombudsman which were classified as 'maladministration'	
2v	a) Percentage of BVPIs in the Top Quartile and in the Bottom Quartile b) Percentage annual change of BVPIs in the Top Quartile and Bottom Quartile	
2w	Satisfaction of tenants of council housing with the service provided by their landlord: a) Overall b) BME tenants c) Non-BME tenants	BVPI 74
2x	Percentage of tenants satisfied with opportunities for participation in management: a) Overall b) BME tenants c) Non-BME tenants	BVPI 75
2y	Average waiting time for adaptations to Local Authority housing for people with disabilities	
2z	Proportion of working days lost to sickness	BVPI 12
2aa	a) Percentage of the Council's employees from ethnic minority communities compared with b) percentage of the economically active ethnic minority population in the authority area	BVPI 17 a&b
2bb	Percentage of the Council's employees from declaring that they meet the Disability Discrimination Act 1995 disability definition compared with b) the percentage of economically active disabled people in the authority area.	BVPI 16 a&b
TOTAL NUMBER OF INDICATORS: 28		



Objective 3: Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods.

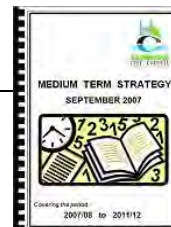
MTOPI	Indicator Description	BVPI Links
3a	Proportion of relevant land and highways assessed as having deposits of litter & detritus that fall below an acceptable level	BVPI 199a
3b	Average time taken (in days) to remove abandoned vehicles (complaint to removal)	
3c	a) Percentage graffiti cleanups within 5 days b) Percentage abusive graffiti cleanups within 1 day	
3d	Percentage of parks and open spaces to an acceptable or higher standard of maintenance	
3e	Year-on-year reduction in reduction in total number of incidents and increase in total number of enforcement actions taken to deal with fly-tipping	BVPI 199d
3f	Percentage of people who are quite or very satisfied with a) public toilets, b) parks and open spaces.	Citizens Survey
3g	Domestic burglaries per 1,000 households	BVPI 126
3h	Violent crimes per 1,000 population	BVPI 127a
3i	Vehicle crimes per 1,000 population	BVPI 128
3j	a) Number of racial incidents recorded by the authority per 100,000 population b) Percentage of racial incidents that resulted in further action	BVPI 174 & 175
3k	a) Percentage of people who feel 'fairly safe' or 'very safe' after dark while outside in the authority area b) Percentage of people who feel 'fairly safe' or 'very safe' during the day while outside in the authority area	Citizens Survey. BVPI 3
3l	Percentage of people who feel 'fairly satisfied' or 'very satisfied' with their local area as a place to live.	BVPI 3
3m	Percentage of people surveyed who have worked in a voluntary capacity in the last 12 months	Cambs County Council Quality of Life Survey
3n	Number of people attending the Corn Exchange	
3o	Percentage of residents 'fairly satisfied' or 'very satisfied' with the Council's cultural and recreational facilities: a) Sports /Leisure facilities b) Folk Museum c) Corn Exchange	BVPI 119
3p	Percentage of residents 'fairly satisfied' or 'very satisfied' with the Council's cultural and recreational facilities by targeted group: a) BME b) Non-BME c) Female respondents d) Male respondents	BVPI 119
3q	Percentage of people who are eligible to claim Housing and Council Tax benefits who are claiming	
3r	Number of people employed in workplaces (5+ employees) with smoke free policies that meet the National Clean Air Standard	Local Area Agreement (LAA) indicator
3s	Average length of stay (weeks) of households which include children or a	BVPI 183



MTOPI	Indicator Description	BVPI Links
	pregnant woman and which are unintentionally homeless and in priority need in: a) bed and breakfast accommodation b) hostel accommodation	a&b
3t	Number of people sleeping rough on a single night within the area of the authority	BVPI 202
3u	Percentage of rough sleepers permanently rehoused who have achieved a twelve month tenancy	
3v	Percentage of adults participating in at least 30 minutes moderate intensity sport and active recreation (including recreational walking) on 3 or more days a week	Sport England recommended indicators
3w	Percentage of population that are within 20 minutes travel time by walk of a range of 3 different sports facility types, of which one has achieved a quality assured standard	
3x	Number of playgrounds and play areas provided by the council per 1,000 children under 12	
TOTAL NUMBER OF INDICATORS: 24		

Objective 4: Lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities, and supported by transport networks so that people can opt not to use the car.

MTOPI	Indicator Description	BVPI Links
4a	Number of houses brought back into occupation	BVPI 64
4b	a) Percentage of Local Authority homes which were 'non-decent ' as at 1 April each year b) Percentage change in proportion of non-decent Local Authority homes between 1 April one year and the next	BVPI 184 a&b
4c	a) Percentage of Local Authority homes which are at 'Cambridge Standard' as at 1 April each year b) Percentage change in proportion of houses at 'Cambridge Standard' between 1April one year and the next	
4d	a) Number of new homes built (as part of the affordable housing programme) b) Percentage of new homes built during the year which are affordable housing	
4e	Percentage of new homes built on previously developed land	BVPI 106
4f	Average density of new housing on all new developments completed during the year	
4g	Percentage of new housing given planning consent within 400m catchment of existing or proposed local centres defined in the Local Plan	
4h	Proximity to a local centre - Number of houses: a) 400 metres from formal informal green space b) 400 metres from local shopping	



MTOPI	Indicator Description	BVPI Links
	c) 400 metres from community facilities d) 400 metres from Health Centre or GP e) 400 metres from local employment f) 400 metres from bus stops/public transport g) 400 metres walking/cycling distance from a school h) 400 metres from a post office i) 400 metres from a local recycling centre	
4i	Number of local bus passengers entering and leaving Cambridge per day	
4j	Modal share of a) cyclists b) pedestrians	
4k	Average annual traffic flow on principal roads	
4 l	Number of days per year when levels of pollution are moderate or higher: a) Carbon dioxide (CO ₂) b) Nitrogen dioxide (NO ₂) c) Carbon monoxide (CO) d) Ozone (O ₃) e) PM10 particulates	
4m	Number of Councillors who have had design and planning training	
TOTAL NUMBER OF INDICATORS:13		
GRAND TOTAL:84		



Appendix F

Public Budget Consultation 2006/07 : Stage 1

The following Executive Summary of the work undertaken for the Council by BMG, an independent research company, is taken from their final report – which is available on the Council’s website at :

<http://www.cambridge.gov.uk/ccm/content/stratgey-and-partnerships/policy-officer/public-consultation-on-spending-priorities-2003-2004.en>

1. Executive summary

1.1 Level of Council Tax

Respondents are most likely to agree with the statement that it is important for the council to **maintain** current levels of service, even if this means increasing council tax by more than inflation with agreement by 46% of respondents. There is however a similar proportion (43%) that disagrees with this statement yielding an overall net agreement of +3%.

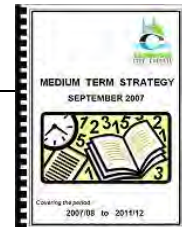
In contrast a negative net agreement is seen for the other two statements with regards to **improving** current levels of service even if this means increasing council tax and the statement that it is important for the council not to increase council tax by more than inflation even if this means a **reduction** in the levels of some services.

The lowest net agreement is observed for “ it is important for the council to **improve** current levels of service, even if this means increasing council tax by more than inflation” (-16%). This statement also displays the greatest level of total disagreement with 51% of respondents.

Overall as the net agreement scores for the statements regarding the level of council tax are either negative or at the highest +3% this suggests that currently there is no real consensus of opinion amongst residents.

The 2005 survey denotes a shift from the attitudes expressed in 2004 and a move back towards the highest level of agreement for maintaining current service levels.

As seen in 2004 the least popular option for respondents would be to improve current levels of service even if this means increasing council tax by more than inflation with - 29% in 2004 and -16% in 2005.



1.2 Service Importance

All respondents, were asked to rate the extent to which each of the following ten services are important to them:

- ◆ Waste services
- ◆ Environmental health services
- ◆ Transport services
- ◆ Leisure services
- ◆ Planning for the future of the City and controlling development
- ◆ Services aimed at conservation of the environment
- ◆ Services for homeless people and those in housing need
- ◆ Services aimed at creating jobs and helping unemployed find work
- ◆ Arts and entertainments such as the Corn Exchange
- ◆ Community based services such as play provision

Net importance, (i.e. the proportion of those rating unimportant subtracted from the proportion rating important) is above +25% for all services, indicating a high level of importance for each service.

A majority of respondents rate the ten services as being fairly or very important to them with total importance scores ranging from 62% to 98%.

The highest net importance scores are seen for waste (+97%), environmental health (+76%), transport (+75%) and leisure (+73%).

The lowest net important scores are observed for community-based services (+26%), arts and entertainments (+28%) and services aimed at creating jobs (+35%).

1.3 Levels of service satisfaction/importance

Respondents were asked their level of satisfaction with the services outlined in 1.2.1.

Whilst analysing the satisfaction scores it must be noted that a high number of don't knows have been reported for particular services. These include services aimed at creating jobs (34%), community based services (32%), and services for homeless people and those in housing need (30%).



Encouragingly all services display positive net satisfaction levels with the highest being observed for leisure services (+59%), waste services (+56%) and arts and entertainments (+55%).

Amongst all respondents, there is a high degree of ambivalence in relation to planning, homelessness, jobs and the community. There are relatively high levels of respondents saying don't know/not provided for these services. When these are combined with respondents that say that they're neither satisfied nor dissatisfied with these services it equates to over half of the sample.

These services also receive low levels of net satisfaction: community (+17%), jobs (+12%), homeless (+9%), planning for the future of the City and controlling development (+7%).

Transport services however generate the lowest levels of net satisfaction (+3%), which is of some concern given that this issue affects most people (as evidenced by 2% don't know/not provided).

When net importance is displayed in a scatterplot against net satisfaction the key service areas which the Council should be most concerned about are transport services and planning for the future and controlling development. These services are rated as high in importance but currently have a low level of satisfaction.

The services that are performing relatively well on satisfaction in comparison to importance are waste services and leisure services. Arts and entertainment services exhibit high satisfaction in comparison with it's relatively low importance rating.

Whilst net satisfaction is low for services such as community, jobs, the homeless, and conservation these areas are regarded as less important, although there is room for improvement.

1.4 Changes in service levels

1.4.1 Service improvements

Respondents were asked to consider which of the ten services should be prioritised for service improvement were council tax to be raised above the level of inflation.

In all, nearly 9 in 10 (88%) of respondents identify one or more services that should be a priority for improvement were council tax to be raised above the level of inflation.

Just over half (54%) of respondents identify waste services as a priority for service improvement. Even though waste services is ranked second highest in terms of net satisfaction it is identified by the highest proportion of respondents as a priority for improvement, indicating what an important issue it currently is for residents.



Transport is identified by just under half of respondents 46%. The wish for service improvement with transport services reflects respondents' low level of net satisfaction with this service.

The ranking for 2005 follows a similar pattern to that seen in 2003 and the same services that appear in the top two rankings in 2002 are seen again in the top two for 2005.

1.4.2 Service reductions

If the level of some services had to be reduced so that council tax did not have to be increased above the rate of inflation, respondents were asked to consider which of the ten service areas should be reduced.

In all, nearly 8 in 10 (78%) of respondents identify one or more services that should be reduced if the City Council were to reduce the level of some services next year.

Nearly half of respondents (45%) identify arts and entertainments such as the Corn Exchange as a service area which should be reduced. This is followed by a quarter of respondents identifying services aimed at creating jobs (27%) and community based services (26%) as other possible services.

In line with respondents opinion that waste services should be the highest priority for improvement only 1% identified this as a priority for reduction, this is similarly the case for transport services.

Respondents in 2005 are most likely to indicate that arts and entertainments should be the first priority for reduction. This is consistent across all previous surveys. Services aimed at creating jobs and community based projects also appear in the top four in three out of the four surveys.

1.5 Spending on specific services

1.5.1 Changes to spending on specific services

Respondents were further asked to consider whether spending levels should be changed on more specific issues within each service. Respondents were asked the following questions:



- (A) If you could influence how much was spent on each service, taking into account how efficient you think the service is, to which of these services, if any would you give more money?
- (B) If you were looking to reduce the overall Council Budget, to which of these service areas below, if any would you give less money?

1.5.2 Increase spending

Respondents are most likely to highlight services where there should be an increase. Nearly all (97%) of respondents identified one or more service(s) where there should be an increase in spending compared with 86% of respondents identifying one or more service(s) where there should be a decrease.

Key services identified for a spending increase include recycling (57%), supporting neighbourhood groups (51%), transport services for elderly and disabled people (46%), work to make housing more energy efficient (46%), activities for children and young people (45%), street cleaning (45%), and parks and open spaces (44%).

Both recycling and transport services are identified within each of the previous surveys as key services where respondents would like to see an increase in spending. Interesting to note are the high endorsement levels for increased spending in the areas of supporting neighbourhood groups and working to make housing more energy efficient, which were added for the first time in 2005.

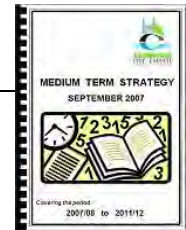
1.5.3 Decrease spending

When asked to highlight services that the Council should spend less money on, the key services mentioned are Cambridge Corn Exchange (40%), local land charges (38%) council tax administration (38%), other arts and entertainment promotions (35%), tourism services (35%) and garden aid (35%).

Compared to previous surveys, considerably more respondents in 2005 mention service(s) for which the council should decrease spending (86% 2005 cf. 64% 2000; 47% 2002; 19% 2004), perhaps indicating an increased realisation that it is not possible for all services to have more spending without corresponding increases in council tax.

The Corn Exchange appears in the top three services for spending reduction in both 2000 and 2002. In 2004 only 2% mention this, however it should be noted that only a maximum of 5% of respondents mention any service for a decrease in spending in the 2004 survey, this could be due to the differing survey methods that were used.

Subtracting the proportions that would like spending reductions on individual services, from the proportion that would like spending increases on a service, a net increase score is achieved. Looking at the top five scores for the past four surveys, there is a degree of similarity insofar as recycling and street cleaning appear throughout.



Parks and open spaces reappear again in 2005, which was in the top five in all previous years apart from 2004. Supporting neighbourhood groups, which was a new added area in 2005, displays a relatively high endorsement.

1.6 Young peoples' services

Respondents were asked what spending priorities there should be for services for children and young people aged up to 24 years if the City Council were to increase spending on these services.

Over three quarters of respondents (77%) identify one or more services for young people as a spending priority for the City Council.

A third (32%) of respondents say that more sports facilities in general should be a priority, followed closely by community centres and youth clubs (27%) and meeting places for young people such as a young people's café (27%). A quarter (24%) of respondents choose participation activities for children and young people such as arts, music, and dance projects.



Appendix G

Public Budget Consultation 2006/07 : Stage 2

The following report was prepared for the Council by RBA Research Ltd, from the findings of the Stage 2 consultation workshop that was held on 19 November 2005.

1.0 INTRODUCTION

1.1 Background

This report details the findings of Stage 2 of a Residents' Priorities and Budget Consultation exercise, carried out by RBA Research on behalf of Cambridge City Council. The consultation exercise explores the priorities of local people regarding Council services and the future of Cambridge City, and their preferences for the balance between the level of Council Tax increase for the coming year and levels of service. Stage 1 of the consultation was undertaken as a postal survey of Cambridge City residents by BMG, an independent research company.

1.2 Aims and Objectives

This second stage of the consultation aims to:

- Explore residents' priorities for the future of Cambridge and, in this context, explore the specific Council service areas that they wish to prioritise for improvement and those that they wish to earmark for potential service reductions.
- Explore the residents' preferred balance between the levels of Council Tax increase and levels of service.
- Establish how the workshop findings in relation to the above two objectives compare to the findings of the BMG survey.
- Explore residents' views on a proposal to achieve efficiency savings by rationalising the channels through which residents can contact the City Council.
- Explore how the City Council can reconcile addressing environmental issues and safeguarding the local economy.

1.3 Methodology

A 3-hour workshop was held by RBA Research on Saturday 19th November 2005. The workshop was stratified by lifestage – which impacts on residents' views and priorities – as shown below.



Table 1: Workshop Structure

Young Singles and Couples	Parents with Dependent Children At Home	Empty Nesters and Retirees
<ul style="list-style-type: none"> • Aged 18-34 years • None to have children 	<ul style="list-style-type: none"> • Aged 25-54 years • All to have dependent children aged 0-18 years living at home • Good mix of ages of children 	<ul style="list-style-type: none"> • Aged 55 years + • None to have dependent children living at home • Good mix of workers and retirees

The workshop aimed to include:

- A mix of car-owners and non-owners
- A mix of tenancy types
- A mix of married, cohabiting, single, divorced, etc. participants

Recruitment of minority ethnic residents and those considering themselves to have a disability was also encouraged. Several participants were from black and minority ethnic backgrounds, although these participants were all of the young singles/couples lifestage.

On the other hand, the aim was to avoid recruiting any Council employees and activists (i.e. those with a set agenda whether due to membership of pressure groups, neighbourhood watch or regular attendance at public meetings).

RBA Research recruited all of the participants from the general public (using face-to-face recruitment). A total of 29 residents attended the workshop. The workshop was facilitated by Angus Tindle, Elaine Barnes and Nina Allwood of RBA Research. Antoinette Jackson, Head of Strategy and Partnerships, also attended to answer any factual questions which arose.

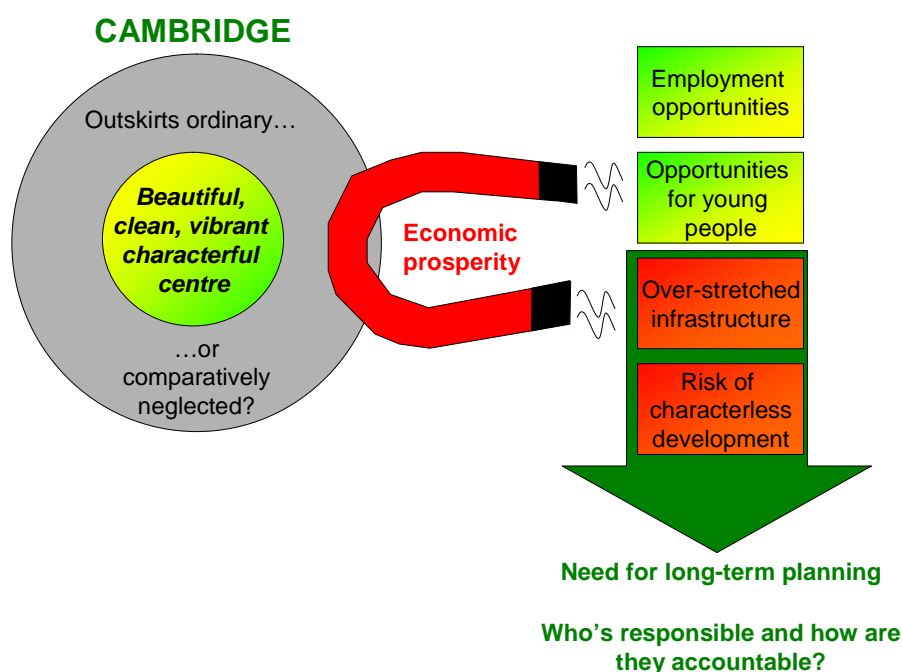
2.0 MAIN FINDINGS

2.1 Life in Cambridge

Participating residents describe Cambridge as an atmospheric, architecturally-splendid, green, pleasant, safe, cultured and economically-prosperous city. However, they also perceive it to be

a city that is too focussed on its centre, at the expense of its outskirts. Respondents express a number of specific concerns. Taken together these suggest a fear that Cambridge is in danger of becoming a victim of its own success. This leads to some participants posing the question: who is planning to ensure that the effects of economic success and expansion are well-managed?

Chart 1: Life in Cambridge



When asked to name the one best thing about living in Cambridge, participants' *struggle to restrict themselves to just one* aspect that they value because there is so much that is positive. Cambridge is unusual in this respect; it is not usually the case when conducting exercises of this kind.

Participants note Cambridge's beautiful environment, mentioning green spaces such as Parkers' Piece and the stunning architecture, particularly of the university buildings.

"You can always tell a tourist because they're always looking around with their eyes looking up – it's so beautiful."

– Parent with dependent children at home



In this, there is the implication that this environment can be taken for granted by residents, since it is the tourists who look up at the buildings as they walk through the streets. Some participants recognise this and request that the beautiful surroundings and open spaces be protected and maintained. Fundamental to this maintenance process is keeping the environment clean. Residents attach a great deal of importance to this and they note that Cambridge is a very clean environment.

Respondents value the relatively 'bicycle and pedestrian friendly' environment both in terms open spaces and the off-road cycle lanes that trail through them, together with the city's Park and Ride facilities that aim to keep cars out of the city.

Cambridge is also felt to benefit from a relative lack of anti-social behaviour, being a relatively safe place to live. One participant illustrated this by telling how he accidentally left his front door open for a day and returned to find nothing missing. Some – but not all – participants say that the city and its outskirts are friendly:

"They are friendly in Cambridge compared to London."

– Young single/couple

Participants also discuss Cambridge as being a cosmopolitan city with much cultural interest, largely driven by the presence of the universities. For some this leads to Cambridge being positioned as a city of opportunities that greatly rewards those prepared to invest the time in exploring the available cultural and other activities.

"There's so many things going on, like the cinema and the theatre."

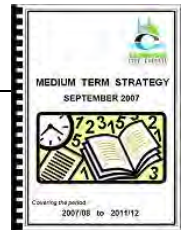
– Empty nester/retiree

"It's an interesting place, with the unis and colleges. There's lots of good things behind the scenes but you've got to look harder."

– Parent with dependent children at home

"You can make Cambridge what you want it to be. "

– Empty nester/retiree



Cambridge is undoubtedly positioned as a prosperous city. Participants argue that, although the high-tech sector underpins this prosperity, the presence of these businesses creates a need for service and leisure industry outlets. These in turn create jobs, thus calling for a much wider range of skills and abilities in the local economy.

In summary then, the prosperity, with its attendant job opportunities, the cultural opportunities and good schools come together to make Cambridge – in the eyes of some participants – an excellent place for young people.

“It’s an affluent city with such a strong economy. My children are going to be able to develop their lives, and that’s why I choose to live here – I know my children are going to have lots of career opportunities.”

– Parent with dependent children at home

However, the picture is not entirely positive. There is an argument that Cambridge is too city-centric. The beautiful environment and the clean streets are limited to its city centre, whilst the outskirts are ordinary or even suffering from lack of attention because of the focus on the city centre. This leads some participants to argue that it is the tourists and students that enjoy the best of the city rather than the wider community. This can lead to feelings of neglect amongst residents in the outskirts of the city.

“The architecture and beauty is all in the centre. Outside it’s no different from any other town. It’s dirty and only the city centre is clean.”

– Young single/couple

There is also concern about the proliferation of new retail businesses and new residential properties that are not sufficiently in keeping with Cambridge’s character. Participants worry that generic or insufficiently well-planned new developments may ‘dilute’ the attributes of Cambridge that they value.

One example of this is the many national retail chains that are entering the city (from our experience this is a problem nationally, resulting in the publicity surrounding ‘clone towns’). Participants are looking for balance between chains and individual retailers and see the need for active support of independent and individual retailers. In this context they query the role of the City Council in ensuring a reasonable retail mix in the City.



“The City Council drives out everyone who can’t afford to stay here – what we need is to retain the cultural and vibrant mix so that non-chain businesses can prosper.”

– Young single/couple

Another illustrative example debated is the development of new flats near the railway station that highlight an important issue. There is a lot of anger and fear expressed that could benefit from being activity managed through effective communications about developments. Firstly participants express feeling outrage at the units being marketed to (possibly more affluent) London commuters rather than workers in Cambridge. Secondly participants fear the potential for “faceless” design values that are not in keeping with Cambridge’s character. They fantasise that there may ultimately be “*thousands of flats with nowhere for people to go*”. In other words residents need information about the intended sufficiency of planned infrastructure and amenities that will support developments. This will allay voiced concerns that the city will become over-stretched in time, and address fears that there is a potential for overcrowding and under resourcing of amenities to foster anti-social behaviour.

Participants point to the city’s traffic congestion problem as a highly visible illustration of Cambridge being over-stretched and a victim of its own success. Aside from the journey times within the city during peak periods, there are a number of issues associated with congestion and the contribution made by public transport provision to tackle it:

- The Park and Ride service is thought to be too expensive and not as efficient or reliable as it should be, since services do not always run when expected and the Park and Ride bus journey through the city tends to be a slow one.
- There are similar issues with the other bus services. In the words of a participant, *“It’s slow, it’s infrequent, it’s expensive. If you think about Sheffield, it only costs 50p, whereas just to get to Newmarket by bus, it costs £6 a day. You can’t guarantee the bus service – it’s either late, or really late, or doesn’t run at all and you can’t catch the train that you want to.”* – Young single/couple.
- Participants are suspicious of the enthusiasm with which parking attendants “pounce” on vehicles that are illegally parked or parked with tickets that have just expired. Some suspect that they are more motivated by making money than acting in the spirit of enforcing the parking rules.
- There is an issue of traffic congestion around schools during the daily school run.



A further example of success breeding problems is that some participants perceive economic success to have drawn homeless people to Cambridge. These participants argue that homeless people identify Cambridge as a wealthy area and therefore one in which they will receive more support from public services.

Considering the totality, participants recognise the need for strategic management and planning for Cambridge as essential. They then pose the question: who is planning to ensure that the effects of economic success and expansion are well-managed? The complex needs of the city, participants feel require the City Council to rise above party politics for the good of the longer term vibrancy of the community. Immediate political concerns and policies may not serve the longer term. Rather participants request that planning is long term, 10-15 years into the future, to ensure that the expansion of Cambridge is well-managed and its character is protected. Secondly, there is a request for greater transparency regarding the roles of the City Council and the universities and how these dovetail. At present some responsibilities are unclear. This blurs accountability for the impact of decisions on the future of Cambridge.

In contrast, there are some less positive comments about the cultural provision in Cambridge in the context that residents *need to be proactive* to derive the best benefit from activities. Participants state a readily-accessible comprehensive source of information regarding 'what's on' is needed. The young singles and couples, who state there are plentiful cultural activities in Cambridge for those who seek them out, nevertheless single out some activities are being for other groups in the community. The Corn Exchange and events in parks, for example, tend to book artists with relatively little appeal to younger people. On the "rare" occasions that an act with greater cachet appears in Cambridge it therefore becomes very difficult to obtain tickets.

2.2 Residents' Priorities for Council Services

Participants were divided into three 'breakout groups' by lifestage, so that young singles and couples, parents with dependent children at home and empty nesters/retirees were working in separate groups. Each group was presented with a series of shuffle cards, each card giving a brief description of a Cambridge City Council service area that was also used in the recent quantitative research¹.

¹ Budget Consultation Survey Report, October 2005, BMG Research



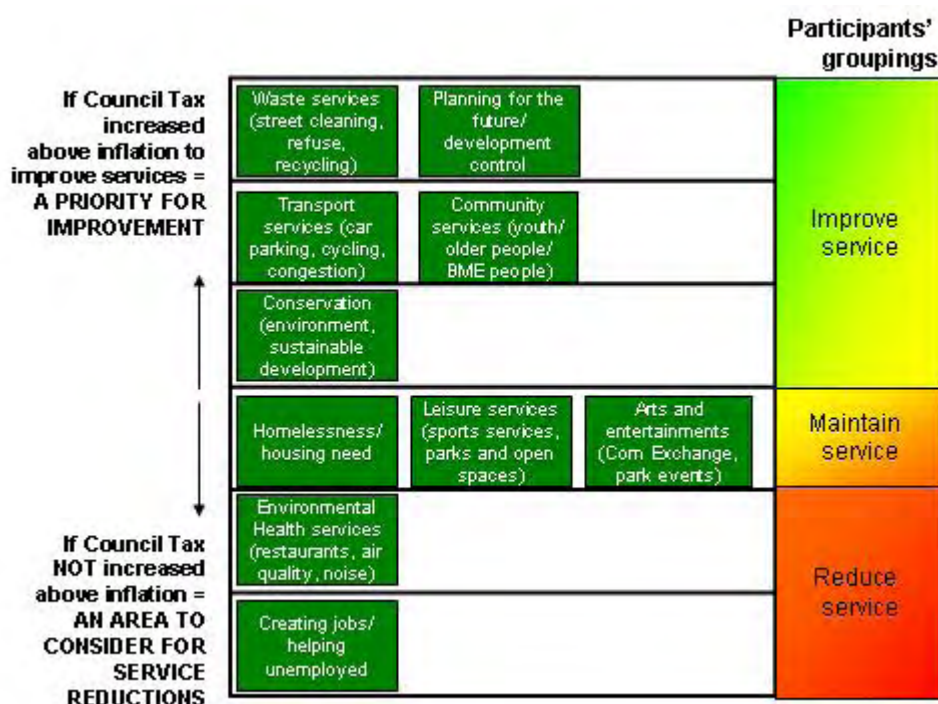
The participants were encouraged to discuss each service area and place it on a continuum drawn from the quantitative research¹. The extremes of the continuum were:

- If Council Tax were increased above inflation, to improve services, **this would be a priority for improvement**
- If Council Tax NOT increased above inflation, leading to service reductions, **this would be an area to consider for service reductions**

As the participants discussed where to place each card, the facilitator listened and probed for further explanations of their thinking.

The grids generated by this exercise are shown in Charts 2 to 4 overleaf: one grid for each lifestage.

Chart 2: Prioritisation by Young Singles/Couples



The young singles and couples prioritise ‘waste services, such as street cleansing, refuse collection and recycling’, and ‘planning for the future of the city and controlling development’ above everything else and indicate that these are areas in which service improvements should be made. They argue that waste services are important because street cleansing makes a visible difference to the quality of the environment and so “*directly impacts on lifestyle*”. Planning



is prioritised because it underpins the whole of Cambridge's future growth: the young singles and couples want to ensure that expansion is well-planned and with an appropriate infrastructure in place before new developments are built.

Other service areas in which young singles and couples wish to see service improvements made are:

- 'Transport services such as car parking, cycling and measures to reduce congestion': young singles and couples want to see a greater focus on the whole transport system and how this will address the traffic congestion problem, rather than focusing on making money through car parking charges and fines. However, these participants do qualify their comments. They recognise that making money allows investment back into other services, that putting more money in may result in greater funds being generated by it.
- 'Community based services such as play provision, youth projects, projects for older people, projects for people from black and minority ethnic communities': in prioritising this service area, young singles and couples focus on the need for youth services. These participants feel that there is not enough for young people aged 11 years and over to do and that what is available is relatively expensive.
- 'Services aimed at conservation of the environment and promoting more sustainable forms of development': whilst initially the young singles and couples gave this a relatively low degree of priority, as the discussions developed it crept along the continuum. The young singles and couples make connections between this service area and both environmental health services and transport services. Participants query what they regard as a disproportionately large percentage of the City Council's budget given to environmental health services (13.3%) compared to the proportion given to these conservation services (2.7%). The argument being that prevention of problems by the conservation service is better than cure by the environmental health service. For example, participants feel that air quality is the specific aspect of the environmental health service that must require high expenditure on inspectors and travel, when this could be addressed preventatively by the conservation service. There is also a focus on air quality and pollution implicit in the connection made between conservation services and transport services. Young singles and couples suggest that some of the revenue generated from parking charges and traffic fines could be used by the conservation service. Whilst participating residents' interpretation of 'conservation service' is tangential to the actual remit of this service area, responses do highlight two important points. Firstly, that there is a communication need, to inform and educate, and, secondly, that



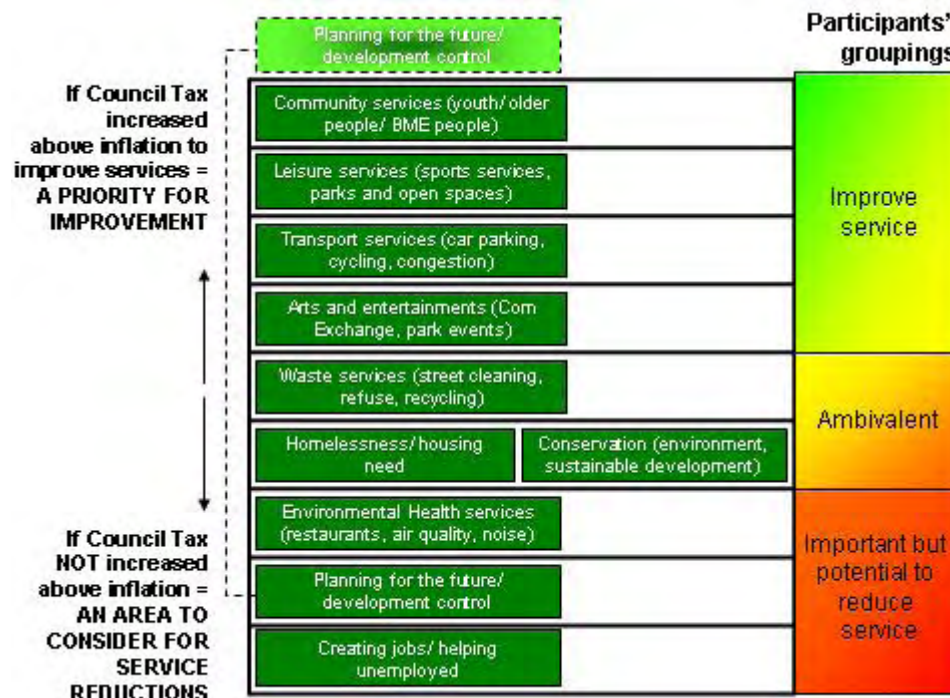
participants' preference for *prevention* of air quality problems over *cure* reflects a desire for action by the City Council that has a longer-term focus.

Young singles and couples opt to maintain the finances of 'leisure services, such as sports pitches, swimming pools and other sports services, parks and open spaces'. These services are perceived to be of a good standard that needs to be maintained through safeguarded funding. Participants are more ambivalent about two other service areas they chose to maintain:

- 'Services for homeless people and those in housing need': whilst these participants wish to maintain the funding to this service area because they believe that their money is going to help people (an aspect that they feel distinguishes it from other service areas), they are concerned that Cambridge's affluence attracts more than its fair share of homeless people and that they, as residents, are having to pay for this.
- 'Arts and entertainments such as the Corn Exchange and events in the parks': whilst the young singles and couples wish to see more relevant 'acts' for their life stage, particularly at the Corn Exchange, they question whether or not this is something that City Council money could or should be used to address. These participants tend to have been previously unaware of the City Council's funding of the Corn Exchange, and argue that it should be run like a private business. If the performers have sufficient appeal and are properly promoted then the ticket prices should pay for the performers and the venue. Some young singles and couples say they would prefer their money to be spent on this service rather than services for the homeless.

The young singles and couples earmark 'environmental health services such as maintaining hygiene standards in restaurants, managing air quality and reducing noise pollution' and 'services aimed at creating jobs and helping the unemployed find work' for potential service *reductions*. Their argument for the former is that, as we have seen, they feel this service receives a disproportionate amount of funding (especially when they feel that air quality issues should be dealt with preventatively by the conservation services and funded by revenue generated by the transport services). In the case of the latter, the young singles and couples feel that Cambridge is an affluent city with low unemployment, driven by the hi-tech sector, and so the City Council could afford to spend less on this service. They also suggest that the City Council could look at alternative funding streams for this service. Some argue this would be a way in which private sector companies in Cambridge could 'put something back' into the city.

Chart 3: Prioritisation by Parents with Dependent Children



The parents with dependent children at home prioritise community based services above everything else. If sections of the community are not provided for, they argue, it impacts on people's quality of life in the *whole* area. The implication being that, if groups within the community are neglected this might affect the cohesiveness of the community and/or encourage anti-social behaviour. These participants also anticipate the point at which they themselves will be elderly and in need of these services.

Planning vies with community based services for this position as the single most important priority, because – in common with the young singles and couples – parents with dependent children feel that planning underpins and is interlinked with *all* other areas of the City Council's work. However, through further discussion it is ultimately relegated to a service area to consider for *reductions*. The reasoning here is that it should be chargeable with those using the planning services – major developers in particular – funding the service. It is apparent that the parents resent paying for a service that isn't public-facing for many residents and that makes decisions that residents often disagree with. Some of the parents initially found the description of this service area difficult to understand. It was clarified by the City Council's Head of Strategy and Partnerships.



The other service areas that the parents prioritise for improvement are:

- Leisure services: this is prioritised because, as parents, all of them benefit from aspects of this service through their children.
- Transport services: this is prioritised because the parents wish to see traffic congestion dealt with. They suggest that a congestion charge should be introduced and the revenues raised should be used to fund a free of charge Park and Ride service. They also ask who is responsible for bus services, and express frustration that the City Council cannot address the bus service deficiencies directly. The implication here being that the City Council could nevertheless adopt a more effective lobbying role with operators as the 'guardian' of the city.
- Arts and entertainments: parents' views are polarised. Some look at the wider economy and position arts and entertainments as more important than leisure services because of the role in attracting visitors to Cambridge that ultimately benefits the local economy. Others look at residents in Cambridge and argue that arts and entertainments are used by a narrower section of the local population than the leisure services. On this basis (by implication more affluent) beneficiaries should be prepared to pay for them. The ultimate position in the order of priority is therefore a compromise. Some of the parents also mirror the young singles and couples' views in suggesting that the Corn Exchange should be governed by market forces.

The parents are ambivalent about waste services, services for homeless people and conservation services. Whilst they value waste services because of the importance they attach to having a clean environment, they argue that recycling should generate income that should allow this service to pay for itself. The services for homeless people are deemed important but they argue that, no matter how much money is spent, the problem of homelessness will never be solved, so it feels like "*pouring money into a black hole*". There is also heated debate about whether some people in housing need abuse the help that they are given (for example by taking drugs) when they are given a property to live in, thus spoiling the area for their neighbours. The conservation services, like planning, are not initially understood – particularly 'promoting more sustainable forms of development'. Once explained, some participants say that they value nature reserves, but there is ambivalence because they feel that this service duplicates aspects of both the planning service (shouldn't planning be promoting more sustainable forms of development?) and the environmental health services (isn't air quality an aspect of conservation?).



The parents select environmental health services, services aimed at creating jobs and (as noted) planning as potential areas for service reductions. In each case, resentment at paying for a service that they do not directly use or feel a direct benefit from seems to inform the decision. Like the young singles and couples, parents feel that environmental health receives a disproportionately large amount of money. Seizing on restaurant inspections as a case in point, they suggest that the food businesses should be made to pay for being policed. Services aimed at creating jobs are targeted for reduction because residents feel that this should be paid for by Central Government.

Chart 4: Prioritisation by Empty Nesters/Retirees

		Participants' groupings			
If Council Tax increased above inflation to improve services = A PRIORITY FOR IMPROVEMENT	Community services (youth/ older people/ BME people)	Conservation (environment, sustainable development)			Improve service
	Waste services (street cleaning, refuse, recycling)	Planning for the future/ development control	Transport services (car parking, cycling, congestion)		Ambivalent – towards improve service
If Council Tax NOT increased above inflation = AN AREA TO CONSIDER FOR SERVICE REDUCTIONS	Arts and entertainments (Com Exchange, park events)				Ambivalent – towards reduce service
	Homeless-ness/ housing need	Leisure services (sports services, parks and open spaces)	Environmental Health services (restaurants, air quality, noise)	Creating jobs/ helping unemployed	Reduce service

The empty nesters and retirees prioritise community based services and conservation services as areas for improvement. The community based services are very strongly supported but *only* in the sense of the play provision, youth projects, and projects for older people. The projects for people from black and minority ethnic communities provoke some dissent, as these participants resent paying for services for people that they regard as outsiders. They argue that the people of Cambridge – from which the black and minority ethnic communities are excluded – should come first. Conservation services are thought to be important to sustain Cambridge in the long-term.



The empty nesters/retirees are more ambivalent about the following service areas, though views on balance are more positive than negative:

- Waste services: Empty nesters/retirees (like parents) are prompted by the promotion of recycling in recent years to ask why this service is not self-sufficient. They also argue that, if they are playing their part by recycling, they are effectively doing the Council's job for them and, they believe, saving the Council money. Therefore, they feel they should be given something in return – for example, weekly collections of general household waste in the summer, when there are more problems due to odours and flies, are requested.
- Planning and transport services: they were at a loss to know where to place these two service areas but agreed that they were not priorities for additional funding. The discussion focused on transport services, which they feel should not receive additional funds, since it makes money. The empty nesters/retirees feel that income from the Park and Ride should be ploughed back into the city. They request that car parks in Cambridge be free of charge to older residents since, with a greater likelihood of disability/infirmary, older residents need easier access to the city centre.

They are also ambivalent about arts and entertainments, and tend to look more negatively than positively on this service. This is both because there is thought to be sufficient arts provision already and that they perceive arts provision to be too elitist, insufficiently diverse in its appeal and insufficiently community-based. The perception that arts provision is too narrow in its appeal echoes that of some parents.

The services areas that the empty nesters/retirees earmark for potential service reductions are as follows:

- Services for homeless people: as with the parents, there is a feeling amongst the empty nesters/retirees that Cambridge is 'being taken advantage of'. Some suggest that the homeless people who come to Cambridge in the expectation of help should be returned to where they came from. They also suggest that homelessness is a problem too great for the City Council to tackle and that it should be dealt with by Central Government.
- Leisure services: they tend to deem sports facilities to be irrelevant to them at their age. They do value Cambridge's parks and open spaces but feel that these would be maintained regardless of reductions made to other areas of the leisure services.



- Environmental services: in common with the young singles/couples and parents, the empty nesters/retirees argue that the budget allocated to this service is disproportionately large. Since Cambridge is not industrial, air quality is perceived to be less of an issue than they think it must be elsewhere. These participants also argue that the restaurant inspection aspect of the service should not be funded by the City Council (an argument they have in common with the parents).
- Creating jobs: in common with the young singles and couples, they feel that Cambridge is sufficiently affluent a city with low unemployment, so the City Council could afford to spend less on this service. They perceive this affluence not to be solely dependent on the hi-tech sector because of the service and retail industries that have sprung up in its wake.

As noted, Stage 1 of the Budget Consultation was undertaken as a postal survey of Cambridge City residents by BMG, an independent research company. A questionnaire was sent to 6,500 residents of Cambridge City in August 2005. 1,124 residents responded. This first stage measured responding residents' priorities for specific Council service areas in a number of ways – including measuring views on those that they wish to prioritise for improvement and those that they wish to earmark for potential service reductions – and their preferred balance between the levels of Council Tax increase and levels of service.

The service areas chosen for improvement and for service reduction by respondents to the quantitative survey are shown in the charts below and overleaf.



Chart 5: Services that should be prioritised for improvement if Council Tax were to be increased – prompted (Q4a)

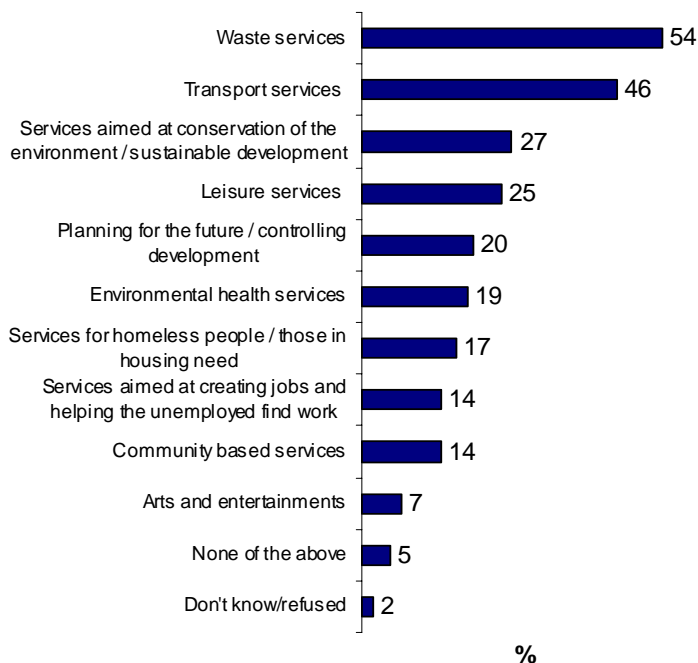
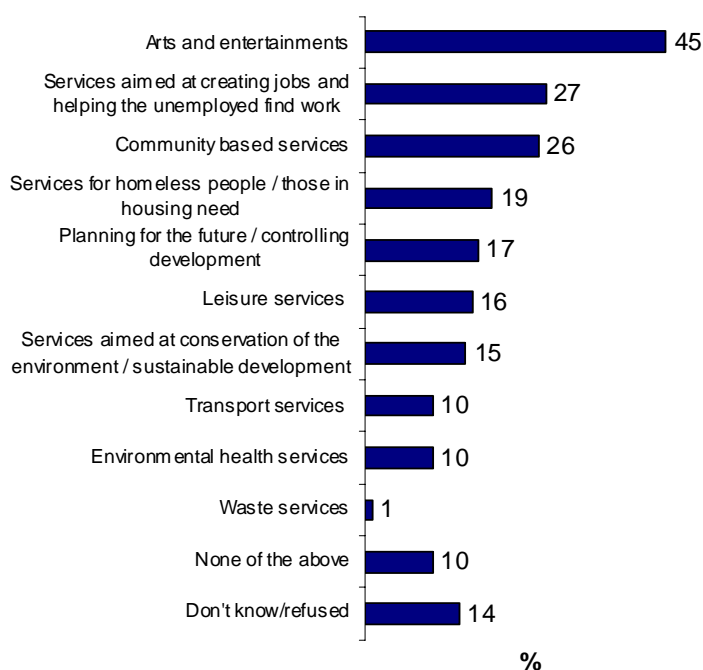


Chart 6: Services that should be prioritised for reduction if Council Tax were to remain linked to the level of inflation – prompted (Q4b)

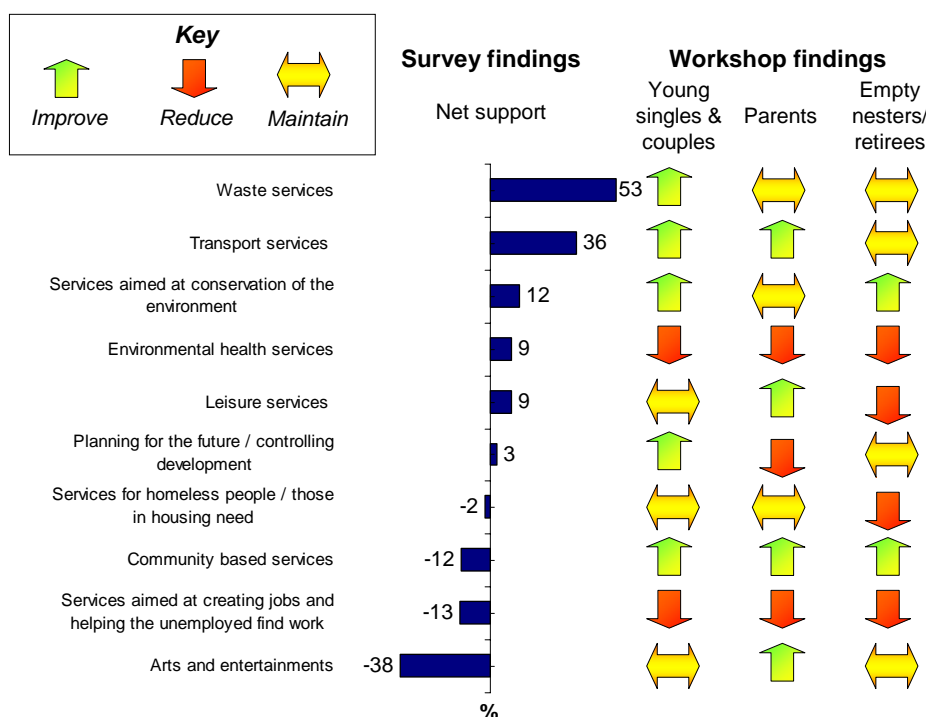




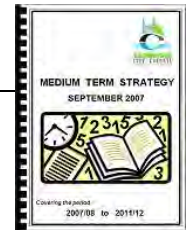
The chart below summarises the survey respondents' choices about each service, showing the proportion targeting each service for both improvement and service reductions. It also shows net overall support, calculated by subtracting the proportion of respondents choosing a service for *service reduction* from the proportion choosing a service as one that should be prioritised for improvement.

In addition it compares the net overall support with the decisions made by each lifestage in the workshop. Whilst there are arguments in common between lifestages, many of the decisions about services differ between lifestages. The areas of consistency all prioritise **community based services** for improvement, and all earmark environmental health and services aimed at creating jobs for service reductions.

Chart 7: Summary of qualitative (workshop) and quantitative (survey) decisions about City Council service areas



Comparing the workshop findings to those of the survey, there is a degree of consistency in that the 'top three' most-supported service areas in the survey – waste services, transport services and services aimed at conservation – are chosen either for improvement or to be maintained by all three lifestages during the workshop.



The key inconsistencies are that environmental health has net support of 9% in the survey but is earmarked for service reduction across all three lifestages in the workshop, and that both community based services and arts and entertainment have negative net scores for support in the survey but are chosen as services to improve or maintain by the three workshop lifestage groups. When shown the survey findings, the workshop participants urge the City Council not to disregard their views, which they argue have been arrived at through discussion, rather than by the people who “sit at home filling in surveys” who “are always the people who are angry about something”.

2.3 Dilemmas

2.3.1 The Balance between Council Tax Increases, Service Reductions and Efficiency

Participants were presented with two dilemmas. In the first, they were asked to indicate which of the following statements most closely reflected their stance on Council tax increases and levels of service:

- It is important for the City Council to maintain current levels of service even if this means increasing Council Tax by more than inflation
- It is important for the City Council not to increase Council Tax by more than inflation, even if this means a reduction in the levels of some services
- It is important for the City Council to improve current levels of service even if this means increasing Council Tax by more than inflation

Having given their view, they were told that there is pressure from the Government to both minimise any increases in Council Tax (with the possibility that Council Tax increases will be ‘capped’) and make efficiency savings too, and were presented with a proposal by the City Council to make efficiency savings by:

- Having a single telephone contact centre to handle all calls to the City Council
- Having a single ‘One-Stop Shop’ to handle all visits in person to the City Council
- Encouraging people to contact the City Council using the Council website

Participants were encouraged to reconcile their views on the level of Council Tax increase and levels of service with their views on making these efficiency savings through a call centre and ‘One-Stop Shop’ (i.e. it would not be possible to reject these plans for efficiency savings, and yet

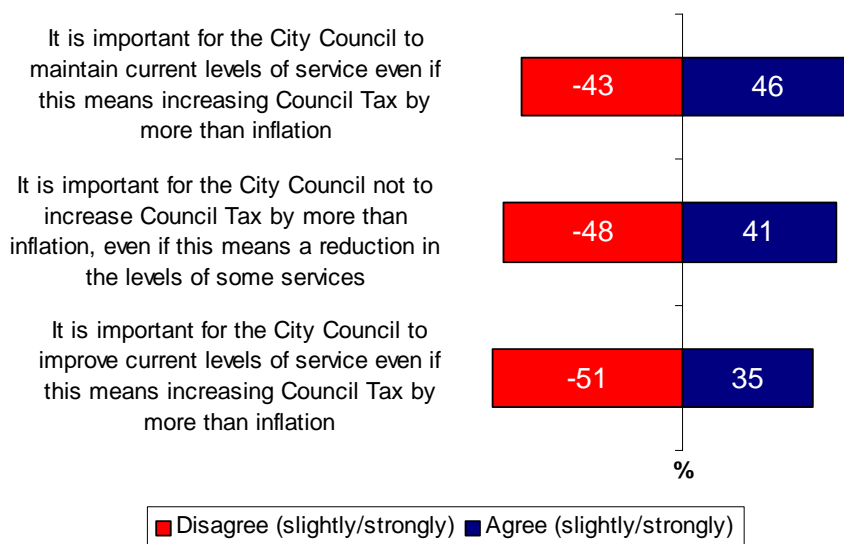


request no increase in Council Tax but maintained levels of service, without creating alternative proposals to achieve efficiencies!).

Only the young singles and couples in the workshop support increasing Council Tax *above the level of inflation to maintain services*, and even they stipulate that they would not be prepared to pay increases that are excessively above the level of inflation. The consensus of both the parent and empty nester/retiree lifestages is that the Council should not increase Council Tax by more than inflation, even if this means a reduction in service levels.

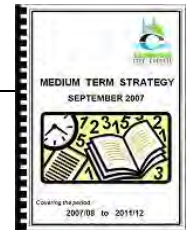
This means that only the young singles and couples are in line with the survey outcome, which suggested that ‘it is important for the City Council to maintain current levels of service even if this means increasing Council Tax by more than inflation’. However, the chart below shows that the survey results are close, with the two most-popular options being the same two that our workshop participants support.

Chart 8: Survey findings: the service provision/Council Tax balance



Participants spontaneously request that the City Council make efficiency savings, specifically:

- Making more ‘joined-up’ decisions internally (one participant claimed that an – unspecified – Council facility was opened and failed to generate enough custom because the Council had given permission for a private business providing a similar service to open in the same area).



- Making decisions that take account of their impact and the associated risks (one participant was a former Council employee and claimed that impacts and risks tended not to be properly considered).
- Running services like private companies, and making employees accountable for efficient performance as they would be in a private company (the aforementioned running of the Corn Exchange is given as an example).
- The Council should increasingly work in partnership with other organisations and local businesses, so to achieve its objectives without using as much public money.

Consistent with this, the proposal for more efficient interaction between the City Council and its customers is supported by workshop participants. There are only the following reservations about the proposals:

- The telephone contact centre should not make for slower response times to queries. There is a degree of cynicism regarding how efficient the telephone contact centre will be.
- The telephone contact centre should not result in residents being held in a queue, waiting to speak to “a real person instead of a computer voice”.
- The telephone contact centre should be locally based, as opposed to abroad!
- The website should not charge additional money transfer fees, so that “doing the Council a favour” by paying bills, etc, online does not result in extra charges to the resident.
- All three channels must be offered: if the City Council only offered the website channel (for instance), then some residents would be left without a convenient access channel.
- Lower level communications should be maintained: the empty nesters/retirees like to have information on how to contact the Council in hard copy (this is not necessarily in conflict with the idea of rationalised channels for contact).
- The City Council should ask itself whether this is a token gesture, addressing frontline service delivery, which avoids looking at the more difficult area of internal efficiencies.

If reassurances can be made on these points, then the participants give the proposals their support. It is worth noting that participants claimed they rarely or never contact the Council anyway. Participants also suggest that greater efficiencies might be achieved by basing the telephone contact centre and the ‘One-Stop Shop’ in the same building.



2.3.3 The Economy and the Environment

The second dilemma was that the Council is seeking to balance:

- environmental issues, eg, how to tackle pollution in the City (perhaps through introducing a congestion charge, as in London), how to encourage people to be energy-efficient, with
- economic issues – i.e. how to address the environmental issues without negatively impacting on the local economy.

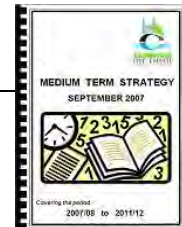
In response, participants argue that you have to support both:

“They’re both equally important: you can’t (protect) one and not the other.”

– Parent with dependent children at home

Participants take up the example of the congestion charge zone and agree that this is a good idea as long as the alternatives to car travel are improved. They again raise the suggestion that congestion charge revenues be used to fund a free-of-charge Park and Ride. They also raise the dilemma that, for people to switch to bus services, the bus services need to be improved, but for the bus service to be improved you need people to use it (“it’s a chicken and egg situation”). Some participants suggest an intervention in the bus service to ‘artificially’ improve it beyond what is made viable by its customers for a period. During this period the service should be promoted (a ‘try our buses’-type promotion) to help non-users overcome their aversion to it. As noted, participants are frustrated by the lack of influence that the City Council has over bus services.

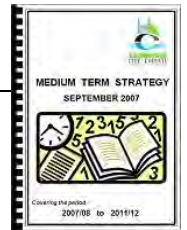
Some participants also suggest that longer-term strategic planning is a key to addressing environmental issues without damaging the local economy. Cambourne is given as an example of a new development in which planning has not achieved this, resulting in a town without amenities (the perception being that residents will have to drive back into Cambridge for shops and services) and an access route that cannot accommodate the volume of traffic, resulting in congestion. Some participants suggest that the City Council force employers starting up or new to the area to plan to minimise their environmental impact when setting up. As an example, new businesses might be located away from the city centre so as not to add to traffic congestion, with the employer either funding minibuses to collect employees from home or organising car-share arrangements between employees.



3.0 CONCLUSIONS

RBA believes that the key findings from this consultation are as follows:

- Participating residents see Cambridge as being ‘unstoppably’ affluent and, because of both this affluence and the university-related cultural life, as a city of opportunity in which young people can thrive.
- Cambridge is, however, perceived by participating residents as a city that is too focussed on its centre, at the expense of its outskirts, which are thought to be ordinary or even neglected as a result. Cleanliness is a key factor by which participants measure the investment in the city centre compared to its outskirts.
- There is also an implied fear that Cambridge is becoming a victim of its own success. Participants mention the traffic congestion, new ‘clone’ retail arrivals and ‘faceless’ new residential developments as manifestations of this. Some participants therefore question who is planning long-term to ensure that the effects of economic success and expansion are well-managed.
- Some participants also see long-term planning as the answer to the dilemma presented in the workshops, i.e. how to address environmental issues without damaging the local economy.
- There is a degree of consistency between the workshop findings and those of the BMG survey in that the ‘top three’ most-supported service areas in the survey – waste services, transport services and services aimed at conservation – are chosen either for improvement or to be maintained by all three lifestages during the workshop.
- There are also inconsistencies though: environmental health is, on balance, supported for service improvement in the survey but is chosen for service reduction by all three lifestages in the workshop. On the other hand, both community based services and arts and entertainment are chosen as services to improve or maintain by all three lifestages in the workshop but are, on balance, earmarked for service reductions in the survey.
- Two of the three lifestages in the workshop (the parents and the empty nesters/retirees) reach the view that the City Council should *not* increase Council Tax by more than inflation, *even if this means a reduction in service levels*, a finding at odds with the BMG survey. Only the young singles and couples in the workshop support the BMG survey ‘winner’ of increasing Council Tax *above the level of inflation to maintain services*: it is notable that in other discussions within the workshop, this group tend to think slightly more strategically and longer-term than the other groups. However, the survey results



are close, and there is a degree of consistency in that the *two* most-popular options are the same in the survey and the workshop.

- Participants support the proposal for more efficient interaction between the City Council and its customers through a single telephone contact centre, a single ‘One-Stop Shop’ and the Council website. This is consistent with their spontaneous requests that the City Council make efficiency savings. Their support is qualified by a number of caveats, such as that the telephone contact centre achieve faster, not slower responses to enquiries; that residents be able to rapidly access a real person rather than an automated options menu; that the centre be locally-based; that the website should not charge additional fees for making online payments; and that all three proposed channels be offered to cater for the diverse community they serve.

Angus Tindle

Elaine Barnes

Nina Allwood

RBA Research

December 2005



Appendix H

Cambridge City Population by Age Range

The following table shows the projected population trends for the City of Cambridge, analysed by age group. It covers the period 2001 to 2031.

Age Group	Population Of Cambridge City Council Area									
	Total No.					%age of Total				
	2001	2006	2011	2016	2021	2001	2006	2011	2016	2021
0 - 4	5,200	5,600	5,900	6,600	8,000	4.73%	4.92%	4.90%	5.01%	5.42%
5 - 14	9,900	10,100	11,100	11,400	13,100	9.00%	8.88%	9.22%	8.65%	8.87%
15 - 24	25,600	27,300	29,900	30,100	30,700	23.27%	23.99%	24.83%	22.84%	20.79%
25 - 44	34,500	35,600	37,400	43,700	50,900	31.36%	31.28%	31.06%	33.16%	34.46%
45 - 64	20,400	21,400	22,400	24,800	27,300	18.55%	18.80%	18.60%	18.82%	18.48%
65 - 74	6,900	6,600	6,400	8,000	10,100	6.27%	5.80%	5.32%	6.07%	6.84%
75 - 84	5,300	5,100	5,100	5,000	5,300	4.82%	4.48%	4.24%	3.79%	3.59%
Over 84	2,200	2,100	2,200	2,200	2,300	2.00%	1.85%	1.83%	1.67%	1.56%
Total	110,000	113,800	120,400	131,800	147,700	100.00%	100.00%	100.00%	100.00%	100.00%



Appendix I

Treasury Management Strategy Statement & Annual Investment Strategy 2007/08

1. Introduction

The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This latter document sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2007/08 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor. The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council;
- Prudential Indicators;
- the current treasury position;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy.

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.



2. Treasury Limits for 2007/08 to 2009/10

It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”.

The Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’.

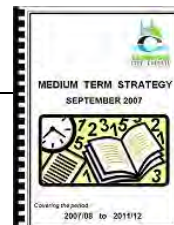
Whilst termed an “Affordable Borrowing Limit”, this description also has to take into account any capital expenditure intended to be financed by other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

3. Prudential Indicators for 2007/08 – 2009/10

The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This was adopted on 13th February, 2003 by the full Council.

PRUDENTIAL INDICATOR	2005/06 actual (£ 000's)	2006/07 probable outturn (£ 000's)	2007/08 estimate (£ 000's)	2008/09 estimate (£ 000's)	2009/10 estimate (£ 000's)
Capital Expenditure					
General Fund	10,769	9,156	13,564	3,757	1,752
HRA	11,017	15,570	17,992	15,213	11,513
TOTAL	21,786	24,726	31,556	18,970	13,265
Ratio of financing costs to net revenue stream					
General Fund	(18.35%)	(18.49%)	(16.68%)	(12.18%)	(10.93%)
HRA	(1.60%)	(1.50%)	(1.48%)	(1.32%)	(1.13%)
Net borrowing requirement	(71,542)	(76,269)	(61,411)	(54,868)	(55,808)
<i>In year Capital Financing Requirement</i>					
General Fund	0	0	0	0	0
HRA	0	0	0	0	0



PRUDENTIAL INDICATOR	2005/06	2006/07	2007/08	2008/09	2009/10
	actual (£ 000's)	probable outturn (£ 000's)	estimate (£ 000's)	estimate (£ 000's)	estimate (£ 000's)
TOTAL	0	0	0	0	0
Capital Financing Requirement as at 31 March					
General Fund	(4,844)	(4,844)	(4,844)	(4,844)	(4,844)
HRA	3,565	3,565	3,565	3,565	3,565
TOTAL	(1,279)	(1,279)	(1,279)	(1,279)	(1,279)
Incremental impact of capital investment decisions	£.p	£.p	£.p	£.p	£.p
Increase in council tax (band D, pa)	0.00	0.00	0.00	0.00	0.00
Increase in housing rent per week	0.00	0.00	0.00	0.00	0.00
	(no increases in either council tax or housing rents anticipated)				

PRUDENTIAL INDICATOR Specific Treasury Management Prudential Indicators	2005/06	2006/07	2007/08	2008/09	2009/10
	actual (£ 000's)	probable outturn (£ 000's)	estimate (£ 000's)	estimate (£ 000's)	Estimate (£ 000's)
Authorised limit for external debt					
Borrowing	12,739	10,000	10,000	10,000	10,000
other long term liabilities	0	0	0	0	0
TOTAL	12,739	10,000	10,000	10,000	10,000
Operational boundary for external debt					
Borrowing	1,431	3,000	3,000	3,000	3,000
other long term liabilities	0	0	0	0	0
TOTAL	1,431	3,000	3,000	3,000	3,000
Upper limit for fixed interest rate exposure					
Net interest re fixed rate borrowing / investments	(3,409)	(4,000)	(4,000)	(3,500)	(3,500)
Upper limit for variable rate exposure					
Net interest re variable rate borrowing / investments	(36)	(50)	(50)	(50)	(50)
Upper limit for total principal sums invested for over 364 days (per maturity date)					
	0	5,000	5,000	5,000	5,000



Maturity structure of new fixed rate borrowing during 2007/08	upper limit	lower limit
under 12 months	0%	0%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

4. Current Portfolio Position

The Council's treasury portfolio position at 30/11/06 comprised:

		Principal (£m)	Ave. rate (%)
Variable rate funding	Short-term borrowing	1.430	4.59
TOTAL DEBT		1.430	
TOTAL INVESTMENTS		78.10	4.75

5. Borrowing Requirement

	2005/06 actual (£ 000's)	2006/07 probable outturn (£ 000's)	2007/08 estimate (£ 000's)	2008/09 estimate (£ 000's)	2009/10 estimate (£ 000's)
New borrowing	0	0	0	0	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	0	0	0	0
TOTAL	0	0	0	0	0



6. Prospects for Interest Rates

The Council has appointed Sector Treasury Services as treasury advisers to the Council and part of their service is to assist the Council to formulate a view on interest rates. Appendix A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view.

Sector interest rate forecast – 29 January 2007

	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010
Bank rate	5.50%	5.50%	5.25%	5.00%	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%
5yr PWLB rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
10yr PWLB rate	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
25yr PWLB rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
50yr PWLB rate	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

Sector's current interest rate view is that Bank Rate will: -

- peak at 5.50% in quarter 1 2007
- fall to 5.25% in Q3 2007 and then to 5.00% in Q4 2007
fall to 4.75% in Q3 2008 and then to 4.50% in Q1 2009 before rising back to 4.75% in Q1 2010.

Economic background

UK

- GDP: the UK is on the upswing of the economic cycle from a low point reached in June 2005. Robust growth is expected to continue for a little longer but a modest cooling is expected in 2007 (2006 2.5%, 2007 2.0%) and to continue at below the trend rate of 2.5% thereafter.
- Recovery in consumer spending and retail sales has underpinned this upswing in GDP.
- The housing market has proved more robust than expected; house price inflation over 8% p.a.



- Higher than expected immigration from Eastern Europe has strengthened growth and dampened wage inflation.
- MPC decision to raise Bank Rate in November 2006 to bring CPI inflation down to the 2% target level two years ahead. The MPC has been concerned that short term price increases (CPI has been significantly above target since June 2006) could feed through into wage settlements in the next pay round.
- Household income growth to recover in 2007 as inflation falls and pay rises. But extra income likely to go into a recovery of the savings rate, pension saving and servicing debt costs (as rates rise) rather than consumer expenditure.
- Public sector real increase in expenditure per annum to weaken to 2.5% over the next few years from 3% average over 2000-2005.
- Increases in Bank Rate in August, November and January are likely to dampen the housing market and also increases in unsecured borrowing.
- World slowdown in growth in 2007 will dampen UK exports.

OUTLOOK: When inflation is back under control, then Bank Rate will switch eventually to a falling trend in the second half of 2007 to counter the above negative effects on the economy and growth.

International

- The US, UK and EU economies have all been on the upswing of the economic cycle in 2005 and 2006 and so have been raising interest rates in order to cool their economies and to counter inflationary pressures stimulated by high oil, gas and electricity prices which could feed through into increases in wage inflation, producer prices etc.
- The US is ahead of the UK and EU in the business cycle and it looks as if the Fed. Rate has probably already peaked at 5.25% whereas there is an expectation in the financial markets of further increases in the EU and UK.
- The major feature of the US economy is a steepening downturn in the housing market which is likely to drag consumer spending, and so the wider economy, down with it (e.g. house building, employment etc.). Falling house prices will also undermine household wealth and so lead to an increase in savings (which fell while house prices were rising healthily) and so conversely will lead to a fall in consumer expenditure.



- The Fed. May be reluctant and tardy to respond to the aforementioned downturn in the economy if inflationary pressures remain stubbornly high. This could exacerbate the downturn both in the US and the world economies.
- EU growth picked up strongly in the first half of 2006 and is expected to remain healthy in the second half. Growth to slow moderately in 2007 due to weaker US and global demand.
- Despite sharply increased energy prices, disinflationary pressures from falls in prices of manufactured goods from China and India have helped to keep headline inflation in the advanced economies to an average of around 3% and will fall as the energy effects go into reverse.

7. Borrowing Strategy

It is anticipated that the Council will not need to borrow for capital purposes during 2007/08.

8. ANNUAL INVESTMENT STRATEGY

8.1 Investment Policy

The Council will have regard to the DCLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:

- (a) the security of capital and
- (b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories.



Specified Investments:

The idea of specified investments is to identify investments offering high security and high liquidity by reference to a formal credit rating. These are investments that are sterling denominated, with maturities up to maximum of 1 year and meet the minimum ‘high’ credit rating criteria where applicable.

	Minimum ‘High’ Credit Criteria
Debt Management Agency Deposit Facility	N/A
Term deposits – UK government	N/A
Term deposits – other LAs	N/A
Term deposits – banks and building societies	Short-term F1or P1, Support 3 (& for building societies, assets greater than £2.5bn)

This Council uses both Fitch & Moody’s ratings to derive its criteria for lending.

For this Council, a “high” credit rating means a counterparty with a *minimum* of a ‘F1’ (Fitch) or ‘P1’ (Moody’s) rating (a strong indicator of the ability to repay debt on time, F1+ and P1 being the highest), a (Fitch) ‘support’ rating of 3 (an indicator of likely government or parent company support, 1 being the most likely, 5 the least).

Advice on credit ratings is received from the Council’s treasury advisors, SECTOR Treasury Services, on a regular basis (often daily). If a credit rating of a counterparty on the Council’s approved lending list goes down, i.e. below the minimum limits of above, then no further lending to that institution will occur. If a minimum credit rating is given to a counterparty not currently on the Council’s list, then this name will go forward to be approved by Council at the next opportunity.

Non-Specified Investments:

These are investments that, by definition, do not meet the conditions laid down in the previous paragraph and potentially carry additional risk, e.g. lending for periods beyond one year.

In last year’s Annual Investment Strategy, Council approved a recommendation to allow up to £5million of ‘core’ investments (i.e. sums that are unlikely to be needed in the short to medium term) to be invested for periods of up to 3 years. This was seen as likely to be beneficial on those occasions when an investment can be made in advance of a fall in medium to long-term interest rates. Having a strategy in place to take advantage of such situations, as and when they arise, provides the opportunity enhance interest receipts.



	Minimum Credit Criteria
Term deposits – UK government (with maturities in excess of 1 year)	N/A
Term deposits – other LA's (with maturities in excess of 1 year)	N/A
Term deposits – banks and building societies (with maturities in excess of 1 year)	Short-term F1+, Long-term AA-, Individual B, Support 2

8.2 Investment Strategy

Liquidity of Investments:

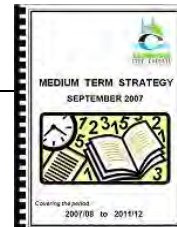
As in past years, any investment decision will have regard to the Council's cash flow requirements and the outlook for short/medium-term interest rates. There will, therefore, be a mix of maturity periods at any one time. The prudent commitment of funds will be a basic principle.

Interest Rate Outlook:

Sector is forecasting Bank Rate to peak at 5.5% in Q1 2007 before falling to 5.25% in Q3 2007, to 5.00% in Q4 2007, to 4.75% in Q3 2008 and then to trough at 4.50% in Q1 2009, remaining at that level before rising again to 4.75% in Q1 2010. In general terms, the Council will therefore aim to weight its investments to longer periods when rates are falling and shorter periods when rates are rising.

End of year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.



**Appendix G
Annex 1**

INTEREST RATE FORECASTS

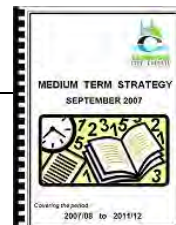
The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions. The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS

Sector interest rate forecast – 29.1.2007

	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010
Bank rate	5.50%	5.50%	5.25%	5.00%	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%
5yr PWLB rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
10yr PWLB rate	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
25yr PWLB rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
50yr PWLB rate	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

Capital Economics interest rate forecast – 6.2.2007



	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008
Bank rate	5.25%	5.50%	5.50%	5.25%	5.00%	4.50%	4.50%	4.50%
5yr PWLB rate	5.55%	5.15%	4.85%	4.65%	4.45%	4.55%	4.65%	4.75%
10yr PWLB rate	5.15%	4.85%	4.45%	4.45%	4.55%	4.65%	4.75%	4.85%
25yr PWLB rate	4.45%	4.35%	4.25%	4.25%	4.25%	4.35%	4.45%	4.55%
30yr PWLB rate	4.25%	4.15%	3.95%	4.05%	4.05%	4.15%	4.25%	4.35%
50yr PWLB rate	4.05%	3.95%	3.95%	4.05%	4.05%	4.15%	4.15%	4.25%

UBS interest rate forecast (for quarter ends) – 15.1.2007

	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008
Bank rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
10yr PWLB rate	4.85%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.90%
25yr PWLB rate	4.25%	4.25%	4.25%	4.30%	4.35%	4.40%	4.45%	4.55%
50yr PWLB rate	4.15%	4.15%	4.25%	4.35%	4.40%	4.45%	4.55%	4.65%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – January 2007 summary of forecasts of 26 City and 14 academic analysts for Q4 2006 and 2007. (2008 – 2010 are as at November 2006 but are based on 18 forecasts)

	bank rate actual	Quarter ended		annual average bank rate		
		Q4 2006	Q4 2007	ave. 2008	ave. 2009	ave. 2010
Indep. forecasters BoE Bank Rate	5.25%	4.98%	4.97%	4.86%	4.88%	4.85%
Highest bank rate	5.25%	5.00%	5.80%	5.90%	5.60%	6.10%
Lowest bank rate	5.25%	4.75%	4.50%	3.75%	4.00%	4.00%



Appendix G Annex 2

ANNUAL TREASURY REPORT 2006/07

1.0 Introduction

In accordance with the Council's adopted (February 2003) "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", this report gives details of the treasury management activities undertaken during the previous financial year, i.e. 2006/07.

2.0 The Council's Strategy for 2006/07

Interest rates

Short-term interest rates

Base Rate was expected to be cut twice, from 4.5% to 4.0%, by the end of 2006 in order to stimulate growth in the economy. This would then be followed by quarterly 0.25% increases in quarters 1 to 3 of 2007 once the economy had regained its trend growth rate of about 2.5 – 2.75%. This was based upon the prospect for interest rates given to the Council, in January 2006, by its external treasury advisers (Sector Treasury Services Ltd).

Sector saw the rate of growth of GDP in the UK economy only recovering weakly during 2006/07 and remaining at a below trend level of 2.0% in 2006. This was primarily due to weak consumer expenditure undermined by major increases in gas, electricity and oil prices, plus a curtailing of public sector expenditure. House price inflation had fallen back to very low levels and there were no major concerns on inflation in general (recent spikes in some prices would fall out of the index eventually).

The U.S. Fed was expected to continue its policy of measured increases in the Fed rate amid concerns about rising inflation. It was expected that the Fed rate may peak at 4.5%. In the Euro area, growth was also expected to continue weak but to rise a little.

Longer-term interest rates

Long-term PWLB rates were forecast to rise by about 0.25% to end 2006/07 at around 4.75%.

Borrowing

External borrowing was not anticipated for either capital or revenue purposes.



Investments

The Council would aim to weight its investments to longer periods when rates are falling and to shorter periods when rates are rising.

3.0 Outturn for 2006/07

Interest rates

Short-term interest rates

Base Rate started 2006/07 at 4.50%, having been unchanged at this level since August 2005. The Bank of England Inflation Report of May 2006 marked a watershed in as much as the MPC switched from a 'loosening' bias on interest rates to a 'tightening' bias. MPC suspicions that official data had been under recording the strength of economic growth were vindicated by retrospective adjustments (increases) to annual growth figures extending back as far as 2001 in the quarter 1 2006 GDP figures. These revisions also increased the Q4 2005 and Q1 2006 GDP growth figures up from 0.6% to 0.7%. This tipped previous expectations of an underperforming UK economy over into one that was running at or above its trend rate of growth. Any expectation of cuts in Bank Rate in 2006 evaporated and were replaced by the prospect of at least one, if not two, increases of 0.25% by the end of 2006. Bank Rate accordingly rose to 4.75% in August 2006 and then to 5.0% in November.

Another rate rise followed in January 2007 to 5.25%, just ahead of the news that CPI (Consumer Price Inflation) had jumped to 3.0% in December. The annual growth rate also hit 3.0%, the highest in two years, in Q4 2006 adding to confirmation that the recent increases in Bank Rate had done little to dampen the economy and stoking expectations that Bank Rate would have to rise even further.

Despite expectations that in the U.S. the Fed Rate would peak at 4.5%, it actually rose to 5.25% in August 2006 on the back of continuing economic growth and concerns over rising inflation.

In the Euro zone, the ECB raised its rate to 2.5% in March 2006 with further increases following in June, August, October, December and March 2007 to reach 3.75%. This was due to major increases in GDP growth (from 1.5% in 2005 to 2.8% in 2006) and a rise in inflationary pressures.



Longer-term interest rates

The PWLB 45-50 year rate started the year at 4.20% (25-30 year at 4.30%) and fell to a low of 4.05% several times in late September to early November (25-30 year low was 4.20% in September and November). The high point for 45-50 year was 4.50% in late March 2007 (25-30 year had several highs of 4.65% in January to March 2007) before finishing the year at 4.45% (25-30 year 4.65%).

The sustained rise in long term rates in Q4 2006 and Q1 2007 was underpinned by the rise in inflation expectations.

Borrowing

The Council did not have to borrow in 2006/07 and remains, technically, 'debt free', even though it held, at 31 March 2007, £1,430,022 of Temporary Borrowing (£1,431,422 at 31 March 2006) (*note: this borrowing is allowed to be 'disregarded' when considering 'debt free' status*).

Investments

The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The Council invests for a range of periods, from overnight to 364 days (since extended to a maximum of 3 years for 2006/07), dependent upon the Council's cash flows, its view on interest rates and the interest rates on offer.

As in past years, cash flow remained 'healthy' throughout 2006/07. The total value of surplus funds invested during this time amounted to £800.75m, and the total value of investments that were repaid totalled £798.72m, resulting in a net increase of £2.03m during the year.

Whilst the Council invests the majority of its funds as short-term (fixed-rate) deposits, a small amount of high-liquidity funds are held in short-term (variable-rate) call/reserve accounts, to guard against any unanticipated expenditure. The Council did not have any investments in Money Market Funds, longer-term investments (i.e. >365 days) or externally managed funds.

The table overleaf shows comparative Investment Outturn for 2006/07 against 2005/06.



Investment Type	2006/2007			2005/2006		
	Average Investments	Rate of Return	Benchmark Return	Average Investments	Rate of Return	Benchmark Return
Fixed Short-Term (<365 days)	£75.55m	4.83%	4.82%	£72.59m	4.70%	4.53%
Callable Deposits	£2.55m	4.52%	4.82%	£0.94m	4.52%	4.53%
Call/Overnight Accounts	£2.55m	4.58%	4.82%	£1.39m	4.29%	4.53%
Total - All Investments	£80.64m	4.81%	4.82%	£74.93m	4.69%	4.53%

There were no instances of any institution having difficulty in either repaying sums lent to it or of paying interest due.

4.0 Compliance with Treasury Limits

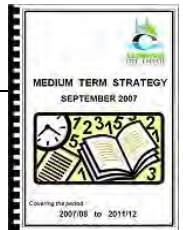
During the financial year the Council operated within the 'authorised' and 'operational' borrowing limits contained within the Prudential Indicators set out in the Council's Treasury Management Strategy Statement. For information, the outturn for the Prudential Indicators is shown in Annex 3.



ANNEX 3

PRUDENTIAL INDICATORS

	Actual 2005/06 £'000	Original 2006/07 £'000	Revised 2006/07 £'000	Actual 2006/07 £'000	Notes
					1.
Capital expenditure					
- General Fund	10,769	3,019	9,156	10,690	
- HRA	11,017	11,087	15,570	12,020	
Total	21,786	14,106	24,726	22,710	
Incremental impact of capital investment decisions on:					
Band D Council Tax (City element)	0.00	0.00	0.00	0.00	
Average weekly housing rent	0.00	0.00	0.00	0.00	
Ratio of financing costs To net revenue stream					
- General Fund	-18.35%	-15.62%	-18.49%	-17.91%	2.
- HRA	-1.60%	-1.16%	-1.50%	-1.60%	
Capital Financing Requirement as at 31 March					
- General Fund	-4,844	-4,844	-4,844	-4,844	
- HRA	3,565	3,565	3,565	3,565	
Total	-1,279	-1,279	-1,279	-1,279	
Net borrowing & the Capital Financing Requirement	-71,542	-69,489	-76,269	-73,589	2.
Authorised limit					
for borrowing	12,739	9,403	10,000	10,000	
for other long term liabilities	0	0	0	0	
Total	12,739	9,403	10,000	10,000	
Operational boundary					
for borrowing	1,431	2,903	3,000	1,430	3.
for other long term liabilities	0	0	0	0	
Total	1,431	2,903	3,000	1,430	
Upper limits on fixed interest rate and variable interest rate exposures					
Fixed rate	-3,409	-2,973	-4,000	-4,000	2.
Variable rate	-36	-67	-50	-50	



	Actual 2005/06 £'000	Original 2006/07 £'000	Revised 2006/07 £'000	Actual 2006/07 £'000	Notes
Upper limit for total principal sums invested for over 364 days	0	5,000	5,000	5,000	1.

Notes:

1. 'Original' refers to the Council's Treasury Management Strategy report (TMSR) of January 2006 and 'Revised' to the TMSR of January 2007.
2. Additional interest receipts and a higher level of investments, were the causes of the variances to these Prudential Indicators ('original' v. 'actual').
3. 'Original' figure for Operational Boundary included provision for adverse unexpected occurrences on cash flow (ie. the need to borrow temporarily). This was not needed.



Appendix J

Investments : Revised Counter Party List

Members of this Committee are asked to note that I am recommending to Council (in accordance with paragraph 5.2 of the Councils' "Treasury Management Policy Statement"), that the following names be added to/deleted from the Councils' approved lending list.

Additions

Gulf International Bank (UK) Ltd	United Kingdom
Natixis	Foreign Bank (France)
Landesbank Berlin	Foreign Bank (Germany)
Banca Popolare di Lodi	Foreign Bank (Italy)
Banca Popolare di Milano	Foreign Bank (Italy)
Intesa Sanpaolo Spa	Foreign Bank (Italy)
Sumitomo Mitsui Banking Corporation Europe	Foreign Bank (Japan)
Fortis Banque Luxembourg	Foreign Bank (Luxembourg)
Irish Nationwide Building Society	Foreign Bank (Rep of Ireland)
Arab National Bank	Foreign Bank (Saudi Arabia)
Merrill Lynch Bank USA	Foreign Bank (United States)

Deletions

Natexis Banques Populaires	Foreign Bank (France)
Sanpaolo IMI	Foreign Bank (Italy)
Banca Intesa	Foreign Bank (Italy)
Sumitomo Mitsui Banking Corporation	Foreign Bank (Japan)
Banque Generale du Luxembourg	Foreign Bank (Luxembourg)
Commerzbank International SA	Foreign Bank (Luxembourg)
Saudi American Bank	Foreign Bank (Saudi Arabia)
Saudi British Bank	Foreign Bank (Saudi Arabia)
Korea First Bank	Foreign Bank (South Korea)
Banco de Credito Local de Espana SA	Foreign Bank (Spain)

Revised Counter-Party List

(including amendments shown above, with new names highlighted)

The resulting full listing of approved counter-parties is shown below:

UK Building Societies

Britannia Building Society	UK Building Society
Chelsea Building Society	UK Building Society



Cheshire Building Society
 Coventry Building Society
 Derbyshire Building Society
 Leeds Building Society
 Nationwide Building Society
 Newcastle Building Society
 Norwich & Peterborough Building Society
 Portman Building Society
 Principality Building Society
 Skipton Building Society
 West Bromwich Building Society
 Yorkshire Building Society

UK Building Society
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UK Banks

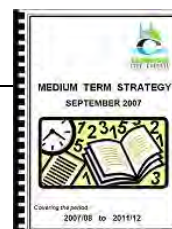
Abbey plc
 Alliance & Leicester
 Bank of Butterfield (UK) Limited
 Bank of Scotland Plc
 Barclays Bank plc
 Bradford & Bingley
 Bristol & West
 Clydesdale Bank
 Co-operative Bank
 Crown Agents Financial Services
 Egg Banking plc
Gulf International Bank (UK) Ltd
 Halifax Plc
 HBOS Treasury Services Plc
 Heritable Bank
 HSBC Bank Plc
 Lloyds TSB Bank
 MBNA Europe Bank Ltd
 Merrill Lynch International Bank Ltd
 National Westminster Bank
 Northern Rock
 Royal Bank of Scotland plc (The)
 Singer & Friedlander Ltd
 Standard Chartered Bank
 Ulster Bank Ltd

United Kingdom
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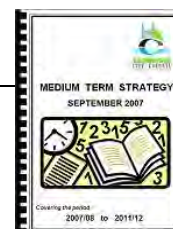
Foreign Banks

Australia & New Zealand Banking Group
 Commonwealth Bank of Australia
 National Australia Bank

Australia
 Australia
 Australia



Westpac Banking Corporation	Australia
Erste Bank der oesterreichischen Sparkassen	Austria
Gulf International Bank	Bahrain
Dexia Bank	Belgium
Fortis Bank	Belgium
KBC Bank	Belgium
Bank of Montreal	Canada
Bank of Nova Scotia	Canada
Canadian Imperial Bank of Commerce	Canada
National Bank of Canada	Canada
Royal Bank of Canada	Canada
Toronto-Dominion Bank	Canada
Danske Bank	Denmark
Banque Palatine	France
BNP Paribas	France
CALYON	France
Credit Agricole	France
Credit Industriel et Commercial (CIC Group)	France
Dexia Credit Local	France
IXIS Corporate & Investment Bank	France
Natixis	France
Societe Generale (SG)	France
Nordea Bank Finland	Finland
Bayerische Hypo-und Vereinsbank	Germany
Bayerische Landesbank Girozentrale	Germany
Commerzbank	Germany
DekaBank Deutsche Girozentrale	Germany
DePfa Deutsche Pfandbriefbank AG	Germany
Deutsche Bank AG	Germany
Deutsche Postbank AG	Germany
Dresdner Bank, AG	Germany
DZ Bank AG	Germany
Eurohypo AG	Germany
HSH Nordbank AG	Germany
Hypothesenbank in Essen AG	Germany
Landesbank Baden-Wuerttemberg	Germany
Landesbank Berlin	Germany
Landesbank Rheinland-Pflaz Girozentrale	Germany
Landesbank Sachsen Girozentrale	Germany
Landwirtschaftliche Rentenbank	Germany
Norddeutsche Landesbank Girozentrale	Germany
WestLB AG	Germany
Commercial Bank of Greece	Greece
EFG Eurobank Ergasias	Greece
American Express Bank, Ltd.	Hong Kong
DBS Bank (Hong Kong)	Hong Kong
Hongkong and Shanghai Banking Corporation	Hong Kong
Glitnir	Iceland



Landsbanki Islands hf	Iceland
Banca Monte dei Paschi di Siena	Italy
Banca Nazionale del Lavoro	Italy
Banca Popolare di Lodi	Italy
Banca Popolare di Milano	Italy
Banca Popolare di Verona e Novara	Italy
Capitalia	Italy
Intesa Sanpaolo Spa	Italy
UniCredito Italiano	Italy
Bank of Tokyo-Mitsubishi	Japan
Chiba Bank	Japan
Mitsubishi Trust & Banking Corporation (MTBC)	Japan
Mizuho Corporate Bank Ltd	Japan
Sumitomo Mitsui Banking Corporation Europe	Japan
Sumitomo Trust & Banking Company	Japan
UFJ Bank Ltd	Japan
National Bank of Kuwait	Kuwait
Dexia Banque Internationale a Luxembourg	Luxembourg
Fortis Banque Luxembourg	Luxembourg
ABN AMRO Bank N.V.	Netherlands
Bank Nederlandse Gemeenten	Netherlands
Friesland Bank NV	Netherlands
ING Bank NV	Netherlands
Rabobank International	Netherlands
SNS Bank Nederland NV	Netherlands
DNB Nor Bank	Norway
Banco BPI SA	Portugal
Banco Comercial Portugues	Portugal
Banco Espirito Santo	Portugal
Banco Santander Totta SA	Portugal
Caixa Geral de Depositos	Portugal
Qatar National Bank	Qatar
Allied Irish Banks	Rep of Ireland
Anglo Irish Bank Corporation plc	Rep of Ireland
Bank of Ireland	Rep of Ireland
DEPFA BANK plc	Rep of Ireland
EBS Building Society	Rep of Ireland
First Active plc.	Rep of Ireland
IIB Bank Limited	Rep of Ireland
Irish Nationwide Building Society	Rep of Ireland
Arab National Bank	Saudi Arabia
Riyad Bank	Saudi Arabia
Development Bank of Singapore (DBS)	Singapore
Oversea-Chinese Banking Corp	Singapore
United Overseas Bank	Singapore
ABSA Bank Limited	South Africa
Banco Bilbao Vizcaya Argentaria (BBVA)	Spain
Banco de Sabadell	Spain



Banco Popular Espanol	Spain
Banco Santander Central Hispano	Spain
Caja de Ahorros de Galicia	Spain
Confederacion Espanola de Cajas de Ahorros	Spain
Landshypotek	Sweden
Nordea Bank AB	Sweden
Skandinaviska Enskilda Banken AB	Sweden
Svenska Handelsbanken	Sweden
Swedbank (ForeningsSparbanken AB)	Sweden
Credit Suisse	Switzerland
UBS AG	Switzerland
Emirates Bank International	United Arab Emirates
Mashreqbank	United Arab Emirates
National Bank of Abu Dhabi	United Arab Emirates
Bank of America, N.A.	United States
Bank of New York	United States
Citibank, N.A.	United States
HSBC Bank USA NA	United States
JP Morgan Chase Bank	United States
Mellon Bank NA	United States
Merril Lynch Bank USA	United States
Northern Trust Company (The)	United States
State Street Bank & Trust Co	United States
Wachovia Bank, NA	United States

Local Authorities - All UK Local Authorities

Police Authorities - All UK Police Authorities

Nationalised Industries - All UK Nationalised Industries



Appendix K

Budget Assumptions

The main assumptions included in the budget forecast are :-

Ref.	Assumption
(1)	Base - 2007/08 Approved Budget, as amended, with known changes for 2008/09.
(2)	General inflation on expenditure - included at 3.3% (RPIX – May/June)
(3)	<p>Employee budgets include:</p> <ul style="list-style-type: none"> - cost of pay award allowance 2.00% - allowance for incremental progression 2.20% total allowance for pay and increments 4.20% <p>- Allowance for incremental progression has been included pending any detailed budget adjustments to reflect performance results.</p> <p><i>Managers will be advised of any adjustments to pay budgets for the purposes of the 2007/08 revised or 2008/09 budget process.</i></p>
(4)	Employee budgets - assume an employee turnover saving of 3.0% of gross pay budget
(5)	<p>Service Level Agreements – calculated based on the impact of the inflation allowances on providing the services (i.e. excluding capital charges, etc.)</p> <ul style="list-style-type: none"> - SLAs, typically 4.10% - Admin. Buildings, typically 3.40%
(6)	Property Rental income – based on projections from the portfolio, reflecting actual incidence of rent reviews. Overall effect is equal to 5.02% (1.72% above the assumed level of inflation).
(7)	Income and Charges – general assumption of 3.3% built into base, but reviews of all charges required by committees.
(8)	Interest rate – based on latest market projections (on average 5.81% for 2007/08).
(9)	Major contracts and agreements, in term are rolled forward based on the specified inflation indices in the contract or agreement.
(10)	Grants and Subsidies are analysed for sensitivity based on possible range of implications dependent on the Government's approach to the withdrawal of protection arrangements.



Appendix L

Unavoidable Spending Pressures

(a) General Fund

General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Previously Approved :						
Employers Pension contribution	0	464,170	903,910	1,368,080	1,368,080	Balance of provision required due to final actuarial report for 2004
Lion Yard - Rent Income	0	17,940	(18,560)	20,720	(43,440)	Balance of net change in rents projected after contribution to capital
C Tax Income earmarked for Growth Spend	35,270	114,270	291,400	516,920	759,510	Earmarked Provision
Growth delivery	11,360	11,360	11,360	11,360	11,360	
New items 2008/09 :						
Crematorium Income Budgets	134,000	134,000	134,000	134,000	134,000	Re-basing income budgets to reflect the fall in activity (assuming the national average of 3% falling mortality).
Industrial and Commercial properties - increased rent following reviews	(120,000)	0	0	0	0	Industrial £55k and commercial £65k. Future impact is included in Property rent reviews.
Council Tax Benefits / Rent Allowances & Rebates	132,640	167,380	179,590	172,210	126,280	Review of the budgets to reflect anticipated changes to DWP subsidy (including Admin grant)
Property income increase	0	(78,420)	(78,420)	(78,420)	(78,420)	Increases above the assumed rate of inflation – 5.02% in total. Based on Property Rent



General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
						projections at July 2007
Legal Services - staffing costs	52,520	0	0	0	0	Extra costs as a result of the need to employ locums.
Swimming Contract	0	25,000	0	0	0	Funding to undertake an in-house assessment of the market, update the specification and support through the tendering process
Tree Risk Management	29,000	0	0	0	0	Recent survey highlighted a shortfall of funding, particularly affecting Active Communities (Open Spaces) and the Crematorium
Economic Development & Tourism review	0	(128,680)	(143,680)	(143,680)	(143,680)	Savings resulting from service changes approved in the report to Committee 10 July 2007 (provisional)
Growth - Additional Cost of extending posts.	0	43,600	65,330	185,700	0	Additional Cost of extending the existing posts currently funded until March 2011, based on the report to Strategy & Resources 25 June 2007. Included, as agreed, to 2010/11 only.
Grand Arcade (was Lion Yard) Car Park Income	150,000	0	0	0	0	Income projections lower than anticipated following opening. The position to be reviewed as the effects of Grand Arcade and Christ's Lane opening for trading
Grand Arcade (was Lion Yard) Car Park Rates	50,000	50,000	50,000	50,000	50,000	Revaluation following opening
Development Plan (was Local Plan)	0	10,250	10,250	10,250	10,250	Review shows current annual contributions will be insufficient, based on estimated demands. Excludes any Local Plan challenge (potentially £100k could be needed for this)

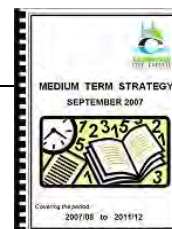


General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Concessionary Fares	14,000	0	0	0	0	Additional cost payable to operators under current scheme
Quayside punt issues	22,000	0	0	0	0	Estimated Legal costs to conclude the issue
Choice Based Lettings	0	14,000	14,000	14,000	14,000	Additional revenue costs resulting from awarding contract - Urgent Decision 31 July 2007
Junction	10,810	0	0	0	0	Balance of £25k payment to support their transition plan - £10k from Grants Future Fund and £4k from existing budget.
Cardboard Waste cardboard recycling	(4,000)	(25,040)	41,700	31,680	31,680	County Council will purchase the vehicle and fund revenue costs through LAA funding until 2009/10. The City gets income from sale of cardboard / not going to landfill – hence, net effects including picking-up the costs after 2009/20 (the aim is to self-finance longer term)
Lion Yard rent income	1,850	(3,070)	(13,850)	(201,320)	(18,190)	Reworked for the latest capital and rent projections
Planning Appeals	(150,000)	0	0	0	0	Return of £150k of the contribution in respect of the CB1 appeal, which did not proceed
External Interest	(706,000)	(640,000)	(324,000)	(225,000)	(223,000)	Reworked for the latest projections July 2007
Rephased EDRMS	(58,120)	36,800	4,010	17,310	0	Based on latest projections
Pay Award – additional cost at 2.475%	135,040	135,040	135,040	135,040	135,040	Based on latest Employers offer, compared with budget provision of 2.0%
Total Net Effect	(259,630)	348,600	1,262,080	2,018,850	2,133,470	



(b) Housing Revenue Account

Issue	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Notes / Justification
Changes in Fire Safety Law for communal buildings	7,500	0	0	0	0	
Employers Pension Contribution	28,870	137,000	244,000	357,000	376,000	
Total Net Effect	30,920	54,110	200,980	340,120	486,990	



Appendix M

Areas of Uncertainty

The main areas of uncertainty, for which no allowance has been made in the forecast but which are potentially material, are :-

(a) All Funds

Ref.	Area of Uncertainty
(1)	<p>Rating Revaluation Appeals</p> <ul style="list-style-type: none"> <i>the Council has registered appeals with the Valuation Office regarding a number of its properties. If the appeals are successful then the ongoing business rates payable each year will be reduced and there will also be a lump sum receivable in respect of prior years. however these are unlikely to be significant. The 2005 Valuation Office list is more accurate than previous lists and the need for appeals has reduced. There is still an outstanding 200 list appeal on Parkside Pool which is pending the determination of a Land's tribunal appeal elsewhere.</i>
(2)	<p>External Contracts</p> <ul style="list-style-type: none"> <i>the effects of formal external contracts, which come to the end of their term. The base implies provision for inflation and built in savings targets.</i>
(3)	<p>Procurement</p> <ul style="list-style-type: none"> <i>The call upon procurement input for growth related projects is the main unknown in the forthcoming period. This is likely to impact on the achievement of other procurement objectives. There is scope within the current architecture for achieving sustainable procurement objectives and the realisation of additional cashable and non-cashable savings if resources can be made available.</i>
(4)	<p>VAT</p> <ul style="list-style-type: none"> <i>effects of the partial exemption regulations. The calculation has previously been close to the threshold, however actions to 'opt to tax' on selected assets has reduced the potential of a breach, and the associated cost implications in terms of non-recoverable VAT. Proposed capital investment at the Crematorium regarding Mercury abatement work will need to be carefully monitored and reviewed, as it could easily result in the Council exceeding its partial exemption threshold.</i>



Ref.	Area of Uncertainty
(5)	<p>Capital Issues</p> <ul style="list-style-type: none"> • <i>there is uncertainty regarding a number of capital related issues. These include:</i> <ul style="list-style-type: none"> • <i>adequacy of Repairs and Renewal Funds</i> • <i>use of Section 106 funds.</i>
(6)	<p>Regional Growth</p> <ul style="list-style-type: none"> • <i>there will be significant implications for the Council from the impact of the Growth Agenda, both within the City and in the wider sub-region. The Council is working in partnership with Cambridgeshire Horizons and neighbouring authorities to determine the capital and revenue consequences. Revenue pressures are anticipated in terms of increased demand on a number of services. However, the time-lag for population increases feeding into the Government's grant distribution model are likely to result in, at least short-term, revenue pressures.</i>
(7)	<p>Joint Working and Services Funded Jointly with Other Organisations</p> <ul style="list-style-type: none"> • <i>the future funding plans and decisions by partner organisations in such circumstances can result in pressures for the City Council</i> • <i>the capping of South Cambridgeshire District Council's Council Tax in 2005/06, with potential longer-term implications for their expenditure levels, may result in funding / service pressures in a number of areas of service provision where joint working arrangements are in currently place, or direct contributions made.</i>
(8)	<p>Electricity & Gas prices</p> <ul style="list-style-type: none"> • <i>energy markets are particularly volatile at the moment and obtaining market trends of likely prices for contract renewals is extremely difficult. The Council's gas contract is due for renewal May 2008, the electricity contract for 100kw sites October 2007 and the electricity contract for sub 100kw sites May 2008. Budgets may need to be adjusted in the future to take account of price fluctuations.</i>
(9)	<p>External Legal fees</p> <ul style="list-style-type: none"> • <i>there are a number of outstanding legal cases, mainly in the planning arena that could result in substantial additional costs to the Council if our action is not successful. This area needs monitoring closely as there could be significant financial consequences.</i>



Ref.	Area of Uncertainty
(10)	<p>Customer Access Strategy</p> <ul style="list-style-type: none"> <i>the outcome of the Customer Access Strategy could have a significant impact on the operation of the City Council services and our interaction with the general public. Appropriate project planning and implementation will be required to ensure effective service continuity and delivery of the projected savings.</i>

(b) General Fund

Ref.	Portfolio	Area of Uncertainty
(1)	Strategy & Resources	<p>General Fund / Housing Revenue Account Transfers</p> <ul style="list-style-type: none"> <i>the basis for the transfers, relating to services shared by the whole community, is being reviewed. This involves central overheads, corporate and democratic core and appropriations including the Asset management Revenue Account. The charges from the HRA to the General Fund are also being reviewed as part of this process.</i>
(2)		<p>Poll Tax and / or Council Tax Collection Fund deficit / surplus contributions</p> <ul style="list-style-type: none"> <i>these have a one-off effect, and are assessed in January each year.</i> <i>projections for 2008/09 have been provisionally included in the Medium Term Strategy and will be reassessed as part of the budget process.</i>



Ref.	Portfolio	Area of Uncertainty
(3)		<p>Growth Areas Delivery Grant</p> <ul style="list-style-type: none"> <i>a bid for the next round of funding (through GAF3) is due to be made by 1 October 2007. This will be a joint bid with partners. The amount of future funding involved is, therefore, unclear at the moment, however there is potential for a significant contribution to the Council's asset base in the medium term. The outcome of CSR 2007 is expected to provide a degree of clarification on Government policy in this area.</i>
(4)		<p>Rating Legislation</p> <ul style="list-style-type: none"> <i>following the Barker Review and Lyons Enquiry the March 2007 budget announced that there would be a change in rating legislation that could impact on some property budgets. The changes relate to the relief available to void and other properties. The Council has a good record of re-letting vacant space so hopefully the impact should be minimal.</i>
(5)		<p>New Legislation / Regulation</p> <ul style="list-style-type: none"> <i>these include the Local Government and Public Involvement in Health Bill, Single Equalities Bill and Comprehensive Area Assessments from April 2009. The impact of this legislation will need to be carefully monitored to ensure that all appropriate implications are identified.</i>
(6)		<p>Travellers</p> <ul style="list-style-type: none"> <i>there is still uncertainty regarding the capital funding for developing a Travellers site. The Council approved a revenue bid in 2006/07 that was subject to the receipt of capital funding. No further progress has been made on identifying a suitable site at present. We are working with Cambridgeshire County Council, East Cambs and Cambridgeshire Horizons to identify suitable sites.</i>



Ref.	Portfolio	Area of Uncertainty
(7)		<p>City Centre Management</p> <ul style="list-style-type: none"> <i>a review is currently being undertaken of City Centre Management which is looking at how the role and structure can be enhanced to ensure it responds to future challenges being faced by the City. A report is to be taken to September's Strategy & Resources Scrutiny Committee.</i>
(8)		<p>Local Land Charges</p> <ul style="list-style-type: none"> <i>income will vary dependant on activity in the housing market and the share of the market taken by private search companies An additional complication is the limited introduction of Home Information packs on local land charges.</i>
(9)		<p>Electoral Administration</p> <ul style="list-style-type: none"> <i>currently we do not budget for by-elections. If there is an unexpected by election costs of £6,000 would be incurred.</i>
(10)		<p>Guildhall Working Party</p> <ul style="list-style-type: none"> <i>a report and project appraisal was taken to Committee in November 2006. The Council's planning and listed building applications were submitted in April and May 2007 and should be determined imminently. On receipt of consents more detailed plans may be prepared and tenders sought for a building contract. The proposed tenant for the restaurant/café was selected in June 2007 and lawyers have been instructed. The assumptions included in the budget may need to be revisited in the future depending upon the outcomes of negotiations.</i>
(11)		<p>Office Accommodation Review</p> <ul style="list-style-type: none"> <i>work is in progress to review options across the Council's office accommodation in light of Customer Access Strategy developments and additional staffing arising from the growth agenda.</i>



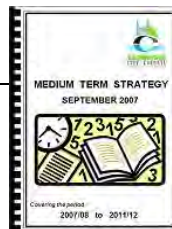
Ref.	Portfolio	Area of Uncertainty
(12)		<p>Insurance re-tender</p> <ul style="list-style-type: none"> <i>the Council's five year agreement for Insurance Services comes to an end in October 2008. It is anticipated that Insurance Brokers will be appointed to assist with the tender process. The outcome of the tendering exercise is uncertain and dependant on a number of factors including claims history, risk management and the present state of the insurance market.</i>
(13)		<p>Property Disposals - a number of asset disposals are likely during the MTS period, including :</p>
(14)		<ul style="list-style-type: none"> <i>land at Arbury Camp - this is the Council's residual parcel of market housing land. Completion is scheduled to take place in 2007/08.</i>
(15)		<ul style="list-style-type: none"> <i>48 Burleigh Street – it is anticipated that contracts will be signed soon on the shop and a capital receipt is anticipated in 2007/08.</i>
(16)		<ul style="list-style-type: none"> <i>land at rear of 51/57 Ditton Lane. Planning permission granted regarding this disposal of “back land” to facilitate an infill development. This would generate a receipt for housing revenue account purposes.</i>
(17)		<ul style="list-style-type: none"> <i>various plots of HRA land across the city are potentially going to be sold to housing associations and will generate future capital receipts. This would generate a receipt for housing purposes.</i>
(18)		<ul style="list-style-type: none"> <i>access to Rees Thomas School re: grant of easement for improved access. Awaiting outcome of planning applications. This would generate a receipt for housing revenue account purposes.</i>
(19)		<ul style="list-style-type: none"> <i>Triangle Site at Kings Hedges Road - this is the residue of the Council's ownership in Northern Fringe West. Completion of part of the site is anticipated in 2007/08 or 2008/09.</i>
(20)		<ul style="list-style-type: none"> <i>land at Clay Farm - the Council owns 16+ acres gross. Negotiations are still taking place and planning applications and S106 agreements have not yet been settled.</i>



Ref.	Portfolio	Area of Uncertainty
(21)		<ul style="list-style-type: none"> development at Northern Fringe – the council owns plots of land to the east of Milton Road. It is unclear when development is likely to proceed.
(22)		<p>Rent & Service Charge projections</p> <ul style="list-style-type: none"> initial projections of rent and service charges highlight a potential increase in income in 2007/08 and future years. Projections have been included in Appendix L.
(23)		<p>Legal</p> <ul style="list-style-type: none"> development of procurement initiatives within the Council could generate additional resource requirements for legal support to projects. Similarly increased Freedom of Information requests would put pressure on existing staffing resources.
(24)		<p>City Services</p> <ul style="list-style-type: none"> the PVCu factory has now closed. Efforts continue to find interested tenants to optimise the remaining vacant areas. the Propagation centre is due to close in 2007/08 and plants will be procured from the private sector in the future. Small revenue savings are anticipated as a result of the closure which will be built into the 2008/09 budget process. The site occupied by the Propagation centre is in Cherry Hinton Hall Park and will need a capital scheme to be brought forward to return much of the land to public park space. additional costs associated with grounds maintenance work at the cemeteries and crematorium are anticipated due to the use of more skilled operators. This issue will need to be addressed as part of the 2008/09 budget process.
(25)	Environment & Planning (Climate Change & Growth)	<p>Concessionary fare scheme</p> <ul style="list-style-type: none"> there is still uncertainty regarding the operation and funding arrangements in this area following the introduction of a national free travel scheme in April 2008. See Section 8 for further details.



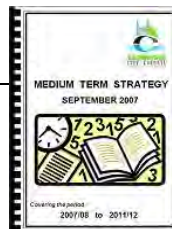
Ref.	Portfolio	Area of Uncertainty
(26)		<p>Section 106 Funding</p> <ul style="list-style-type: none"> <i>the annual report to Committee in July highlights the possibility of changes to the proposed planning obligation system, which if approved would be implemented from 2008. The latest consultation made reference to the introduction of a planning gain supplement, which would entail the introduction of a tax based on the value of land pre and post development. The funds raised would go to HM Treasury before being redistributed. If the proposed system is introduced the existing S106 system would be scaled back to apply only to site-specific mitigation requirements. This would have a significant impact on the implementation of the Council's Planning Obligation Strategy.</i>
(27)		<p>Planning Delivery Grant 2007/08</p> <ul style="list-style-type: none"> <i>2007/08 will be the last year of Planning Delivery Grant. The Government has consulted on the replacement of Planning Delivery Grant with a Housing and Planning Delivery Grant and we are awaiting the outcome of this.</i>
(28)		<p>Planning White Paper</p> <ul style="list-style-type: none"> <i>a new independent commission will determine planning applications for major infrastructure projects, there will be streamlining of national policy and more flexibility around local planning, deregulation of minor applications and changes to householder consent regimes, fees and incentives and a simplified performance regime with an emphasis on outcomes rather than process that links to wider local government performance frameworks to be implemented from 2008. There will also be changes to appeals processes and a revised test for out of town developments. To some degree the Council will be affected by all these changes.</i>



Ref.	Portfolio	Area of Uncertainty
(29)		<p>Development Control Fees</p> <ul style="list-style-type: none"> as part of the planning white paper the Government is looking at changes to planning fees to potentially remove the £50,000 cap and introduce new charges for development confirmations. The Government is also looking at assessing the benefits of deregulating planning fees in the longer term. This will be linked to performance.
(30)		<p>Parking Services</p> <ul style="list-style-type: none"> consultants have and will continue to be used to assist in forecasting income and demand for parking services, as well as with customer survey's. Current projections try and build in potential issues arising from the Grand Arcade and growth in the city and surrounding areas, however with all forecasting there is uncertainty regarding a number of the assumptions made which could impact on the income projections. the Council's approach to dealing with 'carbon footprint' issues and the potential for the introduction of congestion charging in the City's boundaries in the longer term could impact on future car park income levels. a review of the overall parking portfolio will commence in 2008/09 this may impact on the future strategy for repair and replacement of car parks and could impact on the need for significant repair and refurbishment work currently required at Park Street Car park in 2011/12.



Ref.	Portfolio	Area of Uncertainty
		<ul style="list-style-type: none"> • <i>Other issues impacting on Parking services include :</i> <ul style="list-style-type: none"> - <i>the strategy chosen to extend local authority parking enforcement (LAPE) to other districts in Cambridgeshire</i> - <i>partnership discussion surrounding the use of LAPE surpluses where they arise</i> - <i>the transfer of CCTV services into Parking Service' management control.</i> - <i>disruption to customers from improvement and refurbishment works</i> - <i>major changes to retail activity in the city centre</i> - <i>Traffic management and transport planning strategies, particularly road pricing.</i>
(31)		<p>Economic Development & Tourism</p> <ul style="list-style-type: none"> • <i>the achievement of efficiencies and savings arising from the strategic service review are subject to uncertainty.</i>
(32)		<p>Integrated Transport Strategy</p> <ul style="list-style-type: none"> • <i>this is subject to ongoing work with the County Council to progress their Long Term Transport Strategy. This includes a bid by the County for major Government funding from the Transport Innovation Fund, which may result in agreement in 2008 to considerable extra funding for City transport schemes. Integration of transport and land-use planning has also been a major component of planning for major development areas, including the Station Area, Southern Fringe, and Area Action Plans for Cambridge East and North West Cambridge.</i>
(33)	<p>Environment and Planning (Environmental & Waste)</p>	<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> • <i>Waste Electrical and Electronic Equipment (WEEE) Directive [Restriction of the use of certain hazardous substances in electrical and electronic equipment]</i>



Ref.	Portfolio	Area of Uncertainty
(34)		<ul style="list-style-type: none"> • <i>Licensing Act 2003 [Single premises license to cover the sale by retail of alcohol; the supply of alcohol by clubs; the provision of regulated entertainment; the provision of late night refreshment] – has been introduced and the policy reviewed and consulted on regarding whether to adopt a cumulative impact policy which will depend on the police being able to provide an evidence base. A revised policy will be reviewed by Council in the new year.</i> • <i>Gambling Act 2005 – this has been enacted. The Council has a policy regarding the Act and is currently agreeing fee structures. The scheme should be self financing, but there is uncertainty regarding the number of applications, appeals and challenges</i> • <i>Clean Neighbourhood and Environment Act 2005 [Fly tipping, litter, nuisance alleys, fly posting and graffiti, abandoned and nuisance vehicles, dogs & noise] – A corporate policy has been agreed by Area Committees. This could have implications for future years' budgets possibly including provision of an out of hours dog service, increased use of fixed penalty notices increasing the costs of enforcement and legal work etc.</i> • <i>Roger's Review – National Enforcement Priorities for Local Authority Regulatory Services. This review was published at the same time as the budget in March 2007. This is the first time clarity has been provided on what matters most to Central Government for local regulatory services. A report will be considered in the future in terms of how the national enforcement priorities namely: Air Quality, Alcohol, Hygiene of Businesses, Improving Health in the Workplace, Fair Trading and Animal and Public Health are incorporated into the Environmental Health Service Plan.</i>



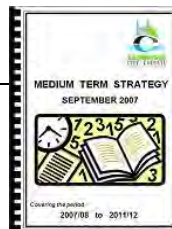
Ref.	Portfolio	Area of Uncertainty
(35)		<ul style="list-style-type: none"> <i>Draft Regulatory and Enforcement Sanctions Bill 2007 – this takes forward some of the recommendations included in the Hampton Review. The bill is in two parts the establishment of the Local Better Regulations Office and ‘Primary authority principle’ and the second allowing regulators to have additional powers to make penalty regimes more effective, targeted and flexible.</i> <i>Stray Dogs – responsibility for stray dogs will be transferred to Local Authorities from the Home Office, however there is uncertainty regarding the arrangements covering this transfer and potentially financial implications.</i>
(36)		<p>Landfill Tax</p> <ul style="list-style-type: none"> <i>the Government’s drive to reduce landfill disposal has resulted in significant increases in landfill tax. The Council’s commitment to recycling should limit the impact of the increased tax on the Council. Monitoring of activity in the early part of 2007/08 should enable better estimates of the impact to be made in the future.</i>
(37)	Community Services (Housing)	<p>Supporting People</p> <ul style="list-style-type: none"> <i>a new Supporting People commissioning strategy and proposed new contracting arrangements for Cambridgeshire, capping of support costs, proposals for county-wide redistribution of SP funding for sheltered housing, and the anticipated channelling of funding through Local Area Agreements in the future mean that the future availability of Supporting People funding across the range of support schemes in Cambridge faces significant uncertainty.</i>
(38)		<p>Homelessness</p> <ul style="list-style-type: none"> <i>the need to re-tender the private sector leasing scheme (currently with King Street Housing) for providing accommodation for homeless in the private rented sector is likely to result in some changes in the scheme funding arrangements.</i>



Ref.	Portfolio	Area of Uncertainty
(39)		<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> • <i>Housing Act 2004 (Housing Health and Safety Rating System (HHSRS) [if a local authority identifies a property as unfit for habitation it has a duty to take action] – This is a major change in housing law and could increase significantly workload of existing staff, for example regulation of university dwellings to protect occupants from fire risk. The Council is trying to contain the costs of complying with the Act by improving efficiencies through mobile working and introducing new technology.</i> • <i>under the Act we have a duty to serve interim management orders on landlords who are not fit and proper. This may mean setting up a similar management/budget arrangement to that used for CPO purchases. This issue will be picked up as part of the 2008/09 budget process.</i>
(40)		<p>Home Aid</p> <ul style="list-style-type: none"> • <i>uncertainty exists surrounding the level of funding for the Home Aid service in future years. Funding from Social Services and the PCT is currently at risk, and the existing funding arrangement for 2 staff members is due to cease with effect from April 2009. The take up of private sector housing grants and loans has also diminished. This will impact on the level of achievable fee income.</i>
(41)		<p>Growth Agenda</p> <ul style="list-style-type: none"> • <i>work is currently being undertaken to quantify the impact of expansion in Cambridge and the sub-region over the next ten years. It is likely that there will be additional pressures on services such as Anti-Social Behaviour, Housing Needs and Home Aid.</i>



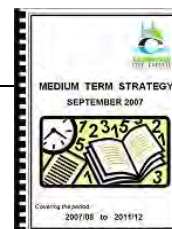
Ref.	Portfolio	Area of Uncertainty
(42)	Community Services (Arts & Recreation)	<p>Homelessness Grant</p> <ul style="list-style-type: none"> <i>the future of CLG funding for homelessness is uncertain. Indications are that grant levels may be reduced in future years, which would necessitate decisions on which external agencies cease to be funded.</i>
(43)		<p>Street Drinking measures</p> <ul style="list-style-type: none"> <i>the number of Street Sleepers have been reduced due to Reconnections and other policies. Further policy decisions are to be made at Strategy & Resources Scrutiny Committee in September.</i>
(44)		<p>Customer Access Strategy</p> <ul style="list-style-type: none"> <i>there are significant uncertainties surrounding what the service departments for Housing Aid and Housing Needs will consist of post the implementation of the Customer Access Strategy.</i>
(45)		<p>Swimming Contract</p> <ul style="list-style-type: none"> <i>additional resources of £25,000 have been included in the MTS in 2008/09 to assist with assessing the market in preparation for whether to extend the current contract with SLM by a further 2 years, or re-tender the service.</i>
(46)		<p>Parkside Pool</p> <ul style="list-style-type: none"> <i>the outcome of legal assessments regarding the defects is not yet established, there could be financial implications arising from this.</i>
(47)		<p>Cambridge Card</p> <ul style="list-style-type: none"> <i>the Council has recently introduced the Cambridge Card and is working in partnership with a number of organisations regarding this item. It is hoped that the scheme will be successful and financial implications minimised. The full effects following the introduction of the scheme will need to be revisited in the future.</i>



Ref.	Portfolio	Area of Uncertainty
(48)		<p>Heritage Lottery Grant Funding</p> <ul style="list-style-type: none"> <i>work is progressing regarding obtaining Heritage Lottery Funding for improvements to Jesus Green. Initial planning grant is being applied for and dependant on the outcome of this more detailed work on commencing the scheme will occur in the future.</i>
(49)		<p>Propagation Centre</p> <ul style="list-style-type: none"> <i>the future use of Cherry Hinton Hall following demolition of the Propagation Centre is uncertain. A report will be presented to a future Committee discussing the potential options available.</i>
(50)		<p>Olympics</p> <ul style="list-style-type: none"> <i>the Council needs to assess the impact and opportunities arising from the Olympics 2012 in terms of adding value to existing service provision, maximising legacy i.e. making sure that city clubs and facilities can cater for the enthusiasm generated by 2012 and managing the potential impact on infrastructure and services.</i>
(51)		<p>Punt enforcement issues</p> <ul style="list-style-type: none"> <i>there has been issues regarding illegal punt operators working from Jesus Green. If action is decided to be taken on this issue additional resources will be required. This item will be considered as part of the 2008/09 budget process.</i>
(52)		<p>Arts and Entertainments</p> <ul style="list-style-type: none"> <i>there is a lack of capacity to progress the Council's engagement with substantial public art agreements and projects, as a result significant opportunities may be missed or underexploited, for example with the Grand Arcade, Bradwell's Court and Station site developments.</i>

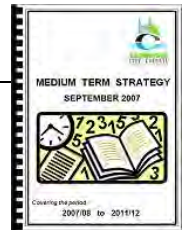


Ref.	Portfolio	Area of Uncertainty
(53)	Community Development & Health	<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> <i>legislation recently introduced has introduced control over smoking in public places. This is enforced by local authority environmental health services. The affect of this new legislation needs to be monitored to ensure there are no financial implications.</i>
(54)		<p>Ongoing revenue funding of Community Development facilities</p> <ul style="list-style-type: none"> <i>the impact of growth in the city and surrounding area will require the creation of community facilities. The creation of the facilities will be covered by S106 contributions, however the revenue funding of these facilities may require ongoing City Council support.</i>
(55)		<p>Safeguarding children and vulnerable adults</p> <ul style="list-style-type: none"> <i>legislation requires that we review and update our procedures for safeguarding children and vulnerable adults. This will result in new policy and procedures with increased costs in relation to police checks and staff training. The impact is impossible to quantify at this stage.</i>



(c) Housing Revenue Account

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Revenue Account	<p>Housing Subsidy and Self Financing for the HRA</p> <ul style="list-style-type: none"> <i>the key factor in subsidy will be any changes to the formulae for 2008/09, the outcome of which will not be known until December 2007.. Although changes to management and maintenance allowances have been favourable in recent years, the changes in guideline rents have more than outweighed these for Cambridge City. The outcome of the CLG modelling for a self-financing HRA is anticipated as part of the CSR 2007.</i>
(2)		<p>Right to Buy Sales</p> <ul style="list-style-type: none"> <i>the number of sales dropped again in 2006/07. Early indications in 2007/08 suggest that sales are likely to remain low. The implications of this for revenue are positive, in that additional rental income can be assumed for the longer term.</i>
(3)		<p>Day to Day Repairs and Voids</p> <ul style="list-style-type: none"> <i>increases in inflation in the building industry, coupled with a greater demand for day to day and void repairs as highlighted by decent homes surveyors in the housing stock, are putting considerable demand on the budget. Additional resources will be required, if the current level of expectation is to be maintained.</i>
(4)		<p>Independent Living Service</p> <ul style="list-style-type: none"> <i>funding for the Independent Living Service is at risk in a number of areas. The level of voids, as a result of the sheltered housing investment strategy is far greater than anticipated, producing shortfalls in rent, service charge and support income. This is compounded by concerns in the level of future funding from Supporting People for support, and from the PCT for extra care, combined with a significant loss of business from warden agencies as a result of their needs to cut costs and us transferring to Eldercare as a call centre operator.</i>



Ref.	Portfolio	Area of Uncertainty
(5)		<p>Maintenance of Aids and Adaptations</p> <p><i>additional capital investment in aids and adaptations in HRA stock, has revenue implications for repairing and maintaining the equipment. This puts additional pressure on the existing day to day repairs budgets.</i></p>
(6)		<p>Growth Agenda</p> <ul style="list-style-type: none"> <i>work is currently being undertaken to quantify the impact of expansion in Cambridge and the sub-region over the next ten years. It is likely that there will be additional pressures on services such as Anti-Social Behaviour.</i>



(d) Capital

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Capital	<p>Sheltered Housing Asset Management Strategy</p> <ul style="list-style-type: none"> <i>The proposed future redistribution of Supporting People funding in Cambridge to other parts of the county, coupled with the sub-regional prioritisation of capital funding for supported housing schemes under the national affordable housing programme, make the future availability of capital and revenue funding for the delivery of the sheltered housing modernisation strategy extremely uncertain. Delivery of the agreed Asset Management Strategy for sheltered housing provision in our own stock requires review in light of the above. Sale and transfer values and costs such as building inflation provide considerable uncertainty in the delivery of the latter years of the programme.</i>
(2)		<p>Achievement of Decent Homes</p> <p><i>access to some properties to undertake decent homes works is proving problematic, and puts the achievement of the target at risk if a policy is not adopted to deal with this. Rising external inflation rates in the building industry are also of great concern, with the BCIS index currently forecasting tender price inflation of 7.5% in the next year.</i></p>
(3)		<p>Sulphate Attacks</p> <ul style="list-style-type: none"> <i>sulphate attack has been identified in a number of council dwellings, resulting in the possible need to invest an additional £3m over the next ten years to undertake the remedial works. There is the potential for similar sulphate attacks in the structures of a number of other council dwellings, which could result in the need for significant additional investment to undertake these works.</i>



Ref.	Portfolio	Area of Uncertainty
(4)		<p>Energy Audits</p> <p><i>In the near future, there will be a requirement to undertake energy audits at every change of tenure, with the issue of a certificate that will be valid for a number of years. There is not currently the capacity to undertake this for the approximately 700 tenancy changes per annum, and additional resources will be required to either employ and train staff, or out-source the work.</i></p>
(5)		<p>Housing Health and Safety rating system.</p> <ul style="list-style-type: none"> <i>the impact of this new method of assessing housing fitness has yet to be quantified fully. This is important as the new assessment system examines a wider scope of issues than has historically been the case when assessing housing fitness which in turn determines Decency. This may result in a requirement to address works outside of the home and/or building fabric e.g. garden paths, ancillary buildings etc. £200k per annum has been identified as part of the Housing Investment Plan, but it is not yet known whether this will be sufficient to meet all demands.</i>
(6)		<p>Right to Buy Sales</p> <ul style="list-style-type: none"> <i>The number of sales dropped dramatically in 2006/07. Early indications in 2007/08 suggest that sales are likely to continue to fall. The negative implications of this fall in available capital resources will need to be built into the Housing Investment Plan.</i>



Appendix N

General Fund - Projection - 2007/08 to 2011/12

General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Net Spending (Cttee Totals)	20,011,710	20,335,580	20,110,330	20,137,060	20,487,630	Inflated base budgets (includes savings, inflation and PPF effects from prior years)
	<u>20,011,710</u>	<u>20,335,580</u>	<u>20,110,330</u>	<u>20,137,060</u>	<u>20,487,630</u>	
<i>less</i> Capital Adjustments Account	583,180	583,180	583,180	583,180	583,180	Includes depreciation, appropriation and capital financing adjustments
<i>less</i> Minimum Revenue Provision Adjustment	(2,999,680)	(2,999,680)	(2,999,680)	(2,999,680)	(2,999,680)	
	<u>17,595,210</u>	<u>17,919,080</u>	<u>17,693,830</u>	<u>17,720,560</u>	<u>18,071,130</u>	
<i>less</i> Contribution to :						
Capital Plan	5,175,310	4,570,940	4,375,000	2,891,000	1,580,000	Revenue contribution to fund capital spending
	<u>22,770,520</u>	<u>22,490,020</u>	<u>22,068,830</u>	<u>20,611,560</u>	<u>19,651,130</u>	
<i>add</i> Anticipated changes						
Previously Approved:						
Employers Pension contribution	0	464,170	903,910	1,368,080	1,368,080	Balance of provision required due to final actuarial report for 2004
Lion Yard - Rent Income	0	17,940	(18,560)	20,720	(43,440)	Balance of net change in rents projected after contribution to capital



General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Council Tax Income earmarked for future Growth spend	35,270	114,270	291,400	516,920	759,510	Earmarked Provision
Growth delivery	11,360	11,360	11,360	11,360	11,360	
New items 2008/09						
Crematorium Income Budgets	134,000	134,000	134,000	134,000	134,000	Re-basing income budgets to reflect the fall in activity
Industrial and Commercial properties- increased rent	(120,000)	0	0	0	0	Industrial £55k and commercial £65k. Future impact is included in Property rent reviews.
Council Tax Benefits / Rent Allowances & Rebates	132,640	167,380	179,590	172,210	126,280	Review of the budgets to reflect anticipated changes to DWP subsidy
Property income – increase above assumed inflation level	0	(78,420)	(78,420)	(78,420)	(78,420)	Based on Property Rent projections at July 2007
Legal Services - staffing costs	52,520	0	0	0	0	Extra costs as a result of employing locums.
Swimming Contract	0	25,000	0	0	0	Funding for review to determine whether to exercise contract extension option or re-tender.
Tree Risk Management	29,000	0	0	0	0	Shortfall in funding requirement highlighted in recent survey.
Economic Development & Tourism review	0	(128,680)	(143,680)	(143,680)	(143,680)	Savings resulting from changes approved in the report to Committee 10 July 2007 (provisional)
Growth - Additional Cost of extending current posts.	0	43,600	65,330	185,700	0	Directly-funded posts extended to 31 March 2011.
Grand Arcade (was Lion Yard) Car Park income	150,000	0	0	0	0	Current year income projections lower than anticipated.



General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Grand Arcade (was Lion Yard) Car Park Rates	50,000	50,000	50,000	50,000	50,000	Revaluation following opening
Development Plan (was Local Plan)	0	10,250	10,250	10,250	10,250	Shortfall in provision, based on latest projections (excludes any Local Plan challenge)
Concessionary Fares	14,000	0	0	0	0	Additional cost payable to operators
Quayside punt issues	22,000	0	0	0	0	Estimated Legal costs to conclude the issue
Choice Based Lettings	0	14,000	14,000	14,000	14,000	Additional revenue costs resulting from awarding contract - Urgent Decision 31 July 2007
Junction	10,810	0	0	0	0	Balance of £25k payment to support their transition plan - £10k from Grants Future Fund and £4k from existing budget.
Cardboard Waste cardboard recycling	(4,000)	(25,040)	41,700	31,680	31,680	New initiative – with vehicle purchase and costs to 2009/10 met by LAA funding. Includes sale of cardboard.
Lion Yard rent income	1,850	(3,070)	(13,850)	(201,320)	(18,190)	Reworked for capital and rent projections
Planning Appeals	(150,000)	0	0	0	0	Return of £150k of the contribution in respect of the CB1 appeal, which did not proceed
External Interest	(706,000)	(640,000)	(324,000)	(225,000)	(223,000)	Reworked for the latest projections July 2007
Rephasing of EDRMS budget	(58,120)	36,800	4,010	17,310	0	Based on latest projections.
Reduced use of DRF following Arbury capital receipt	(2,250,000)	0	0	0	0	Anticipated Receipt (net of infrastructure costs)
2007/08 Pay Award – additional cost at 2.475%	135,040	135,040	135,040	135,040	135,040	Additional cost above 2.0% provision, based on latest Employers offer
	20,260,890	22,838,620	23,150,810	22,443,460	21,590,540	



General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
<i>add</i> Priority Policy Fund (PPF)						
- PPF available for Budget Year	-	500,000				
- Future Years PPF Provision	-	-	500,000	500,000	500,000	New provision included in each budget year
	20,260,890	23,338,620	23,650,810	22,943,460	22,090,540	
<i>less</i> Net savings Requirement	0	(1,208,500)	(1,030,000)	(1,025,000)	(1,000,000)	New savings required in each budget year
Total Net Spending Requirement	20,260,890	22,130,120	22,620,810	21,918,460	21,090,540	



General Fund - Funding Statement - 2007/08 to 2011/12

General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Total Net Spending Requirement	20,260,890	22,130,120	22,620,810	21,918,460	21,090,540	
/less External Support						
- Formula Grant	(12,121,780)	(12,443,170)	(12,565,600)	(12,689,250)	(12,814,140)	Formula Grant (RSG and NNDR Pool share) includes concessionary fares contingency of £200k p.a. 2008/09 onwards
- LABGI	0					
	8,139,110	9,686,950	10,055,210	9,229,210	8,276,400	
/less Collection Fund (Surplus) / Deficit						
- Council Tax Collection Fund	(79,390)	0	0	0	0	Based on latest review of Collection Funds
- Poll Tax Collection Fund	0	0	0	0	0	Based on latest review of Collection Funds
	8,059,720	9,686,950	10,055,210	9,229,210	8,276,400	
/less Income from Council Tax	(5,752,070)	(6,120,360)	(6,605,330)	(7,162,870)	(7,765,530)	
Contribution (To) / From Reserves	2,307,650	3,566,590	3,449,880	2,066,340	510,870	



General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Memo Items :						
Council Tax						
- Taxbase	38,654	39,357	40,646	42,179	43,759	
- Council Tax at Band 'D'	£148.81	£155.51	£162.51	£169.82	£177.46	
- Implied annual Council Tax increase	-	4.50%	4.50%	4.50%	4.50%	



General Fund - Reserves Projection - 2007/08 to 2011/12

General Fund category	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	Comments / Notes
Balance as at 1 April (b/f)	13,118,450	9,750,410	5,733,880	2,824,070	1,500,820	
less Contribution (to) / from General Fund	(2,307,650)	(3,566,590)	(3,449,880)	(2,066,340)	(510,870)	
less Temporary use of reserves / payback						Net use of Reserves
Customer Access	(1,010,390)	(419,940)	530,070	613,240	613,240	Payback by 2014/15 first full year saving
Guildhall Working Party payback (Capital in Plan)	0	0	0	119,850	96,670	Payback by 2017/18 first full year saving
Mercury Abatement	0	0	0	0	0	Payback by 2024/25 first full year saving Now included in Capital Plan.
Memorials	(50,000)	(30,000)	10,000	10,000	10,000	Payback by 2018/19 first full year saving
Balance as at 31 March (c/f)	9,750,410	5,733,880	2,824,070	1,500,820	1,709,860	



Appendix O

HRA Summary Forecast - 2007/08 to 2011/12

Description	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	2011/12 (£ 000's)
Supervision & Management - General	4,738	4,919	5,182	5,456	5,640
Customer Access Strategy - Costs / (Savings)	835	269	(68)	(90)	(87)
Supervision & Management - Special	1,913	1,993	2,077	2,164	2,255
Repairs & Maintenance	5,384	5,589	5,779	5,982	6,231
HRA Subsidy (including MRA)	9,206	9,715	10,214	10,670	11,363
Depreciation - transferred to Major Repairs Reserve	7,591	7,591	7,591	7,591	7,591
Other Expenditure	367	382	397	414	431
Total Expenditure	30,034	30,458	31,172	32,187	33,424
Rental Income	(26,795)	(27,911)	(29,055)	(29,989)	(31,479)
Service Charges	(1,846)	(1,906)	(1,969)	(2,033)	(2,100)
Other Income	(618)	(632)	(645)	(659)	(674)
Total Income	(29,259)	(30,449)	(31,669)	(32,681)	(34,253)
Net Cost of Services	775	9	(497)	(494)	(829)



Description	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	2011/12 (£ 000's)
Net Cost of Services b/f	775	9	(497)	(494)	(829)
AMRA					
Loan Interest	52	50	50	50	50
Interest Receivable	(538)	(509)	(447)	(422)	(407)
Mortgage Interest Receipts	(9)	(7)	(5)	(4)	(3)
Redemption Premium charged to Revenue	545	545	546	546	346
Net Operating Expenditure	825	88	(353)	(324)	(843)
Appropriations					
Depreciation Adjustment	(2,607)	(2,494)	(2,367)	(2,268)	(2,160)
Direct Revenue Financing of Capital	2,506	3,140	3,466	3,351	3,775
FRS17 Adjustment	(224)	(234)	(246)	(259)	(272)
(Surplus) / Deficit for Year	500	500	500	500	500
(Surplus) / Deficit b/f	(6,702)	(6,202)	(5,702)	(5,202)	(4,702)
Total Balance c/f	(6,202)	(5,702)	(5,202)	(4,702)	(4,202)



Remits for Capital Programmes

PR1 HOUSING CAPITAL INVESTMENT PROGRAMME

Approved Timescale : Ongoing

Remit :

The Housing Capital Investment Programme is the City Council's annual approved allocation for funding of Housing investment in Cambridge. The Executive Councillor for Housing, with scrutiny by the Community Services Scrutiny Committee, approves the investment of HRA capital resources in our own stock (meeting decent homes, improving sheltered schemes and other capital investment) and in housing in the private sector (disabled facilities grants, private sector grants and loans and the provision of new affordable housing). PR1a relates to S106 funded schemes.

PR3 CITY CENTRE MANAGEMENT PROGRAMME

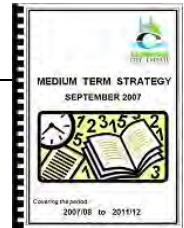
Approved Timescale : 1997/98 to 2003/04, and ongoing

Lead Officer : E. Thornton

Remit :

The City Centre Management Programme is designed to provide pump-priming finance for capital schemes which improve the commercial and retail environment in the City Centre. The programme enables the Council to work in partnership with the private and voluntary sectors to 'kick start' projects that would not otherwise take place. The Council will seek matching external funding equal to the annual total of the programme.

A review of City Centre Management is currently being undertaken hence it is proposed that this programme is reviewed following the outcome of this report.



PR4 SUSTAINABLE CITY PROGRAMME

Approved Timescale : 1997/98 to 2003/04, and ongoing

Lead Officer : S Pidgeon

Remit :

The Sustainable City Programme is designed to encourage bids for capital schemes from a broad range of local organisations which improve the sustainability of Cambridge City. Judgements about the relative contribution made by different schemes to sustainability will be made against their predicted or potential impact on various 'sustainability' indicators adopted by the Council. Matching external funding, equal to at least half of the total of the annual programme, will be sought by the Council.

The ongoing nature of the programme is to be reviewed as part of the 2008/09 budget process in light of the Council's climate change agenda.

PR6 SAFER CITY PROGRAMME

Approved Timescale : 1996/97 & 1997/98 to 2009/10

Lead Officer : L. Kilkelly

Remit :

The Safer City Programme is designed to provide capital money for which local residents and tenants groups can bid for small-scale crime prevention measures. The maximum grant available to any one group in any year will be £7,500.

Asset Management Group has requested that this programme is reviewed as part of the 2008/09 budget process.



PR7 CYCLEWAYS

Approved Timescale : 1999/2001 to 2002/03, and ongoing

Lead Officer : C Rankin

Remit :

The City Council has promoted cycling by investing in improvements to cycle facilities for over 20 years. The work has consisted of the introduction of new facilities as well as improvements to existing facilities. With greater emphasis now on the need to provide good alternatives to the car, this work is becoming increasingly important. The City Council works jointly with the County Council on developing and promoting cycling and the two authorities have adopted a joint strategy for looking at areas for improvements. The County Council normally provides additional funding which at least matches the amount allocated by the City Council. A priority list of schemes to be funded from this programme has been agreed by the Cambridge Traffic Management Area Joint Committee.

Asset Management Group has requested that this programme is reviewed as part of the 2008/09 budget process.

PR9 DEVELOPMENT OF JOINT-USE FACILITIES

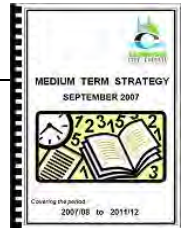
Approved Timescale : 1999/2000 to 2007/08 *

Lead Officer : D Kaye

Remit :

The programme is designed to make available capital money that can be bid for by organisations in respect of schemes to provide additional joint-use leisure facilities in the City. Schemes would normally be expected to involve external funding. Assessment will be based on the additional facilities available to the community which are provided, and the contribution made to meeting the aims of the Council's strategy.

(*) The programme was extended to 2007/08 to enable schemes to progress at Manor Community College and St Bedes / Coleridge Community College. The St Bedes payment will be paid imminently and it is anticipated that the Manor payment will be made before the end of the 2007/08 financial year.



PR10 ENVIRONMENTAL IMPROVEMENTS PROGRAMME

Approved Timescale : 2000/01 and ongoing

Lead Officer : G Richardson

Remit :

This programme, allocated to area committees based on population, allows local people and organisations, Councillors and officers to put forward ideas to improve their neighbourhood. Both small and large-scale schemes can be considered if there is local support and if the proposal is likely to be a significant and long-term improvement to the street or place. The eligibility criteria for the revised programme are still to be agreed by the Executive Councillor for Environmental Services.

This programme incorporates funding previously held on Capital Programmes for Pavement replacement, Traffic Calming road safety schemes and Pedestrian Crossings.

PR11 ENVIRONMENTAL IMPROVEMENTS - PAVEMENTS

Approved Timescale : 2001/02 and 2006/07

Lead Officer : J. Isherwood

Remit :

This budget was provided to enhance the standard of footways across the City with a view to ensuring that pavements are smoother and less likely to result in trips, particularly for people who have some mobility problems but are still capable of walking. It provided a higher standard of materials than would otherwise be the case and supplemented budgets provided for maintenance by the Highway Authority.

This budget was consolidated into PR10 with effect from 2006/07.



PR12 ROAD SAFETY SCHEMES – TRAFFIC CALMING

Approved Timescale : 2000/01 to 2007/08

Lead Officer : J. Isherwood

Remit :

This budget was provided to enable works to be carried out in residential areas of the City aimed at reducing the impact of traffic on those areas. A programme of schemes was developed and prioritised following consultation with residents and Ward Councillors.

With the exception of funding to complete commitments in 2007/08, the Programme was consolidated into PR10 with effect from 2006/07.

PR13 ROAD SAFETY SCHEMES – CROSSINGS

Approved Timescale : 2000/01 to 2007/08

Lead Officer : J. Isherwood

Remit :

This budget aimed to providing better and safer facilities for pedestrians. A programme of schemes was developed and prioritised following consultation with residents and Ward Councillors.

The on-going funding, after commitments, was consolidated into PR10 with effect from 2006/07.



PR14 ENVIRONMENTAL SAFETY FUND

Approved Timescale : 2001/02 to 2007/08

Lead Officer : B Human

Remit :

This budget is provided to improve Street lighting in areas where it was likely to result in a reduction in crime and / or fear of crime. Used together with additional funding from the County Council on busier traffic routes where there is likely to be a reduction in night-time Road Traffic Accidents, especially to cyclists, or on footpaths on green spaces where there is an identified problem with crime.

PR15 REPAIR AND REFURBISHMENT PROGRAMME – HOBSONS CONDUIT

Approved Timescale : 2002/03 to 2007/08

Lead Officer : A Wingfield

Remit :

This budget is to provide improvements to Hobson Conduit banking and runnels. Schemes have been prioritised over the life of the programme by Hobsons Trust. There is a small budget of £5k remaining to be spent in 2007/08.

PR16 PUBLIC CONVENIENCES

Approved Timescale : 2002/03 to 2010/11

Lead Officer : B. Kerry

Remit :

This budget is to provide the complete replacement or major reconstruction of public conveniences in accordance with the strategy agreed by Environment Committee in June 2001. Phase 2 of the programme covers works to : Chesterton Road, Arbury Court, Cherry Hinton Hall, Romsey Recreation Ground, Kings Hedges Recreation Ground and Barnwell Road.

Work at Chesterton Road is going to cost more than anticipated so resources allocated to fund Cherry Hinton Hall have been used to part fund this overspend. Budget will need to be made available in future years to enable work to commence at Cherry Hinton Hall, once the future of the site has been agreed following the demolition of the Propagation Centre.



PR17 CITY SERVICES VEHICLE REPLACEMENT

Approved Timescale : ongoing

Lead Officer : G. Watts

Remit :

This reflects the vehicle replacement programme, and associated provision of earmarked repair and renewal funding, which has been set up to cover the vehicle fleet operated by City Services.

PR18 BUS SHELTERS

Approved Timescale : 2004/05 to 2011/12

Lead Officer : E Oliver

Remit :

The Council currently owns 63 shelters across the City, of varying age and construction type. This budget is to provide for up to 5 new or replacement bus shelters each year. The exact number will depend on size, layout and location of the shelters.

PR19 CAR PARKS INFRASTRUCTURE AND EQUIPMENT REPLACEMENT

Approved Timescale : Ongoing

Lead Officer : S Maxwell

Remit :

This reflects the scheduled repair and renewal works which have been programmed for all the City's car parks. The programmed works are covered by the specific earmarked repair and renewal funds, operated by the Council.



PR20 ICT INFRASTRUCTURE REPLACEMENT AND UPGRADE

Approved Timescale : Ongoing

Lead Officer : J Nightingale

Remit :

This reflects the scheduled replacement and upgrade works required to maintain the Council's ICT infrastructure. The programmed works are covered by the specific earmarked repair and renewal funds, operated by the Council.



Appendix Q

Capital Funding Availability Projection - 2007/08 to 2011/12

Funding		Financial Year				
Source	Type	2007/08 £'s	2008/09 £'s	2009/10 £'s	2010/11 £'s	2011/12 £'s
External Support	Specified Capital Grants (SCG)	(1,638,000)	(1,067,000)	(530,000)	(530,000)	(530,000)
	Other Sources	(690,000)	(101,000)	(50,000)	(50,000)	(50,000)
	Major Repairs Allowance (MRA)	(4,984,000)	(4,936,000)	(4,866,000)	(4,818,000)	(4,758,000)
	Section 106	(3,504,000)	(462,000)	(61,000)	0	0
	TOTAL - External Support	(10,816,000)	(6,566,000)	(5,507,000)	(5,398,000)	(5,338,000)
City Council	Usable Capital Receipts	(5,445,000)	(2,969,000)	(3,279,000)	(1,874,000)	(1,390,000)
	HRA Capital Balances	(8,960,000)	(5,666,000)	(942,000)	(2,845,000)	(468,000)
	Direct Revenue Financing (DRF) - HRA	(2,110,000)	(2,508,000)	(2,367,000)	(2,415,000)	(3,809,000)
	Direct Revenue Financing (DRF) - GF Services	(177,000)	(54,000)	0	0	0
	Direct Revenue Financing (DRF) - Use of Reserves	(5,235,310)	(4,610,940)	(4,375,000)	(2,891,000)	(1,580,000)
	Repair & Renewals Fund	(2,298,000)	(1,468,000)	(455,000)	(447,000)	(25,000)
	Earmarked Reserves	(609,500)	(2,500)	(2,500)	0	0
	Earmarked Reserves – Technology Investment Fund	(956,000)	0	(19,000)	0	0
	TOTAL - City Council	(25,790,810)	(17,278,440)	(11,439,500)	(10,472,000)	(7,272,000)
	Total Available Finance	(36,606,810)	(23,844,440)	(17,307,500)	(15,975,000)	(12,610,000)



Appendix R

Capital Plan Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	2011/12 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
CATEGORY TOTALS												
	Approved Programmes		766	10,142	26,002	18,157	12,723	13,234	11,714	92,258	743	
	Approved Schemes		27,163	9,603	10,230	4,913	3,788	1,870	25	31,168	287	
	TOTAL CAPITAL PLAN		27,929	19,745	36,232	23,070	16,511	15,104	11,739	123,426	1,030	



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	2011/12 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
Capital Programmes												
PR001	Housing Capital Investment Programme	J Hovells		0	19,224	15,819	11,513	12,082	10,955	58,638	0	Detailed review of schemes is undertaken by Housing Committee.
PR001a	Housing Capital Investment Programme S106 Funded	J Hovells		0	2,262	86	0	0	0	2,348	0	Programme of Section 106 spend on affordable housing
PR003	City Centre Management Programme	E Thornton	174	211	30	30	30	30	30	331	0	£35k funding for 2000/01 apprvd at City Board 6/7/98. 3 year prog (2001/02 - 2003/04) apprvd at City Board 29/1/01. £30k on-going approved at Strategy Scrutiny 26/1/04.
PR004	Sustainable City Programme	S Pidgeon	290	336	35	30	30	30	30	476	16	£10k transferred to Arb. Strategy (PR08) approved at City Brd 1/2/99. £50k for 2000/01 approved 29/3/99. 3 year prog (2001/02-2003/04) approved City Board 29/1/01. £15k trfd to rev. in 2003/04. £35k on-going approved at Strategy Scrutiny 26/1/04
PR006	Safer City Programme	L Kilkelly	302	366	75	50	50	0	0	548	7	Three year extension of programme approved at City Board 31/01/00. Three year extension of programme approved at Strategy Scrutiny 28/01/03. Extn to programme to 2009/10 £50k pa.
PR007	Cycleways	C Rankin		845	455	150	150	150	150	1,751	1	3yr prog funded by rev contr. Approved 9/11/98 Env Cttee. Addl £25k pa approved C/Bd 29/3/99. Addl £150k in 02/03 funded from County cont.-for Nmkt Rd c/way. Now on-going £50k pa with match funding from County approved 28/01/03. Addl £50k pa 25/1/05



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	2011/12 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR009	Joint-Use Sports Facilities	D Kaye		27	445	0	0	0	0	472	0	Apprvd 31/01/00 C/Bd. Funded from u/o/r. Proj appls for St. Bedes Sports Hall to Nov 2002 CD&L Ctte. Sch. reduced by £50k due to alt. funding for Milton Climbing Centre-apprvd at Strat. Scrut. 28/01/03. Manor Coll proj appls to July Ctte.
PR010	Environmental Improvements Programme	D Foley-Norman		706	58	58	58	58	58	996	58	Scheme approved 8/5/00 City Board. Was shown as SC90. Additional £150k pa approved at City Board 29/1/01. Contributions of £63k achieved by 31/3/03, which will allow additional expenditure. One off £50k reduction in 2004/05.
PR010a	Environmental Improvements Programme - North Area	D Foley-Norman		90	266	138	138	138	138	780	10	Budget now allocated to area committees.
PR010b	Environmental Improvements Programme - South Area	D Foley-Norman		47	165	97	97	97	97	506	3	Budget now allocated to area committees
PR010c	Environmental Improvements Programme - West/Central Area	D Foley-Norman		68	196	100	100	100	100	598	34	Budget now allocated to area committees
PR010d	Environmental Improvements Programme - East Area	D Foley-Norman		33	298	131	131	131	131	755	31	Budget now allocated to area committees
PR011	Environmental Improvements - Pavements	J Isherwood		271	0	0	0	0	0	271	0	£50k pa approved at City Board 29/1/01
PR012	Road Safety Schemes - Traffic Calming	J Isherwood		739	14	0	0	0	0	754	1	Scheme aprvd 8/5/00 City Bd. Addtnl £100k pa aprvd at City Brd 29/1/01. Foster Rd & Paget Rd works carried out. Radegund Road on site. Bateman St almost complete. Norfolk Street to start December 2002.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	2011/12 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR013	Road Safety Schemes - Crossings	J Isherwood		332	204	0	0	0	0	536	0	Scheme apprvd 8/5/00 City Bd. Addtnl £45k pa apprvd at City Bd 29/1/01. Addtnl £30k pa drf. Q/Ediths Way, Tvrshm Drift, C/H High St & Crltn Way up & running. KH Rd about to be inst'd. Barton Rd & Storeys Way likely. £26,339 S106 rec'd.
PR014	Environmental Safety Fund	B Human		42	98	0	0	0	0	140	0	Approved at City Board 9/7/01. Agreed at Environment Scrutiny 11/11/03 that fund be used to improve street lighting in those areas with highest violent crime figures.
PR015	Repair and Refurbishment Programme - Hobsons Conduit	A Wingfield		19	5	0	0	0	0	24	0	£5K per annum for five year (ending 2006/07) approved at City Board 11/02/02. Funded from use of reserves.
PR016	Public Conveniences	B Kerry		1,339	422	38	38	38	0	1,890	15	City Board 1/2/99 appr. Addl £70k R&R fundng. Addl £68k appr City Board 29/1/01. Addl £250k pa appr City Board 11/02/02 4 yrs to 2005/06. Addl funding app Scrutiny 10.1.06 from UOR to 2007/08. Further prog to 09/10 from R&R £25k pa.
PR017	City Services - Vehicle Replacement Programme	G Watts		4,371	361	950	0	0	0	5,682	0	Apprvd C/Bd 29/01/01 funded from R&R. Further apprvl's at C/Bd 26/11/01. Ext of prog apprvd in 03/04 MTS. £338.5k 03/04 apprvd 28/01/03. £95k Refuse Veh. apprvd at Strat. 7/7/03. £338k apprvd Strat. 26/1/04. Tfr'd 2 PVCu vans from 05/06 Co
PR018	Bus Shelters	E Oliver		101	54	25	25	25	25	231	1	Approval at Strategy Scrutiny 26/1/04. Four-year programme to 2007/08. Funded from use of reserves. Further funding approved Scrutiny 10.1.06 to 2009/10 funded from Reserves.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	2011/12 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PRO19	Car Parks Infrastructure and Equipment Replacement Programme	P Necus		64	841	285	303	255	0	1,765	17	
PRO20	ICT Infrastructure Programme	J Nightingale		8	102	110	60	100	0	385	5	Programme over 5 years from 2006/07 funded from R&R
PRO20	Corporate Firewall Replacement (ICT Infrastructure Programme)	J Nightingale		17	46	0	0	0	0	84	21	
PRO20	Desktop Standardisation (ICT Infrastructure Programme)	J Nightingale		4	172	0	0	0	0	180	4	
PRO20	Netware Upgrade (ICT Infrastructure Programme)	J Nightingale		107	174	60	0	0	0	402	61	
Total – Capital Programmes			766	10,142	26,002	18,157	12,723	13,234	11,714	80,544	287	

Capital Schemes

SC033B	CCTV Street Lighting	G Richardson	47	7	40	0	0	0	0	47	0	Held in reserve for implementation of lighting strategy in association with the County Council. Additional £6k external contribution received.
SC067	Replacement and upgrade of PS2000	J Foglietta	177	165	0	12	0	0	0	177	0	City Board 1/2/99 approval. Finance and Human Resources bids to Strategy Scrutiny 28/01/03. Funded from R&R (£138k) and use of reserves (£39k). Funding split: Finance £65k; Human Resources £112k.
SC072	Poster Boards	J Hunter	33	23	10	0	0	0	0	33	0	Approved City Board 29/3/99. Funded from use of reserves. Work almost complete. Funding for Phase 2 approved at 31/01/00 City Board. Additional £13k approved City Board 29/1/01



Capital Plan - Approved Items

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SC073	New Information Boards	A Wilson	15	0	15	0	0	0	0	15	0	Approved City Board 29/3/99. Funded from use of reserves. Design work in progress.
SC104	Nuns Way Community/Neighbourhood Park	J Roebuck	229	225	0	0	0	0	0	225	0	Approved at City Board 29/01/01. Funded from reserves. Now includes additional £15,446 S106 contribution.
SC105	East Chesterton Community Centre	K Hay	1,702	1,666	37	0	0	0	0	1,693	(10)	Apprvd at City Board 29/1/01. Funded from uor. £100k tfrd to SC106-apprvd at City Board 9/7/01. Plan. app. submitted and expected to go chte in Aug. Compl. of scheme expected early 2005. Further funds £176k S106 Nov 2004.
SC106	Enhance Existing Community Facilities - East Chesterton	K Hay	150	106	44	0	0	0	0	150	0	Approved at City Board 29/1/01. Funded from use of reserves. £100k transferred from SC105 - approved at City Board 9/7/01. Grant of £100k awarded to St. George's Church for hall refurbishment.
SC110	Corn Exchange Air Handling	G Saxby	60	0	60	0	0	0	0	60	0	Approved at City Board 29/1/01. Funded from reserves. Further investigation needed after outcome of BVFSR approved.
SC121	Sports Development	I Ross	332	321	12	0	0	0	0	333	0	Earmarked fund set up for further devlopmts from underspend on Parkside Pool Dev. £403,062). Apprd at City Board 26/3/01. Report to June 2001 CD&L Committee. £110k in 2004/05 tfr'd to SC206. Adtl £39k funding from Sport England Nov 06.
SC1311	Access to Buildings - Year 2 & 3 - Conveniences on Recreation Grounds	I Ross	76	72	0	0	0	0	0	72	0	Allocation of DDA funding.



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SC145	Cellarers Chequer Roof Repair	J Cowin	82	82	0	0	0	0	0	83	1	Approved at City Board 11/02/02. Funded from use of reserves. 2003/04 funding (£28k) tfrd to Hold List - approved at Strategy Scrutiny 28/01/03. Further remedial work planned for 2003/04.
SC148	Computerisation of Land Charges Project	F Barratt	464	0	0	0	0	0	0	0	0	Approved at City Board 11/02/02. Funded from use of reserves with a five year repayment plan from increases in related fees and charges. £4k transferred to revenue.
SC154	Allotment Improvements (from S106 Newmarket Rd)	T Ray	107	0	0	0	0	0	0	0	0	£107k funded from S106 scheme. Balance of £18k transferred to SC348.
SC159	Midsummer Common - Access & Path Re-enforcement	I Ross	55	53	2	0	0	0	0	55	0	Funded from S106 scheme.
SC163	Compulsory Purchase Orders (CPOs)	J Lally	1,336	11	639	400	400	400	0	1,850	0	£200k approved at City Board 9/7/01. £435k approved at Strategy Scrutiny 28/01/03. Funded from Usable Capital Receipts
SC166	Improvements to Shop Front Forecourts	J Cowin	141	128	13	0	0	0	0	141	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves. Scheme out to tender. Akeman St Shops (£23k) & Local Shops Improvement Works (£74k) approved at Strategy Scrutiny 26/1/04. Funded from use of reserves.
SC167	Recycling/Waste Minimisation Initiatives	J Lally	12	9	3	0	0	0	0	12	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves. £12k budget transferred from SC114. £20k budget transferred to revenue budget as per Env Scrutiny Cttee 1/7/03.



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SC177	Mobile CCTV Cameras	M Beaumont	146	153	28	0	0	0	0	181	0	Apprvd at Strategy Scrutiny 24/3/03. Funded from use of reserves (£50k) and Comm. Safety Prtnrshp (£40K). Addtnl £36k apprvd at C&HR 13/1/04. Funded from DRF. Addtnl £20k apprvd at Strategy Scrutiny 26/1/04. Funded from use of reserves
SC181	St Matthew's Piece & Play Area	I Ross	101	74	8	0	0	0	0	82	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee. Additional £66k S106 funding.
SC183	Coleridge Rec & Kings Hedges Rec Skateboard Park	T Ray	100	0	100	0	0	0	0	100	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee.
SC192	Development Land on the North Side of Kings Hedges Road	J Cowin	4,082	2,256	2,755	0	0	0	0	5,013	2	Apprd Strategy Scrutiny 17/11/03 funded from Property Improvemt Strategy Fund. Stamp duty land tax appr Strategy Scrutiny 26/1/04 funded from Property Strategy Fund. Capital rec £2155k to purch land. MTS appr £1841 from Cap Receipt.
SC195	St. Andrew's Hall	K Hay	246	246	0	0	0	0	0	246	0	Approved at Strategy Scrutiny 26/1/04. Funded from S106. Project appraisal to CD&L 22.1.04 - approved £246k.
SC196	CCTV Control Room Upgrade & Equipment Replacement	M Beaumont	366	194	172	0	0	0	0	367	1	Approved at Strategy Scrutiny 26/1/04. Funded from R&R. Further approval 9.11.04 - £336k R&R, £30k External funding. Funding amended to £334k R&R, £12k External funding.
SC202	Fison Road Youth Centre	I Ross	19	7	12	0	0	0	0	19	0	Funded from S106.
SC206	Kings Hedges Learner Pool	I Ross	462	468	0	0	0	0	0	468	0	£175k funded from S106, £110k transferred from SC121, £25k funded from Active England Grant, £10k funded from R&R. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.



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SC209	Christs Piece Play Area Refurbishment	A French	65	56	9	0	0	0	0	66	1	Funded from S106 (£45k) and R&R (£5k). Project Appraisal to Community Development & Leisure Scrutiny 29 April 04. £15k overspend to Scrutiny Committee 18/01/07.
SC210	Hard Surface Cherry Hinton Hall Car Park	I Ross	68	45	23	0	0	0	0	68	0	Funded from S106 (£50k) and R&R (£18k). Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	S Payne	39	42	3	0	0	0	0	45	0	Funded from Disabled Access Fund (£4k) and transfer from SC131J £35k. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04. £6k overspend to Scrutiny Committee 19/01/06.
SC215	Christs Piece - Trees/Landscaping	A French	11	3	9	0	0	0	0	12	0	Funded from S106
SC216	Nightingale Avenue - MUGA	I Ross	60	0	60	0	0	0	0	60	0	Funded from S106. Project appraisal approved 6.7.06 £60k.
SC217	Nuns Way - Safer Routes	P Bishop	8	1	7	0	0	0	0	8	0	Funded from S106 (approx £8k)
SC221	Lion Yard - Contribution to Works	J Cowin	3,610	0	60	869	1,769	912	0	3,610	0	Approved at Council 9/9/04. Funded from usable capital receipt £2m (£1m contributes to funding available). Addl £2,610k included in MTS Jul 06 - rental income £650k, LABGI £450k, reserves in anticipation of receipts £1510k.
SC225	Bishops Mill - motorise & automate sluice	J Cowin	100	11	90	0	0	0	0	104	3	Approved at C&HR Scrutiny 9.11.04
SC226	Refurbishment of Play Areas - Numerous (NOV 04) Church End, Coleridge, Ditton Fields, Ramsden Square, Queen Edith's	I Ross	236	123	113	0	0	0	0	265	29	Approved Scrutiny 18.11.04. S106 funded.



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SC228	St Albans RG Multisport Area	I Ross	51	46	5	0	0	0	0	51	0	S106 funded
SC229	Lammas Land / Coe Fen / Snobs Brook dredging & piling	I Ross	40	29	12	0	0	0	0	41	0	S106 funded
SC230	Buchan Street Neighbourhood Centre	K Hay	149	159	0	0	0	0	0	159	0	Apprvd scrutiny 18.11.04. £70k funded from S106, £79k from Reserves.
SC231	East Barnwell Community Centre	K Hay	130	0	130	0	0	0	0	130	0	Approved scrutiny 18.11.04. £60 external, £70 S106 funded
SC232	Arbury Community Centre	K Hay	155	30	125	0	0	0	0	155	0	Approved scrutiny 18.11.04. £400 external, £100 S106 funded. Addn £55k from S106 approved Scrutiny 22.7.05.
SC234	Histon Road Cemetery Landscaping	T Spaxman	31	0	31	0	0	0	0	33	2	Approved at Env Scrutiny 16.11.04. S106 funded.
SC236	Trumpington Rec Tennis Court	I Ross	40	39	1	0	0	0	0	40	0	Funded from S106. £25k approved 18.11.04. Further £15k funding agreed MTS 06.
SC237	Abbey Sports Changing Facilities	I Ross	775	753	22	0	0	0	0	775	0	Funded from S106, lottery etc
SC238	St Albans Rec - Notice Board	T Ray	1	0	1	0	0	0	0	1	0	Funded from S106
SC240	Barnwell West Nature Reserve	G Richardson	15	2	13	0	0	0	0	15	0	S106 funded
SC241	Barnwell East Nature Reserve	G Richardson	8	5	3	0	0	0	0	8	0	S106 funded
SC245	Lighting and decorating works at Grafton East Car Park	P Necus	25	21	3	0	0	0	0	24	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from R&R.



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SC246	Credit Card readers & installations within Car Parks	P Necus	25	15	10	0	0	0	0	25	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from UOR. £15k transferred from SC169 as per Scrutiny Committee 18/12/06.
SC247	CCTV line from Grafton West Car Park to Guildhall to enable monitoring	P Necus	5	0	5	0	0	0	0	5	0	Approved at Strategy Scrutiny 7.2.05. Funded from Use of Reserves
SC251	Machinery for Surface Cleaning of Queen Anne Terrace Car Park	P Necus	33	28	5	0	0	0	0	33	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC255	Destination Management System for Cambridge	F McGhee	28	19	9	0	0	0	0	28	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC263	Alternate weekly refuse and plastics collection (Waste Strategy)	J Lally	505	470	0	0	0	0	0	470	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from SC222 & SC223 £310k (Use of Reserves), £195k R&R.
SC264a	Full Customer Services Strategy (LGOL)	F Barratt	35	33	2	0	0	0	0	35	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264c	e-Government manager and programme office (LGOL)	F Barratt	95	51	45	0	0	0	0	96	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC265	Freedom of Information Paribus Info Asset Register Project	J Nightingale	22	17	4	0	0	0	0	21	0	Approved Council 24/2/05 TIF Funded
SC266	CHVC Access	I Ross	7	6	1	0	0	0	0	9	2	Funded from Reserves
SC268	Dudley Road Tree Planting & Path	A French	15	5	10	0	0	0	0	15	0	S106 funded
SC279	Wireless Working Scheme	John Frost	99	72	27	0	0	0	0	99	0	Funded from DWP grant £49,400 and TIF £50,000. Approved under urgent action.
SC280	Grand Arcade Partnership	J Cowin	250	0	250	0	0	0	0	500	250	Payment due on completion of head lease. Funded from use of reserves.



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SC281	EFS Relocation Cherry Hinton Hall Cottage	S Payne	44	55	3	0	0	0	0	58	0	Approved under urgent action. Funded from R&R
SC282	Kettle's Yard	N Cutting	40	0	40	0	0	0	0	40	0	Council contribution to Kettle's Yard extension programme. Timing of contribution will be dependent on other funding agencies' timescales
SC283	City Centre Youth Venue	K Hay	20	0	150	0	0	0	0	150	0	Approved at July Committee £20k funded from S106.
SC284	Romsey Mill	I Ross	350	350	0	0	0	0	0	350	0	Project cost £600k approved at Scrutiny 22.7.05. £350k from S106, £250 direct funded from Other external funding.
SC287	Capita Axis-Paye.net module	John Frost	36	22	10	3	3	0	0	38	0	Approved CS&R Scrutiny 15.11.05 £36k TIF.
SC288	Extra Dry Recycling Vehicle	J Lally	135	135	0	0	0	0	0	135	0	Approved at Scrutiny 10.1.06. Funded £36k from Reserves and £99k from Other Sources
SC289	Storage receptacles for residents with white sack refuse	J Lally	12	0	12	0	0	0	0	12	0	Approved at Scrutiny 10.1.06 £11.5k funded from Other Sources
SC290	Travellers Emergency Stopping Place	I Christmas	300	0	300	0	0	0	0	300	0	Approved at Scrutiny 19.1.06 £300k funded from Other Sources.
SC291	Choice Based Lettings - IT system costs	I Christmas	37	8	29	0	0	0	0	37	0	Approved at Scrutiny 19.1.06 funded £33k from R&R, £4k from Reserves.
SC306	Mobile Male Street Urinals	D Coventry	5	5	0	0	0	0	0	5	0	Approved at Scrutiny 10.1.06 £5k funded from Reserves.
SC308	Security at Sheep's Green Pool	I Ross	15	0	15	0	0	0	0	25	10	Approved at Scrutiny 19.1.06 £15k funded from Reserves
SC311	Containers for recycling provision	J Lally	34	34	0	0	0	0	0	34	0	Approved at Scrutiny 10.01.06 £34k from Reserves.
SC312	Automated Energy monitoring system	J Stocker	35	12	23	0	0	0	0	35	0	Approved at Scrutiny 17.1.06 £35k funded from Reserves.



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SC314	Managed Business Premises at 25 Gwydir Street	D Hirsch	78	80	0	0	0	0	0	80	0	Approved at Scrutiny 17.1.06 £78k funded from Reserves.
SC315	Purchase of Land abutting Cambridge Crematorium	T Spaxman	84	0	84	0	0	0	0	84	0	Approved at Scrutiny 17.1.06 £84k funded from Reserves.
SC316	Parkside Swimming Pool boilers	I Ross	200	224	9	0	0	0	0	243	10	Approved at Scrutiny 19.1.06 £200k funded from Reserves.
SC324	Guildhall First Floor Access Improvements (Disabled Toilet)	J Stocker	18	0	18	0	0	0	0	18	0	Approved MTS July 06 £18k funded from Use of Reserves.
SC327	Recycling Vehicle	J Lally	145	0	145	0	0	0	0	277	132	£145k approved MTS 06/07 £115 from WPEG, £30k UOR
SC328	Customer Access - BPR & Procurement	F Barratt	348	135	374	0	0	0	0	581	72	Included in MTS July 2006. £948k funded from TIF, £131k from R&R, £1183 from UOR. Funding split over SC335 - 339. Nov 06 funding changes decreased R&R by £66k, increased UOR £51K and HRA £288k.
SC329	Corporate Document Management (DIP & EDRM)	J Nightingale	978	0	978	0	0	0	0	978	0	Included in MTS July 2006. Funding from HRA £147k, Efficiency Fund £172k, E/R £243, UOR £288k.
SC331	Kings Hedges Rec Ground - Trim Train	T Ray	6	8	0	0	0	0	0	8	0	S106 funded
SC332	Centre at St Paul's	K Hay	20	20	0	0	0	0	0	20	0	Approved January Scrutiny 2006, funded from S106
SC333	Priority Wards Project	A Roberts	42	42	0	0	0	0	0	42	0	Funded from Community Safety Partnership
SC334	King George V Rec Ground Pavilion Refurbishment (Subject to appraisal)	K Hay	258	6	252	0	0	0	0	258	0	Approved July 06 Scrutiny subject to appraisal. £150k funded from S106. Further £107k funding agreed following project appraisal CD&L 16.11.06.



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SC335	Customer Access Strategy - IT Workstream	T Allen	1,059	0	810	250	0	0	0	1,064	4	CAS approved MTS July 06. See SC328.
SC336	Customer Access Strategy - Accommodation Design and Refurbishment	J Stocker	579	37	543	0	0	0	0	581	1	CAS approved MTS July 06. See SC328.
SC337	Customer Access Strategy - Telecommunications	G Olliffe	190	0	190	0	0	0	0	190	0	CAS approved MTS July 06. See SC328.
SC338	Customer Access Strategy - Web Development	A Mealia	40	3	37	0	0	0	0	51	11	CAS approved MTS July 06. See SC328.
SC339	Customer Access Strategy - Accommodation Moves	J Stocker	46	6	40	0	0	0	0	72	26	CAS approved MTS July 06. See SC328.
SC340	Refurbishment of PVCu Factory and Workshop	G Watts	48	28	20	0	0	0	0	78	30	Approved CS&R Committee 14.11.06 £24k from R&R, £24k from other income.
SC341	Legal Case Management System	S Pugh	30	0	30	0	0	0	0	30	0	Approved CS&R committee 14.11.06 £30k from R&R.
SC342	Guildhall Working Party project	D Hirsch	613	0	63	550	0	0	0	613	0	Approved CS&R Committee 14.11.06 £600 from Use of Reserves and £13k Other.
SC343	Cambridge Southern Fringe - Land at Clay Farm	J Cowin	25	0	25	0	0	0	0	26	1	Approved CS&R committee 14.11.06 £25 from Property Strategy Fund.
SC344	St Matthew's Piece legal fees	D Hirsch	20	0	20	0	0	0	0	20	0	Approved CS&R committee 14.11.06 £20k from Property Strategy Fund.
SC345	Dec Youth Bus	K Hay	134	0	134	0	0	0	0	190	56	£120k approved Scrutiny Committee 6.7.06 funded from S106. Further £14k approved from S106 following project appraisal Scrutiny Committee 16.11.06.
SC346	Equipment for Eastern Gate Court Community Centre	K Hay	90	0	0	90	0	0	0	90	0	£90k approved at Scrutiny Committee 6.7.06 funded from S106.
SC347	Histon Road Refurbishment of play area	T Ray	75	29	46	0	0	0	0	93	18	Funded from S106 - Non Key Decision Nov 06



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SC348	Allotment Improvements	T Ray	29	2	27	0	0	0	0	32	3	£29k funded from S106 transferred from various Allotment improvements schemes (SC94, SC154 & SC182).
SC349	Fencing and Security at Jesus Green Pool	I Ross	30	0	30	0	0	0	0	30	0	Approved Jan 07 Committee. £30k funded from R&R.
SC350	Improvements to pump out facility at Jesus Green	D Kaye	60	0	60	0	0	0	0	60	0	Approved at January 07 Committee. £20 funded from R&R, £40 from Use of Reserves.
SC351	Memorial Choice	B Hadfield	100	0	60	40	0	0	0	100	0	£100 from Use of Reserves approved at January 07 Committee.
SC352	Upgrade of Cash Allocation interface	John Frost	12	0	12	0	0	0	0	13	1	£12 approved from TIF January 07.
SC353	Grafton East Car Park refurbishment	P Necus	150	0	150	2,250	0	0	0	2,405	5	Phase 1 approved Scrutiny Committee 9.1.07 £150k from UOR. Phase 2 transferred from Hold List MTS 2007 - further £2,250k from UOR.
SC354	Guildhall power circuits renewal	J Stocker	60	0	20	20	20	0	0	60	0	
SC355	Upgrade Heating Controls in Mandela House and Hobson House	J Stocker	5	0	5	0	0	0	0	5	0	
SC356	Cambridge Northern Fringe East - development appraisal	J Cowin	20	0	20	0	0	0	0	20	0	
SC357	Improvement to Audio Visual Equipment - Committee Rooms & Council Chamber	J Stocker	20	0	20	0	0	0	0	20	0	
SC358	Disabled wheelchair access - Guildhall	G Saxby	20	0	20	0	0	0	0	20	0	



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SC359	Admin Buildings toilet/kitchen/restroom facilities	J Cowin	125	0	0	25	25	25	25	75	0	
SC360	Hobson House - refurbishment of rear building	J Stocker	25	0	25	0	0	0	0	25	0	
SC361	Disabled Access and facilities - Guildhall Halls	G Saxby	80	0	0	80	0	0	0	80	0	
SC362	Lighting and Power in Committee Rooms	J Stocker	15	0	15	0	0	0	0	15	0	
SC364	Cleaning Machine for Lion Yard Car Park	P Necus	28	0	28	0	0	0	0	28	0	
SC365	GIS Phase 1	M Greensmith	48	0	48	0	0	0	0	48	0	
SC366	Green Parking Bays	P Necus	5	0	5	0	0	0	0	5	0	
SC367	Dial A Ride Bus	B Human	17	0	17	0	0	0	0	34	17	
SC368	GIS Phase 2 & 3	M Greensmith	57	0	0	38	19	0	0	57	0	
SC369	Control Equipment boiler - Corn Exchange	G Saxby	23	0	23	0	0	0	0	23	0	Funded from R&R, 23k approved Jan 07.
SC370	Fisher Square Environmental Scheme	D Foley-Norman	47	0	47	0	0	0	0	47	0	
SC371	Housing, Health and Safety Risk Assessments	A Donne	35	0	35	0	0	0	0	35	0	Approved at January 07 Com Serv. Cmtee £35 from R&R and DRF
SC372	Env Services - Web Services Module	A Donne	15	15	0	0	0	0	0	15	0	Funded from R & R
SC373	Abbey astroturf	T Ray	50	0	50	0	0	0	0	98	48	D Kaye



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	2011/12 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC374	Axis VeriSecure project	John Frost	16	0	16	0	0	0	0	31	15	
SC375	Roof Repairs 19-21 Market Street	D Hirsch		0	50	0	0	0	0	50	0	Approved under Emergency Powers August 07. Funded £35k from R&R, £15k dilapidation income.
SC376	Thorpe Way Recreation Ground refurbishment	I Ross	249	0	3	185	61	0	0	250	1	Funded from S106.
SC377	Ramsden Square Recreation Ground refurbishment	I Ross	73	0	3	70	0	0	0	74	1	Funded from S106.
SC378	Church End Recreation Ground refurbishment	I Ross	34	0	3	31	0	0	0	35	1	Funded from S106.
SC379	Mercury Abatement	T Spaxman	2,023	0	0	0	1,491	533	0	2,024	0	
	Capital-GF Projects		24,913	9,603	10,230	4,913	3,788	1,870	25	31,143	743	

HOUSING CAPITAL PROGRAMME

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
External Support					
GO-East Housing Capital Allocation	(254)	0	0	0	0
Disabled Facility Grants (60% CLG Grant)	(232)	(230)	(230)	(230)	(230)
Major Repairs Allowance (MRA)	(4,984)	(4,934)	(4,895)	(4,829)	(4,769)
CLG Assessment Centre Grant	(805)	(537)	0	0	0
Total External Support	(6,275)	(5,701)	(5,125)	(5,059)	(4,999)
City Council					
Usable Capital Receipts	(1,887)	(1,683)	(1,523)	(1,362)	(1,234)
Other Land Sales Capital Receipts			(1,250)		
Usable Capital Receipts - Low Cost Shared Ownership	(300)	(300)	(300)	(300)	(300)
Direct Revenue Financing	(2,506)	(3,140)	(3,466)	(3,351)	(3,775)
Total City Council Funding	(4,693)	(5,123)	(6,539)	(5,013)	(5,309)
Total Available Finance	(10,968)	(10,824)	(11,664)	(10,072)	(10,308)
Less Expenditure on Housing within the HRA					
Spend on Own Stock - Decent Homes	10,219	8,216	7,176	5,362	6,576
Other Spend on Own Stock	2,201	1,686	1,673	1,672	1,672
Cambridge Standard Works	280	200	200	200	200
Other HRA Capital Spend (Incl. Low Cost Home Ownership)	378	360	360	360	360
Sheltered Housing Modernisation	2,925	2,532	16	2,400	59
Total Expenditure on HRA	16,003	12,994	9,425	9,994	8,867
Resources remaining after funding expenditure on the HRA	5,035	2,170	(2,239)	(78)	(1,441)



	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Less Expenditure on GF Housing					
Private Sector Housing Grants and Loans	470	470	470	470	470
Long Term Vacants	20	20	20	20	20
Assessment Centre Project	1,105	737	0	0	0
Controlled Drinkers Project	13	0	0	0	0
Disabled Facilities Grants (DFG) Spend to secure 60% funding	387	383	383	383	383
Disabled Facilities Grants Additional Spend	196	200	200	200	200
Affordable Housing – New Build	1,000	1,000	1,000	1,000	1,000
Choice Based Lettings	15				
Fire Safety / Homes Security	15	15	15	15	15
Total Expenditure on GF Housing	3,221	2,825	2,088	2,088	2,088
Resources (remaining) / required after funding expenditure on HRA & GF Housing	8,256	4,995	(151)	2,010	647
Capital receipts b/f	(22,210)	(11,846)	(6,853)	(6,518)	(4,994)
Contribution (to) / from Capital Balances	8,256	4,959	(151)	2,010	595
Additional Capital Receipts Reserved to Generate Interest to Fund PSH Grants and Loans Revenue Costs	1,164	(2)			
Ear-marked for additional investment in affordable housing	944				
Ear-marked for future HRA investment			486	(486)	
Capital Balance c/f	(11,846)	(6,853)	(6,518)	(4,994)	(4,347)

Note :

The above excludes available S106 receipts, which are to be spent on affordable housing in 2007/08 and 2008/09.



Appendix S

Capital Plan - Funding Variations Since Last Report (Council – Feb 2007)

Source	Funding Type	2007/08 Projection			Comment
		Last Report (£ 's)	Current (£ 's)	Difference (£ 's)	
External Support	Specified Capital Grants (SCG)	1,289,000	1,638,000	349,000	Slippage from 2006/07
	Deferred Capital Contributions	9,000	10,000	1,000	Slippage from 2006/07
	Other Sources	536,000	652,000	116,000	New scheme £50k & slippage from 2006/07
	Major Repairs Allowance (MRA)	4,982,000	4,984,000	2,000	Slippage from 2006/07
	Section 106	930,000	3,496,000	2,566,000	Inclusion of Housing Investment Programme items £2,262k & slippage from 2006/07
	TOTAL – External Support	7,746,000	10,780,000	3,034,000	
City Council	Usable Capital Receipts	4,346,000	6,117,000	1,771,000	Slippage from 2006/07
	Direct Revenue Financing (DRF) / use of reserves – HRA	2,110,000	2,110,000	0	
	Direct Revenue Financing (DRF) – GF	97,000	177,000	80,000	Slippage from 2006/07
	Repair & Renewals Fund	2,017,000	2,310,000	293,000	



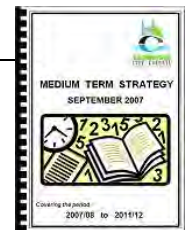
Source	Funding		2007/08 Projection			Comment
	Type	Last Report (£ 's)	Current (£ 's)	Difference (£ 's)		
	Earmarked Reserves - TIF	0	906,000	906,000	Funding for CAS project	
	Earmarked Reserves - Other	1,668,390	820,500	(847,890)	Separate statement of use of TIF & slippage from 2006/07	
	Use of Reserves - GF	6,316,500	7,650,310	1,333,810	Slippage from 2006/07	
	Use of Reserves - HRA	7,732,000	8,960,000	1,228,000	Slippage from 2006/07	
	Total – City Council	24,286,890	29,050,810	4,763,920		
Total Available Finance		32,032,890	39,830,810	7,797,920		



Appendix T

Capital Plan - Profiling Variations Since Last Report (Council Feb 2007)

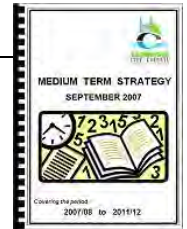
Capital Ref	Description	Change in 2007/08 Total Cost (£ 000's)	Comments
Capital Schemes			
SC67	Replacement and upgrade of PS2000	(5)	Rephase to 2007/08
SC104	Nuns Way Community/Neighbourhood Park	(6)	Scheme completed under budget
SC105	East Chesterton Community Centre	(19)	Rephase to 2007/08
SC121	Sports Development	(2)	Rephase to 2007/08
SC159	Midsummer Common - Access & Path Re-enforcement	(2)	Rephase to 2007/08
SC163	Compulsory Purchase Orders (CPOs)	(239)	Rephase to 2007/08
SC166	Improvements to Shop Front Forecourts	(5)	Rephase to 2007/08
SC167	Recycling/Waste Minimisation Initiatives	(3)	Rephase to 2007/08
SC177	Mobile CCTV Cameras	35	Additional funding
SC181	St. Matthews's Piece	(24)	Rephase £8k to 2007/08 to complete scheme under budget
SC192	Development Land on the North Side of Kings Hedges Road	(1,835)	Rephase to 2007/08
SC193	Tourist Information Centre Back Office Refurbishment	(2)	Scheme completed under budget
SC196	CCTV Control Room Upgrade & Equipment Replacement	(3)	Rephase to 2007/08
SC202	Fison Road Youth Centre	(6)	Rephase to 2007/08
SC205	Stourbridge Common Play Area Refurbishment	2	Additional funding to complete scheme
SC206	Kings Hedges Learner Pool Refurbishment	6	Additional funding to complete scheme
SC209	Christs Pieces Play Area Refurbishment	(9)	Rephase to 2007/08
SC210	Hard Surface Cherry Hinton Hall Car Park	(23)	Rephase to 2007/08
SC217	Nuns Way - Safer Routes	(7)	Rephase to 2007/08
SC225	Bishops Mill - motorise & automate sluice	(90)	Rephase to 2007/08
SC226	Refurbishment of play areas	(35)	Rephase to 2007/08
SC228	Basketball & football all weather pitch - St Albans	(5)	Rephase to 2007/08
SC230	Buchan Street Neighbourhood Centre	3	Additional funding to complete scheme
SC232	Arbury Community Centre	(125)	Rephase to 2007/08
SC236	Tennis Court King George V Playing Field, Trumpington	(1)	Rephase to 2007/08
SC237	Abbey Changing Rooms	(12)	Rephase to 2007/08
SC238	St Albans RG notice boards	(1)	Rephase to 2007/08

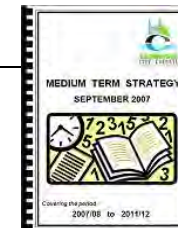


Capital Ref	Description	Change in 2007/08 Total Cost (£ 000's)	Comments
SC240	Barnwell West Nature Reserve	2	Rephase from 2007/08
SC245	Lighting and Decorating works at Grafton East Car Park	(3)	Rephase to 2007/08
SC246	Credit Card readers & installations	(10)	Rephase to 2007/08
SC255	Destination Management System for Cambridge	(9)	Rephase to 2007/08
SC261	Various Capital works at the Crematorium	(20)	Scheme completed under budget
SC263	Waste strategy - Alternate weekly refuse and plastics collection	37	Expected underspend not achieved
SC264a	Full Customer Services Strategy	(2)	Rephase to 2007/08
SC264c	e-Government Mgr & Programme Office	(45)	Rephase to 2007/08
SC266	CHVC Access	(1)	Rephase to 2007/08
SC279	Wireless Working	(27)	Rephase to 2007/08
SC280	Grand Arcade Partnership	(250)	Rephase to 2007/08
SC281	EFS Relocation to Cherry Hinton Hall Cottage	(3)	Rephase to 2007/08
SC287	Capita Axis Paye.net module	(7)	Rephase to 2007/08
SC289	Storage receptacles for residents who need to move from bins to white sacks for their refuse	(12)	Rephase to 2007/08
SC297	Air conditioning at Mill Road depot offices	3	Additional funding to complete scheme
SC308	Security at Sheep's Green Pool	(9)	Rephase to 2007/08
SC309	Guildhall-Improvements to first floor Security Arrangements	(3)	Scheme completed under budget
SC312	Energy Audit Automated Energy monitoring system to improve energy management	(23)	Rephase to 2007/08
SC313	Managed Business Premises at 25 Gwydir Street - asbestos removal	(1)	Scheme completed under budget
SC314	Managed Business Premises at 25 Gwydir Street, Cambridge	2	Additional funding to complete scheme
SC315	Purchase of land abutting Cambridge Crematorium	(84)	Rephase to 2007/08
SC316	Parkside Swimming Pool	(9)	Rephase to 2007/08
SC322	Mandela House Replacement Windows	(2)	Scheme completed under budget
SC324	Guildhall First Floor Access Improvements (Disabled Toilet)	(18)	Rephase to 2007/08
SC328	Customer Access Implementation	9	Rephase from 2007/08
SC330	Hobsons Brook Path Repairs	(1)	Scheme completed under budget
SC331	Kings Hedges Rec Ground Trim Train	2	Additional funding to complete scheme
SC335	Customer Access Strategy - IT	(59)	Rephase to 2007/08
SC338	Customer Access Strategy - Web Development	(7)	Rephase to 2007/08
SC339	Customer Access Strategy - Accommodation Moves	(9)	Rephase to 2007/08
SC340	Refurbishment of PVCu Factory and Workshop	(20)	Rephase to 2007/08



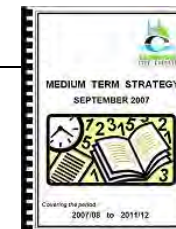
Capital Ref	Description	Change in 2007/08 Total Cost (£ 000's)	Comments
SC341	Legal Case Management System	(30)	Rephase to 2007/08
SC345	Dec Youth Bus	(20)	Rephase to 2007/08
SC347	Histon Road - Refurbishment of Play Area	(46)	Rephase to 2007/08
SC348	Allotment Improvements	(27)	Rephase to 2007/08
SC352	Upgrade of Cash Allocation interface	(12)	Rephase to 2007/08
SC363	Emergency Rescue Vehicle - Lion Yard Car Park	17	Rephase from 2007/08
SC371	Housing, Health and Safety Risk assessments	(35)	Rephase to 2007/08
Capital Programmes			
PR1	Housing Investment Programme (HIP)	(1,480)	Rephase to 2007/08
PR3	City Centre Management		Rephase £15k to 2007/08
PR4	Sustainable City	(5)	Rephase to 2007/08
PR6	Safer City	(28)	Rephase £25 to 2007/08
PR7	Cycleways	(38)	Rephase to 2007/08
PR9	Joint-Use Sport Facilities	(445)	Rephase to 2007/08
PR10a	Environmental Improvements Programme - North	(4)	Rephase to 2007/08
PR10b	Environmental Improvements Programme - South	4	Rephase from 2007/08
PR10c	Environmental Improvements Programme - West/Central	13	Rephase from 2007/08
PR10d	Environmental Improvements Programme - East	(22)	Rephase to 2007/08
PR12	Road Safety Schemes - Traffic Calming	(14)	Rephase to 2007/08
PR13	Road Safety Schemes - Crossings	(204)	Rephase to 2007/08
PR14	Environmental Safety Fund	(55)	Rephase to 2007/08
PR15	Repair and Refurbishment Programme - Hobsons Conduit	(5)	Rephase to 2007/08
PR16	Public Conveniences		Rephase £41k to 2007/08. Additional funding for £45k additional costs
PR17	City Services - Vehicle Replacement Programme	(44)	Rephase to 2007/08
PR18	Bus Shelters	(3)	Rephase to 2007/08
PR19	Car Parks Infrastructure and Equipment Replacement Programme	(24)	Rephase to 2007/08
PR20	ICT Infrastructure Programme	(37)	Programme split into projects and rephase to 2007/08
	Corporate Firewall Replacement	(41)	
	Desktop Standardisation	(72)	
	Netware Upgrade	(39)	
	Total Net Profiling Variation	(5,724)	





Capital Bids - Hold List

Ref.	Proposed Scheme / Programme & Comments	Cost to CCC (£ 000's)	External Funding (£ 000's)	Phasing of Expenditure					Funding Source		
				2007/08 (£000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	2011/12 (£ 000's)	Cap	R&R	Rev
ENVIRONMENT - CLIMATE CHANGE & GROWTH											
H28	Park Street Car Park <i>New Bid – MTS September 2007</i>	1,000	0	0	0	0	0	1,000	✓	x	x
TOTAL		1,000	0	0	0	0	0	1,000			



Appendix V

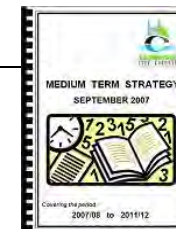
Cash Limit Calculation - 2008/09

Scrutiny Committee / Portfolio		Adj. Gross Expend. (£'s)	Inflated Base Budget (£'s)	Reductions Required (£'s)	Cash Limit (£'s)
Community Services	Arts and Recreation	4,588,200	5,090,040	157,940	4,932,100
	Community Development & Health	5,355,270	4,467,640	184,340	4,283,300
	Housing	1,772,780	2,386,110	61,020	2,325,090
Environment	Climate Change & Growth	8,021,770	5,746,430	276,120	5,470,310
	Environmental & Waste Services	1,740,330	6,470,000	59,910	6,410,090
Strategy & Resources	Customer Services and Resources	11,651,940	(7,134,240)	401,100	(7,535,340)
	Strategy	1,977,020	3,900,510	68,070	3,832,440
Committee Total		35,107,310	20,926,490	1,208,500	19,717,990
add Priority Policy Fund			500,000		
add Unavoidable cost			348,600		
add Other items			449,940		
add Contribution to capital			4,570,940		
less Capital Adjustments Account			(2,416,500)		
less FRS17 adjustment			(590,910)		
less Use of Reserves			(4,016,530)		
less Council Tax income			(6,120,360)		
less Total External Support			(12,443,170)		
Reduction Target			1,208,500		

Reduction calculation :

Based on excluding contractual obligations

- target rate : 3.44%



Current Major Contracts / Agreements

The main contracts / agreements currently in operation for the provision of Council services.

Contract / Agreement	Service Provider	Contract Period / End Date
EXTERNAL CONTRACTS		
Information Technology (IT)	Serco	5 years to 30 June 2011
Swimming Services	Sports & Leisure Management Ltd	7 years to 30 September 2009
Local Authority Parking Enforcement (LAPE)	Legion Security	5 years to 25 October 2009
Corn Exchange Catering Concession	Crown Venue Catering	3 years to 31 March 2009
Building Maintenance etc	Apollo London Ltd	5 years to 30 March 2011
Gas Maintenance & Inspection	CityCare	1 year extension to 31 March 2008
Decent Homes maintenance – Kitchens and bathrooms	Luminus Group and N&S Building Services	5 years to 31 March 2011
Decent Homes maintenance – Heating	Aqua Mechanical Services Ltd, Chaps Ltd	5 years to 31 March 2011
Decent Homes maintenance – Electrical	Coulson Building Group, Eastern Contracting	5 years to 31 March 2011
Decent Homes maintenance – Roofing	Lodge Roofing and K&C Roofing	5 years to 31 March 2011



Contract / Agreement	Service Provider	Contract Period / End Date
Decent Homes maintenance – Decorating	Mitie Property Services, Cundy Anglia Ltd	5 years to 30 March 2011
Building Maintenance Services	Aqua	4 years to March 2011
Corporate Mobile Phones	Isis	Extension to June 2008
Sub 100kw electricity sites	SWALEC	2 years to 31 March 2009
100kw electricity sites	OPUS	1 year to 31 September 2007
Gas	British Gas	1 year to 30 April 2008
Tree Surgery Services	Acacia Tree Surgery Ltd and 4 others	4 years to 31 March 2010
Interpretation & Translation Services	CINTRA	3 years to 31 January 2010
Supply of temporary staff	Comensura	Extension to 30 June 2008
INTERNAL TRADING ARRANGEMENTS		
Building Maintenance / Decent Homes	City Services	to 30 June 2010



Appendix X

Annual Efficiency Statement (AES)

2007/08 Forward Look

Strategy :

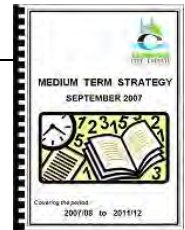
The City Council has, for many years, incorporated a requirement for the identification of efficiencies within its corporate planning and decision-making processes; most specifically as part of its Medium Term Strategy (MTS). The identification of efficiencies, and other savings, has been a key element in enabling the effective reallocation of available resources to achieve the introduction of new or enhanced services to meet the Council's identified Medium Term Objectives.

The approach for 2007/08 combined a general requirement for the identification of efficiencies across all service areas, integrated with the annual budget process, with specific targeted projects and reviews. This work has formed the basis for the completion of this forward-looking Annual Efficiency Statement in respect of 2007/08.

The Council has continued to integrate the Annual Efficiency Statement requirements within its existing corporate processes during the year, ensuring the most effective approach with increases to process and associated workloads being minimised.

The use of thematic and cross-departmental groups to progress key aspects of the efficiency agenda has enabled shared learning and the dissemination of good practice, as well as identifying the scope for the wider achievement of benefits derived from pilot work. The Council has recognised the benefits from joint working and partnering arrangements and will be seeking to identify further opportunities in these areas during the year, utilising existing purchasing consortia and professional and regional bodies, as well as the Centre For Regional Excellence (East). This will build on the experiences of successful joint arrangements already developed in a number of areas, including occupational health, recruitment advertising, waste collection and system procurement.

To ensure effective co-ordination, monitoring and control of the various streams of work being undertaken in 2005/06 the Council established a Corporate Change Programme. This Programme continues to play a key role in the identification and realisation of efficiency gains, and demonstrates the strong corporate commitment to this agenda.



Key Actions :

The Corporate Change Programme includes key projects during 2007/08 specifically dealing with :

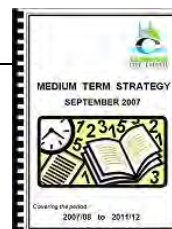
- Procurement
- Implementing the outcomes of the Customer Access Strategy Review
- Corporate Document Image Processing (DIP) and Electronic Document and Records Management (EDRM)
- Outsourcing of the Employment Foundation Service
- Corporate restructuring
- Web site development.

The Council's Procurement work stream will be focussed on sharing best practice (through delivery of a series of training events both within and outside the City Council) and the identification of further opportunities to reduce the costs of procurement through utilising existing and/or developing new framework contracts and joint procurement arrangements.

Planned work includes the implementation of corporate contracts for the provision of photocopiers and printers, appointment of temporary staff, various equipment testing and maintenance services and work both within the County Procurement Group (for example the implementation of a county-wide contract to deal with abandoned vehicles), and the Centre of Excellence, to carry out a regional procurement spend analysis and implement a contracts register which will compliment the Council's existing register.

Further work will be undertaken to streamline back office processes including expansion of the existing limited P-card programme where appropriate, reduction of invoice processing and expansion of existing e-procurement capabilities to include the electronic transmission of purchase orders and on-line approval hierarchies.

Efficiencies identified/realised through the Corporate Change Programme are included, as appropriate, in the individual work streams detailed below.



In relation to the development of the Council's Customer Access Strategy, a report identifying the investment requirements, long-term benefits and efficiencies of a new approach was considered by Members in July 2006. The report proposed radical changes to the way the Council delivers and organises its customer-facing services for Council customers. It recommended the creation of a corporate Customer Service Centre dealing with reception visits and telephone call services for services across the Council. The project is being dealt with as a long-term payback model, initially funded from reserves. The payback model generates on-going savings for the Council from year nine of its development and implementation. It also provides the basis for helping achieve significant additional efficiencies in the Council's 'back office' operations.

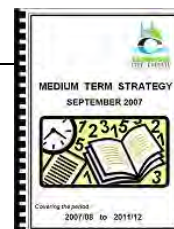
In July 2006 the Council also considered and approved a separate report on the adoption of corporate DIP and EDM systems to enhance customer service provision and to ensure efficiencies are maximised in all processes in both the front and back offices. The initial investment in the project will allow the achievement of a range of efficiency gains, both cashable and non-cashable and the Council is currently in the process of quantifying these for inclusion in future efficiency returns.

The Council used to deliver educational activities related to getting people into employment through its Employment Foundation Scheme. To allow for further development of the service the Council transferred the function to a local college in December 2006. This transfer also will result in efficiency savings, both cashable and non-cashable from 2008/09.

The Council is using a pilot approach to develop effective policies and procedures for the use of flexible / remote working. The pilot will evaluate the procedures and the information technology requirements, and lead to evaluation of potential areas of service within the Council that could benefit from such working methods. This will also link with the EDRMS and website development projects.



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Adult Social services	82,210	82,210
	<p>Strategy : A review of the provision of extra care services to older people has enabled us to realise efficiencies through restructuring.</p>	
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Concentration of the provision of extra care services at one site, with a consequent reduction of the staffing establishment. 	
Culture and sport	4,530	1,000
	<p>Strategy : A review of the provision of Tourism Services has resulted in additional demand for services provided.</p>	
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Introduction of an on-line photo gallery and subsequent increased demand for images. • Increased demand for advanced accommodation bookings within the City. • Removal of duplication of effort through improved synchronisation of finance and administration systems. 	
Environmental services	193,630	146,050
	<p>Strategy : Implementation of a Waste Minimisation Plan including enhanced recycling initiatives, building-on the successful introduction of revised waste collection methods from 1 October 2005. Efficiency gains are also being sought through reviewing the way services are provided and staffing efficiencies resulting in more effective working including enhanced use of technology.</p>	

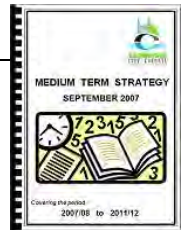


AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Restructuring of the Dog Warden service. • Efficiency savings achieved through the implementation of the Council's Waste Minimisation Plan, including negotiation of a better local market and price for plastic bottles, resulting in reduced plastic bottle baling costs. • Review of training of staff resulting in take-up of free seminars and provision of training internally rather than externally. • Improving facilities and choice for the families and friends of the deceased by restructuring the organist service and providing a new computerised music system. • Staff efficiency savings achieved through re-structuring and implementation of new pay and travel allowance structures and appointment of staff on new terms and conditions. • Partnership working on vehicle emissions testing. • Further development and management of nature reserves through securing external funding. 	

Local transport (non-highways)	0	0
	Strategy :	
	Key actions :	

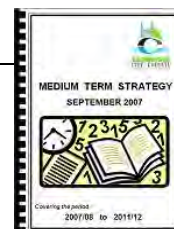
LA social housing (capex)	0	0
	Strategy :	
	Key actions :	

LA social housing (other)	104,590	104,590
	<p>Strategy : Extension of the programme of work to deliver Decent Homes continues to provide opportunities to achieve efficiencies. In addition, a review of the private sector leasing scheme will deliver cost reductions during 2007/08.</p>	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Staff efficiency savings achieved through an extension of work undertaken by City Services to include jobbing work previously sub-contracted. • Alternative arrangements for the private sector leasing scheme, including more efficient use of temporary housing and the Council's Access Scheme. • Staff efficiency savings arising from a review of service delivery in the Housing Strategy service area. 	

Supporting People	11,970	0
	<p>Strategy : Implementation of additional elements of a major review of the Council's Independent Living Service.</p>	
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Amendments to pay arrangements for on-call staff offset by reductions in supporting people funding. 	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Other cross-cutting efficiencies not covered above		

Corporate Services	99,990	72,260
	<p>Strategy : The Council has been undertaking a Best Value review of its HR function, this review will generate net savings in 2013/14 following the need for upfront investment in the service. Additional savings have arisen from the re-tendering of the ICT support contract with an external provider. Implementation of the outcomes of a number of efficiency reviews, including the Corporate Energy Audit.</p> <p>These include :</p> <ul style="list-style-type: none"> • Installation of energy efficient light bulbs and temperature controlled heating controls in specific Council buildings. • Savings as a result of reduced line rentals on specific Council offices, call charges and phone book advertising following contract renegotiation. • Reduction in printing and courier costs through provision of committee reports and associated information electronically, in place of hard copy, and piloting the use of Committee reports in A5 rather than A4. • Savings in cleaning budgets for Administrative buildings through a review of contracts and disposal of paper products. • Savings in disaster recovery budgets following a re-tendering of the Council's ICT support contract. • Implementation of a Geographical Information System in Environment & Planning resulting in the streamlining of working practices. • Savings from the modernisation and centralisation of recruitment services across the Council. 	

Procurement	24,480	19,280
	<p>Strategy : The Council has recognised the potential for efficiency gains associated with procurement and has established a specific project, supported by the Procurement Manager, to deliver a wide-reaching programme of change. It is anticipated that 2007/08 will see the rollout of the outcome of a number of schemes piloted during 2006/07. The work of the Council's procurement efficiency project has also achieved efficiencies through the wider use of joint framework agreements.</p>	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • A review and rationalisation of printing within the Environment & Planning department resulting in savings in consumables, repair and renewal contributions and printing production costs. 	

Productive time	0	0
	Strategy :	
	Key actions :	

Transactions	7,500	7,500
	Strategy : A review of the way transactions are processed and transmitted for Revenue Services.	
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • A reduction in bank charges following a review of the way in which data is transmitted between the Bank and Revenue Services. 	

Total	528,900	435,420
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Appendix Y

Key Risk Analysis Issues

The following is an extract of key issues from the MTS risk analysis.

Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(1)	Effects of Legislation / Regulation	<ul style="list-style-type: none"> • Implications of new legislation / regulation or changes to existing are not identified. • Funding is not identified to meet the costs associated with statutory requirements. <p>Specifically for 2008/09 :</p> <ul style="list-style-type: none"> • The 2008 Concessionary Fares scheme does not provide funding to cover the full cost to the authority. • CSR2007 results in changes to spending plans which adversely affect the Council 	<ul style="list-style-type: none"> • Effective processes are in place across the Council to ensure that implications are identified and raised. • Additional / specific funding enhancements for new services are earmarked for that purpose, to ensure effective implementation • The Council has processes in place to manage the demands of local and national agendas, including the MTOs and the MTS. • A contingency sum of £200k p.a. has been retained to mitigate against any shortfall in funding for the 2008 Concessionary Fares scheme, although Ministers have stated that it will be fully funded. • A review of the implications of CSR2007 will be undertaken as soon as it is published. Members will be advised of any material implications.



Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(2)	Service / Spending Plans	<ul style="list-style-type: none"> The Council approves Plans which are not sustainable into the future, leading to increasing problems in balancing budgets. 	<ul style="list-style-type: none"> Council has adopted medium and long-term modelling (up to 25 years) for both the GF and HRA, to ensure decisions are made in the knowledge of long-term deliverability issues / implications Council has a policy of requiring R&R Funds to be in place to cover all major assets with a finite life, with long-term programmes for key areas The MTS includes long-term trend analysis on key cost drivers such as growth levels and demographics, and their implications Target levels of reserves are set for both GF and HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures
(3)	Growth Agenda	<ul style="list-style-type: none"> Government support is not provided for the costs of delivering Growth Insufficient capital funding is available to effectively deliver Growth Growth results in ongoing revenue costs which cannot be funded 	<ul style="list-style-type: none"> The degree of cost which would need to be underwritten by the Council was identified as an explicit part of decision-making, and options to mitigate this level of costs outlined The additional income from Grant and Council tax resulting from Growth have been earmarked to offset associated costs



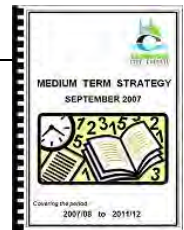
Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(4)	External income / funding streams	<ul style="list-style-type: none"> • Undue reliance is placed on external income streams, leading to approval of unsustainable expenditure <p>Specifically for 2008/09 :</p> <ul style="list-style-type: none"> • Changes to the grant mechanism under CSR2007 adversely affect the Council : <ul style="list-style-type: none"> - removal, or phased withdrawal of, the Floor - Grant increase are lower than anticipated - Other changes in methodology have an adverse effect • Population figures used as part of the Formula Grant methodology fall due to changes in assessment, or at the next Census • The projected levels of car park usage, and hence income, are not achieved. • Congestion charging is introduced, which adversely affects the usage of car parks 	<ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources including Government grants, including sensitivity analysis on potential changes • Council seeks to influence national settlements through provision of information to negotiation bodies such as LGA and SDCT • Formula Grant is based on a relatively prudent level of increase at 1.0% p.a. • The effect of the Floor being removed is regularly evaluated, and taken into account in agreeing an appropriate level of reserves to be retained • Proposed changes in grant methodology are carefully reviewed. The Council also considers the interim projections of the County Group to identify actual underlying population trends • Specialist consultancy support is used to model car park income over the medium- term, in light of the significant level of income involved • Usage patterns for car parks will be reviewed once Grand Arcade and Christ's Lane developments have become fully operational



Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(5)	Use of resources	<ul style="list-style-type: none"> There is ineffective use of the resources available to the Council 	<ul style="list-style-type: none"> Council employs robust business planning in key activity areas Council has adopted a standard project management framework All services are required to produce Service Plans, linked directly to resources MTOs are used to prioritise available resources ensuring best match with objectives Performance and contractor management procedures have been updated Organisational development and workforce planning activity is being targeted The Council has been recognised as a high performer under the national Use of Resources assessment, scoring a maximum rating of 4 in 2006



Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(6)	Financial planning lacks appropriate levels of prudence	<ul style="list-style-type: none"> • Financial policies, in general, are not sufficiently robust • Funding to support the approved Capital Plan is not available 	<ul style="list-style-type: none"> • Council has adopted key prudence principles, reflected in : <ul style="list-style-type: none"> - policy on applying capital receipts only at point of receipt - ongoing revenue funding for capital is reviewed for affordability as part of the 25-year modelling process - adoption of strict medium / long-term planning



Key Contacts

Topic	Contact	Tel : (01223)	Email :
General	David Horspool	458131	david.horspool@cambridge.gov.uk
	Julia Minns	458134	julia.minns@ cambridge.gov.uk
	Kaye Black	458141	kaye.black@cambridge.gov.uk
Budget Process	John Harvey	458143	john.harvey@cambridge.gov.uk
VAT & Treasury Management	Andrew Stannard	458153	andrew.stannard@cambridge.gov.uk
Capital Plan	Annette Baker	458142	annette.baker@cambridge.gov.uk
Housing Issues	Julia Hovells	457822	julia.hovells@cambridge.gov.uk



Glossary

	Term	Explanation
A	Aggregate External Finance (AEF)	The total amount of revenue support provided to local authorities by the Government. It comprises Revenue Support Grant, Police grant, specific formula and ring-fenced grants and the sums redistributed from the national business rates pool.
	Area Cost Adjustment (ACA)	The scaling factor designed to reflect higher costs in some areas of the country, which is applied to the Relative Needs Formula.
	Asset Management Revenue Account (AMRA)	An separate account local authorities are required to maintain under capital accounting guidance, designed to ensure consistency in capital charges to service heads with actual cost of financing dealt with in the AMRA
B	Billing Authorities	The tier of local authority who are actually responsible for the billing and collection of Council Tax. In two-tier areas this is the District Council.
	Budget Requirement	The estimated revenue spending on general Fund services that needs to be funded from Council Tax, after allowing for fees and charges and grants.
	Business Rates	Called National Non-Domestic Rates (NNDR) these are the means by which local businesses contribute to the cost of local services. However, payments are pooled nationally and then reallocated to local authorities by Central Government.
C	Capital expenditure	Spending which produces or materially enhances an asset with a material life. Formally defined under Section40 of the Local Government and Housing Act 1989.
	Capital receipts	Proceeds from the disposal of a capital asset. They can be used to finance new capital expenditure, but not revenue, and are subject top Government restrictions. A scheme is in place for the national pooling of specified housing receipts.
	Capping	Government power to limit and authority's budget requirement and hence the Council tax that it sets.
	Chartered Institute of Public Finance and Accountancy (CIPFA)	Professional accountancy body based around public sector specialism.



	Centre of Regional Excellence (CRE)	Regional bodies set up and funded by the Government to promote best practice.
	Collection Fund	A separate, statutory, account maintained by Billing Authorities into which Council Tax receipts are paid, and from which precepting authorities are paid.
	Council Tax	Local tax based on domestic properties, based on 8 Bands, set by local authorities.
	Council Taxbase	The number of properties in a local authority area, converted to the equivalent number of Band D properties using pre-set ratios.
D	Damping	Mechanism applied by the Government as part of the grant distribution formula to ensure that all individual authorities receive a minimum level of grant increase year-on-year.
	Department for Communities and Local Government (DCLG)	Government department responsible for core local government functions.
	Direct Revenue Financing (DRF)	Revenue funding which is used to finance capital expenditure. Previously called Revenue Contributions to Capital Outlay (RCCO).
	External Audit	Body appointed by the Audit Commission, responsible for ensuring adequate and effective financial arrangements and accounting in local authorities.
F	Fees and charges	Income raised by charging users of services directly for services used.
	Formula Grant	This comprises Revenue Support Grant, redistributed Business Rates and Floor adjustment grant. It is the main Government grant for the General Fund.
G	General Fund (GF)	The main revenue account of a local authority, which includes day-to-day income and expenditure on the provision of services. The main exception is income and expenditure on the direct provision of social housing, which must be accounted for in the authority's Housing Revenue Account (HRA).
	Housing Revenue Account (HRA)	Statutorily required separate account that local authorities with a council housing stock must operate, containing all of the expenditure and income relating to the direct provision of that stock.
I	IEG Grant	Specific Government grant for implementing electronic government.



L	Local Area Agreements (LAAs)	A Local Area Agreement (LAA) is a three-year agreement that sets out the priorities for a local area agreed between central government and local councils and their partners. In two tier areas the County Council leads the process.
	Local Government Finance Settlement	The annual determination of formula grant distribution made by the Government.
	Local Public Service Agreements (LPSAs)	Arrangements made with the Government, setting 'stretching targets, for key service outcomes, with reward grant for successful
	Lower Tier Authorities	Shire District Councils in a two-tier area, who act as Billing Authorities.
M	Major Repairs Allowance (MRA)	Introduced in 2001/02, this is funded by central Government and represents the long-term average amount of capital spending viewed as required to maintain an authority's housing stock.
N	National Non-Domestic Rates (NNDR)	See Business rates
O	Office of the Deputy Prime Minister (ODPM)	Government Department which was superseded by DCLG.
P	Precept	The levy made by Precepting Authorities on Billing Authorities, requiring the latter to collect income from Council Tax payers on their behalf.
	Price base	An agreed basis / point in time at which prices are determined.
R	Relative Needs Formulae (RNFs)	These are the first stage in the calculation the Government uses to distribute Formula Grant.
	Reserves	An authority's accumulated surplus income (in excess of expenditure) which can be retained and used to finance future spending.
	Resource equalisation	The way in which the Formula Grant distribution system takes account of authorities relative ability to raise Council tax.
	Revenue Support Grant (RSG)	Government grant which can be used to finance revenue expenditure on any non-HRA service.
U	Ultra vires	Expenditure by a local authority which it has no legal power to make.
	Upper Tier Authorities	In two-tier areas, the County Councils.