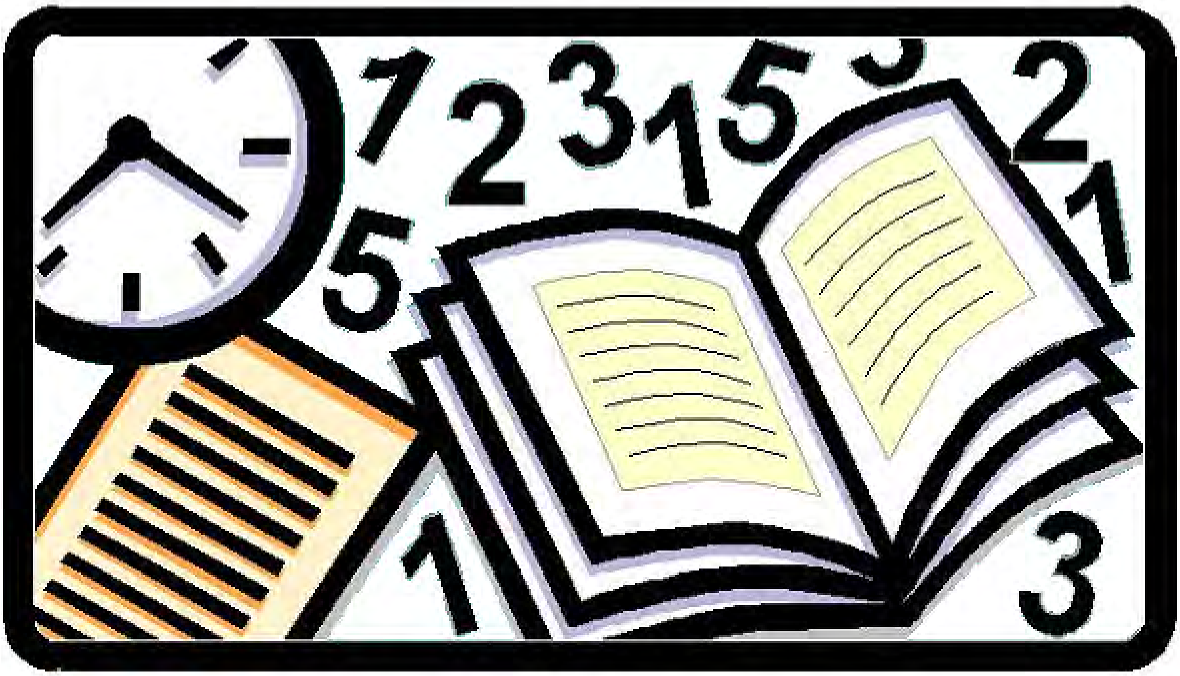
Version 3

Final

CAMBRIDGE CITY COUNCIL

MEDIUM TERM STRATEGY

SEPTEMBER 2008

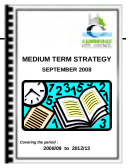


Covering the period :

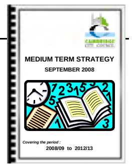
2008/09 to 2012/13

Version Control History

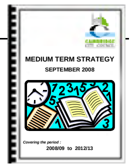
	Version No.	Version for :	Anticipated Content
	-	Draft	Draft content for consultation
	1	Strategy & Resources Scrutiny Committee (1 September 2008)	Initial MTS and 2008/09 budget process proposals
	2	Council (11 September 2008)	Updated for changes following Strategy & Resources Scrutiny
Current	3	**FINAL**	Final version for publication following Council



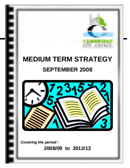
Contents



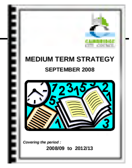
List of Tables



List of Figures



List of Appendices



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 22 May 2008. 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 City's first Community Strategy came to an end in 2007, and in January 2008 a new Sustainable Community Strategy for the City for 2008 to 2010 was published. This has been developed with our partners in the Local Strategic Partnership (LSP).

6) The new strategy sets out the big issues for Cambridge and the priorities for improving them, and the LSP is currently developing an action plan to support the delivery of the strategy.

7) The new Local Area Agreement (LAA), which came into effect from June 2008, spells out what local partners will aim to achieve against 55 improvement targets (34 general, 16 education-based and 5 local). Partners, including the City Council, will be prioritising resources and working together to deliver these targets. These key improvement targets are now an important part of our core business and will be integrated into our service planning processes for 2009/10 and 2010/11.

8) The Government will be paying reward grant in relation to average performance across the targets for the national indicators in the LAA which have been agreed with them. At least £340m has been made available nationally, to fund the scheme, and the IDeA estimates that this would be equivalent to £2.2m for each LAA. The LAA Board, will need to recommend to partners on a countywide basis how the LAA drant should be spent.

9) Cambridgeshire's Local Public Service Agreement (LPSA) formed part of the first LAA agreement. It identified 'stretch targets' across 12 topic areas for achievement by March 2007. Across the County we achieved a total of £9m 'one-off' reward grant (compared to an original estimate of £6.4m). The grant is being paid over two years, and will be 50% revenue and 50% capital.

10) Cambridgeshire Together is proposing that £915,000 be used to support the concessionary fares bus scheme, and £525,000 to support capacity building for the LAA. LSPs have been asked to decide how the remaining reward grant (approximately £1.5m per LSP) should be spent. Partners have agreed to spend the grant on countywide projects that will help to achieve the targets in the new LAA and local projects that will help to deliver the City's new Sustainable Community Strategy.

Demographic Factors

11) 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

12) 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).

13) This was of particular significance as it is the key element for the distribution of Government grant under the present Formula Grant system.

14) 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.

15) 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. However, work by the County Research Group has suggested that the ONS projections may, again, be overstated.

16) 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. However, the methodologies used by ONS have recently been reviewed, and a new set of forecasts have been produced for 2006 (and for previous years back to 2002). These serve to bring the ONS forecasts into much closer alignment with those produced by the County Research Group.

17) The revised national estimates will be of particular significance as they are the key element for the Government's distribution of Formula Grant. The impact of this factor would have come to light under the next Census, and so this change has merely served to bring forward the effect. This will effect the Council's position relative to the Floor for Formula Grant purposes.

18) 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.

19) 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.

20) 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.

21) 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 2009, in establishing both overall affordability and enabling effective planning and management of each element of growth.

22) Whilst the main impact in terms of growth of households and population numbers had been expected to be seen within the City from 2009/10, the current economic climate are expected to result in significant impacts on the sale of houses and housebuilding activity, although planning applications for the first developments in the Southern Fringe are due to be determined shortly. However, the significant growth which has already started within South Cambridgeshire could have an effect for some City services in the immediate future.

23) 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

24) 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.

25) 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.

26) 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%).

27) 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 is reviewed as part of the each MTS and budget process. This flexibility may be important in terms of the Government's review of the Housing Revenue Account and a possible future 'Self-Financing for Housing' framework.

28) 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.

29) The main factor for projections of actual investment income continues to be the levels of market rates. The Bank of England's Monetary Policy Committee (MPC) cut Base rate to 5.50% on 6 December 2007 (from 5.75%) as concerns over the economy and the credit crunch mounted. Further cuts were made in February 2008 (to 5.25%) and April 2008, to the current level of 5.0%.

30) With the economy in slowdown mode, and the housing market going into reverse, the MPC is faced with a difficult balancing act in managing the impact for inflation within the economy.

31) Interest rate changes are a significant factor for the Council, as an increase or decrease of 1% in rates would have an estimated impact of around £610,000 on investment receipts in 2009/10.

32) The rate for CPI has been above the target level of 2.0% since May 2006, with the sole exception of the period from July to September 2007, and the increase to 4.4% in July 2008 represented a record high since the series began in 1997.

33) In its August 2008 Inflation Report the MPC predicts inflation spiking to around 5.0% over the coming months, before dropping dramatically as the effects of food and fuel prices ease, as well as a significant drop in economic activity.

34) The next meeting of the MPC will be on 3 & 4 September 2008, with the next Bank of England Inflation Report due for publication on 12 November 2008. 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 I.

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 net level of ongoing unavoidable pressures, at £1,004,290 for 2009/10, has presented a significant challenge for the Council in this MTS. The figure is far higher than has been faced in recent years, the primary reason being the projected requirement for an additional £620,000 of funding for the concessionary fares scheme.

40) 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 K) will form the basis for ongoing review through the period of the budget process.

41) The main issue in terms of funding availability is the estimation of the level of Government grant which the Council will be entitled to. Although this has been set for the period to 2010/11, inclusive, future trends are still critical in effective longer-term financial planning and to ensure real financial sustainability.

Government Grant Projections

42) 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.

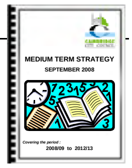
43) The Government also implemented a system of protection to handle significant changes for individual authorities, as a result of the new system - known as 'Floors' (setting a minimum level of increase).

44) For 2008/09 the Final Settlement confirmed a 'Floor' for district councils at 1.0%, compared with 2.7% for 2007/08. This significant reduction must also be viewed in the context of the rising level of inflationary pressure being faced by the Council.

45) The Settlement also confirmed a 'Floor' level for district councils of just 0.5% for both 2009/10 and 2010/11. This reflects an expectation of even greater pressure on spending given the projections for inflation over that period, and suggests a difficult period for the Council.

46) The impact of the 2008/09 Settlement for Cambridge in is shown below :

	2007/08 Final (£'s)	**2008/09 Final (£ 's)**	**2009/10 Provisional (£ 's)**	**2010/11 Provisional (£ 's)**
Share of National NNDR Pool	10,379,829	10,810,065	11,978,470	11,996,606
Revenue Support Grant - Basic	1,479,931	1,151,323		
- Floor adj.	262,019	353,526	398,019	441,765
Total External Support (TES)	**12,121,779**	**12,314,914**	**12,376,489**	**12,438,371**
Change on previous year (cash basis) - £'s		*193,135*	*61,575*	*61,882*
- %'age		*1.59%*	*0.50%*	*0.50%*



47) As noted above, the continued use of ‘Floors’ as part of the system is particularly important for the City Council, and the Floor element within Formula Grant for the City is detailed below.

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	12,121,779	2.7%	262,019	2.16%
2008/09	12,314,914	1.0%	353,526	2.87%
2009/10	12,376,489	0.5%	398,019	3.22%
2010/11	12,438,371	0.5%	441,765	3.55%

48) Although the level of Floor protection has reduced significantly from the sum of £1.95m in 2003/04 through to £262,019 in 2007/08, from 2008/09 onward the level starts to rise again, representing increased risk to the Council.

49) For forward planning purposes, the September 2007 MTS had been based on an assumption of a 1% floor continuing. This assumption has been amended, in light of the Settlement, and financial modelling now assumes a year-on-year increase in formula grant of just 0.5%.

50) As illustrated in the table above, the amount of protection and the proportion of total grant represented by the Floor adjustment grant is now increasing year-on-year. This is particularly significant in the context of the sub-regional growth agenda, in that until the Council’s entitlement moves above floor level, increases in population (or inclusion of other ‘positive’ data changes) will not result in direct cash increase in grant, merely serving to reduce the gap to the Floor.

51) Although the level of Floor protection up to 2010/11 is relatively limited (at just 3.55% of Formula Grant, this could be far higher if the Council were (again) to suffer a reduction in the population figures used to determine grant entitlement.

52) The introduction of 3-year Settlement periods, with the proposal that data used in the calculations will be frozen over the period, will provide greater certainty on grant levels, 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.

53) The Council has received significant additional funding under the Local Authority Business Growth Incentives (LABGI) initiative in respect of the year to December 2006 (£36,011) and to December 2007 (£1,307,907). This also meant that the County Council received an associated grant under the scheme.

54) The funding from LABGI will again be reinvested in commercial development within the City, with recommendations for its use to fund the Guildhall Project and further development phases at Lion Yard.

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 the final backward-looking statement of Efficiency Gains achieved during 2007/08. This showed cumulative savings of £3.8m against the Government's target of £1.6m during the 3-year period of the initiative.

57) CSR2007 has included an assumption of at least 3% per annum (measured cumulatively) net cash-releasing value for money gains during the period of the CSR (i.e. to 2010/11). These will be measured using the new national indicator on efficiency (NI179)

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 an integral 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 modelling group produced a report of its initial findings in March 2008, called "Self-financing of council housing services: Summary findings of a modelling exercise". This is available on the internet at :

www.communities.gov.uk/publications/housing/selffinancingservices

62) This report summarises the evidence from model-30 year business plans prepared by the local authorities and ALMOs about the viability of 'self-financing'. It also addresses legal, accounting and other issues which would have to be resolved in order to implement self-financing.

63) The work served to demonstrate that self-financing could bring improvements in efficiency, long-term planning and asset management, as well as the opportunity to attract private investment and provide opportunities for local authorities to add new homes to the housing stock.

64) Following the work of the group, in December 2007, the Housing Minister announced a wide-ranging review of the HRA subsidy system, to be led jointly by officials from DCLG and Treasury. The stated aim of the review is to "develop a sustainable, long term system for financing council housing, one that is consistent with wider housing policy, including the establishment of a regulator of social housing".

65) The work comprises 5 workstreams, with 4 covering detailed areas (costs and standards, similar rents for similar properties, mechanisms for delivering funding and the 'ring-fencing' of the HRA) and the fifth ensuring strategic integrity. The review will report to Ministers in Spring 2009, setting out options for the subsidy system, including rents policy, and to inform the next Spending Review.

66) The Council is represented in work on the review, as well as continuing with work on the self-financing group. These exercises 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

67) 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.

68) 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. 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.

69) The MTS includes the latest re-phasing of the capital and revenue projections associated with the implementation of these two key schemes.

70) The Council is facing a number of significant cost pressures relating to 2009/10, many of which also affect 2008/09. Major items include the additional cost of the April 2008 pay award (the latest offer was 2.45% compared with a provision of 2.0%, an additional cost of £150k), increases in electricity and gas prices (estimated to cost £120k in a full year), reduced land Charges fee income (£80k from reduced numbers and increased use of personal searches), fuel price increases (£143k, mostly affecting City Services).

71) The most significant single item relates to the costs of the 2008 national concessionary fares scheme. The Council has already included funding of £660k in respect of this scheme in 2008/09, although the Government had indicated that they would fund the costs nationally, however latest indications have identified the need for a further provision of £620k. This results in an overall level of funding by the Council which is equivalent to over 20% of the City's total raised through Council Tax.

72) Given the circumstances associated with this issue the Council will be looking to work with similarly affected authorities across the country, as well as national groups such as SDCT and LGA, to lobby for the issue to be addressed so that Cambridge residents are not disadvantaged through the need to reduce other services to this degree in order to compensate.

73) The overall net additional cost amounts to some £1.005m in 2009/10.

74) A number of other items are identified through the MTS, and funding proposals included in the forward projections.

Capital

75) 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 £1.38m per year for the General Fund).

76) 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.

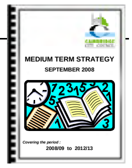
77) However, this approach is being reviewed as part of the MTS and budget process, with particular reference to the implications for housing, to determine the most appropriate longer-term policy. Work to date has confirmed that Prudential Borrowing would be less effective over the longer-term than direct revenue funding of capital expenditure, using the stream of revenue funding available within the HRA.

78) 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.

79) The projected availability of uncommitted capital funding is :

	2008/09 (£ 000's)	**2009/10 (£ 000's)**	**2010/11 (£ 000's)**	**2011/12 (£ 000's)**	**2012/13 (£ 000's)**
Programmes	28,820	12,974	13,629	10,383	9,880
Schemes	11,665	5,426	2,652	10	0
Total Spend	**40,485**	**18,400**	**16,281**	**10,393**	**9,880**
Available Funding	(40,485)	(18,572)	(16,896)	(11,718)	(11,260)
(Surplus) / Shortfall in Funding	**0**	**(172)**	**(615)**	**(1,325)**	**(1,380)**

80) The significant degree of development around the City has provided the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. However, the effects of the 'credit crunch' on the national economy has resulted in a significant slow-down in development, and this has served to depress the level of land values. Although the local economy has, initially, been more buoyant than the national one, we are now seeing this effect within the City. This raises questions about the timing of any planned disposals.



81) The current pressures on the Capital Plan are evident from the relatively low level of uncommitted funding available in 2009/10 at just £172k. This will restrict the potential for new capital schemes in the short-term, although over the medium-term the capital position is still relatively positive.

82) 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.

Financial Strategy

83) In addition to the requirement to spend calculated above, the projections have been constructed to include £200k per annum of Priority Policy Fund (PPF) for 2009/10, with a return to a level of £500k per annum in subsequent years. 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.

84) The additional net cost pressures in 2009/10 when added to the underlying need to reduce costs (£1.03m in the February 2008 Budget-Setting Report), leave a requirement of finding £2.035m of savings tin 2008/09 to produce a balanced budget.

85) Given the amount of time available to address such a significant increase the strategy within the MTS has been designed to enable £500k of the sum to be addressed in 2010/11. This would mean that the savings required in 2010/11 could be maintained at below 3.0% if the PPF provision was removed in that year, but also allows time for the issue of concessionary fares to be pursued, as well as for additional savings from the current year Service Reviews to be realised.

86) For 2008/09 this would mean that a total of £1.235m of savings will be required, based on a PPF provision reduced to £200k, with the current round of Service Reviews (though not yet complete) indicating that around £660k could be realised for 2009/10.

87) On this basis the approach adopted in the MTS is deemed to achieve a balance of prudence and deliverability. The position will be reviewed as part of the February 2009 BSR.

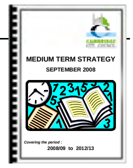
88) The compilation of the September 2007 MTS has, thus, served to confirm a set of key parameters which are both appropriate and achievable in the context of the Council's overall objectives. These are :

General Fund

- Council Tax to increase at 4.5%
- Savings target of 3.45%
- PPF at £200,000
- Retention of the £1,380,000 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

89) 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.

90) 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.

91) For both the General Fund and HRA, reserves will be in line with the target levels within the medium-term 10-year projection period.

92) 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

93) The main budget process for 2009/10 is very similar to that which has been successfully developed over the last few years.

94) In reviewing the budget process for 2009/10 the only material change which is proposed is to run the revised budget process for the current year, 2008/09, concurrently with that for 2009/10. It is recommended that revised budget proposals be reported to a single committee cycle, in January 2009, rather than in both the November and January cycles.

95) This modification in the process is designed to eliminate duplication of effort and to streamline the process for both service managers and Members. Significant budget issues in relation to the current and future financial years are already identified and reported to Members in the September committee cycle within this MTS document.

96) Alongside the above proposal for revised budgets, it is recommended to discontinue formally reporting Service Plan performance review variance reports (for the current year) in the November cycle but instead, publishing them to the Council's website.

Budget Consultation

97) Over the last 6 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.

98) An allowance has been made to cover some qualitative consultation with residents, probably through focus groups or an interactive workshop as part of the 2009/10 Budget process.

99) This consultation may be used to 'test' different spending and savings options or to explore various proposals with residents that emerge from the service review programme.

100) The results of all elements of consultation will be drawn together to be reported as part of the January 2009 scrutiny committee cycle to inform the final decisions on the 2009/10 budget.

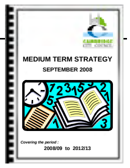
Summary & Conclusions

101) The MTS has reviewed the key elements of the existing strategy, confirming that these are still both appropriate and realistic over the medium-term. In doing so, a framework has been determined for detailed budget work to develop the Council's 2009/10 budget.

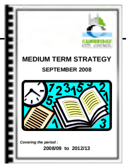
102) Financial modelling has determined a sustainable approach, which still enables the inclusion of £200k of PPF in 2009/10 and £500k in future years to facilitate ongoing progress towards the Council's MTOs, despite the significant cost pressures faced by the Council in 2009/10.

103) 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 W.

104) 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 : -

- An appropriate 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 2009/10 financial year. The resultant strategy will be reviewed in setting final budgets in February 2009 to determine whether it is still appropriate, or whether changes in circumstances require any amendments. This is contained within the Council's Budget-Setting Report (BSR).

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 The Council has no requirement to submit Capital Strategy or Asset Management Plans to Central Government, 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 within the MTS, 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. This section 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 the budget 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 any 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 2008 MTS is based on the key medium-term parameters, which had been identified as part of the September 2007 MTS and February 2008 Budget-Setting Report. These are :

- A base position of the 2008/09 budget inflated to 2009/10 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 £1.38m per annum
- A Council Tax increase of 4.5%
- An increase in Government Grant of 0.5%
- 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 3.0%
- 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 2008 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 1 September 2008. The final version will be submitted for approval and adoption by full Council at its meeting on 11 September 2008.

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

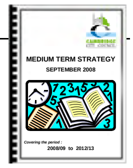
1.23 This report is intended to be a working document, which will be updated as additional information and decisions become available. Where updates are relatively minor in nature updates of the relevant pages will be distributed, rather than re-printing the whole document.

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 2008/09, based on its new Medium Term Objectives (MTOs), at its meeting on 22 May 2008. 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 2009/10 and future years.

ANNUAL STATEMENT 2008/09

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 purpose of the MTO's is to help the Council achieve our vision. Foremost amongst our priorities is climate change and its potential impact on our city, 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.

2.5 The Council is facing a period of unprecedented change. Together with our partners we have a substantial work programme over the coming years to deliver sustainable growth in the sub-region in and around Cambridge that benefits all our citizens in both new and existing communities.

2.6 Providing services of a high standard has a big impact on the quality of life experienced by the people of Cambridge. The Council will continue to focus on improving performance in areas that we know are important to our citizens and work to find further efficiencies that enable us to make the best use of our resources.

MEDIUM TERM OBJECTIVES

2.7 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

- reducing the Council's carbon footprint

- reducing the City's carbon footprint
- improving recycling and waste reduction
- promoting sustainable transport

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

- improving service quality and efficiency
- involving residents and service users
- improving access and equality

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

- keeping Cambridge safe
- supporting children and young people
- improving our 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

- developing our policy framework
- taking forward new developments on the Cambridge fringe sites
- maximising resources

2.8 A series of actions are identified with each MTO to describe how the Council will take forward achievements in each of the MTO areas. These are included in the Annual Statement, detail of which is shown in Appendix C.

PRIORITIES FOR 2009/10

2.9 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 their achievement.

2.10 Priority will be given to bids which offer the greatest contribution to improving the Council's performance, particularly in relation to its climate change objectives, supporting the growth agenda and improving performance in those service areas that our citizens tell us are important to them. Savings proposals which adversely affect performance according to such indicators, will be assigned a very low priority.

2.11 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.

2.12 Bids which result in increased costs of existing services, will receive particular attention. Such bids will only be taken forward where off-setting efficiency savings are not possible in that service.

2.13 In order to reflect the high profile of its commitment to addressing the issues associated with climate change and carbon reduction, the Council has set up an earmarked reserve, with an initial investment of £250,000, which will be made available to fund initiatives and developments which make the most effective contribution to this agenda. Further details of this are given in Section 9.

MONITORING ACHIEVEMENTS

2.14 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 currently include Best Value PIs, Local PIs and Quality of Life indicators. With the introduction of the new National Indicator set from April 2008, some Best Value PIs have been replaced by National Indicators.

2.15 Regular monitoring procedures are in place, 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.

2.16 The PIs for each of the MTOs are detailed in Appendix D.

2.17 Monitoring information on the revised MTO PIs has been collected from April 2008, and will be reported on in future editions of the MTS.

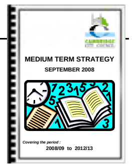
CAMBRIDGE LOCAL STRATEGIC PARTNERSHIP (LSP)
& COMMUNITY STRATEGY

2.18 The City's first Community Strategy came to an end in 2007, and in January 2008 we published a new Sustainable Community Strategy for the City for 2008 to 2010 developed with our partners in the Cambridge Local Strategic Partnership (LSP). The new strategy sets out the big issues for Cambridge and the priorities for improvements relating to them.

2.19 The LSP wants Cambridge to be a sustainable and accessible City that has:

- a positive approach to tackling climate change – so that local people and organisations can make an active contribution to reducing its causes and mitigating its impacts
- sustainable communities that are thriving, environmentally sensitive and affordable places in which to live – where the growth of the City does not jeopardise the interests of current or future generations
- communities that are strong, healthy active safe and inclusive – where the well-being of people is improved and inequalities reduced, so that people feel a sense of belonging and can fully participate in community life and share in the City's success.

2.20 The LSP is currently developing an action plan to support the delivery of the strategy and enable the ongoing monitoring of progress.



2.21 The LSP does not duplicate successful partnership working that already exists. Instead it looks at issues where the LSP can make a difference and support the work of other partnerships. Over the coming year it will focus on community cohesion and implementation of actions arising from a peer review of the partnership conducted in February 2008.

LOCAL AREA AGREEMENTS (LAA)

2.22 A Local Area Agreement (LAA) sets out the priorities for a local area, agreed between central government and local councils and their partners. In 2008 the Government introduced a revised LAA process, which meant that LAAs would no longer be about specific funding for specific targets. The new LAA for Cambridgeshire, which came into effect from June 2008, spells out what the local partners will aim to achieve against 55 improvement targets (34 general, 16 education-based and 5 local). Partners, including the City Council, will be prioritising resources and working together to deliver these targets.

2.23 These key improvement targets are now an important part of our core business and will be integrated into our service planning processes for 2009/10 and 2010/11.

2.24 In the past, some of the funding partners received from government was ring-fenced against particular themes, such as community safety or waste. In most cases this funding will now come as a pooled area-based sum, although the grant itself will be paid to various partners not direct to the LAA board as originally envisaged. The LAA Board, ‘Cambridgeshire Together’, will need to recommend to partners on a countywide basis how the LAA grant money should be spent. The impact on City Council’s direct funding is likely to be minimal because most of the area-based grant relates to service areas administered by the County Council. The LAA should, however, provide additional opportunities to influence the mainstream funding of other agencies through the partnership arrangement.

2.25 The government has advised that reward grant will be paid in relation to average performance across the targets against the national indicators in the LAA agreed with Government. There will be a minimum average level of performance which all LAA partnerships will need to reach before any reward is payable. The detail of how the scheme will work in practice is still not clear and there will need to be discussion locally as to how any reward grant should be used and allocated. The government has made at least £340m available nationally to fund the scheme. The IDeA estimates this is equivalent to an average of £2.2m for each LAA.

2.26 Cambridgeshire Together is conducting a review of the partnership structures needed to drive and support delivery of the LAA. This review is looking at issues such as governance, accountability and scrutiny and will conclude in the autumn. The review is likely to have implications for our own local partnerships, including the role of the Cambridge City LSP.

LOCAL PUBLIC SERVICE AGREEMENTS (LPSA)

2.27 Cambridgeshire’s LPSA formed part of the first LAA agreement. The LPSA contained ‘stretch targets’ that partners in the county negotiated with Government across 12 topic areas. These targets had to be delivered by March 2007. Partners needed to achieve at least 60% of each ‘stretch target’ in order to be awarded reward grant. Across the County we achieved a total of £9m ‘one-off’ reward grant. The grant is being paid over two years beginning in 2008/09, with half as capital and half revenue.

2.28 Cambridgeshire Together is proposing to use £915,000 to help support the concessionary fares bus scheme and £525,000 for capacity building of the LAA. LSPs have been asked to decide how the remaining reward grant (approximately £1.5m per LSP) should be spent. Partners have agreed to spend the grant on countywide projects that will help achieve the targets in the new LAA and local projects that will help to deliver the City's new Sustainable Community Strategy.

2.29 A final decision on LPSA reward grant allocation is due to be made in September 2008. This should enable the outcomes of any proposals that impact on City Council spending to be taken into account during the 2009/10 and 2010/11 budget setting process.

THE GROWTH AGENDA: OVERVIEW & STRATEGY

2.30 The urban expansion of the city has been driven by the Government's 2003 Sustainable Communities Plan, which was aimed at increasing levels of housing supply nationally to 240,000 homes per year by 2016. The Cambridge sub-region forms part of one of the four main designated Growth Areas. Plans for the delivery of Growth are set out in the Regional Spatial Strategy (RSS), the Cambridge Local Plan and the Cambridgeshire Local Transport Plan.

2.31 The East of England Plan (the Revision to the Regional Spatial Strategy) was published by the Government in May 2008. It 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 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 over 40%.

2.32 The City Council's Local Plan, adopted in 2006, sets out policies and proposals which will guide development at a local level. As well as identifying growth on the fringes of Cambridge and the regeneration of the Station Area, the document emphasises:

- the highest possible standard of design in new development;
- careful conservation and enhancement of historic areas and green spaces;
- consolidating and improving existing residential communities, promoting new housing and community facilities in the growth areas, and giving a greater emphasis to meeting diverse housing needs;
- protecting and enhancing leisure and shopping facilities;
- promoting employment growth in sustainable and accessible locations to support the future expansion of education, research, knowledge-based industries and essential services;
- appropriate infrastructure, in particular transport infrastructure, to support new developments and promote more sustainable living patterns; and
- planning for the long term sustainable growth of the City.

2.33 Over time, the Local Plan will be replaced by the documents which make up the Local Development Framework. The Affordable Housing Supplementary Planning Document (SPD), adopted in January 2008, provides guidance on how to achieve 40% affordable housing within major sites. It also refers to the joint approach ("The Cambridge Challenge") between the City Council, South Cambridgeshire District Council and the Housing Corporation to deliver affordable housing on large strategic sites.

2.34 The Cambridgeshire Local Transport Plan 2006-2011 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.

2.35 Beyond the increased RSS housing targets and the introduction of the Affordable Housing SPD, there have been a number of other important developments in the policy context over the last twelve months.

2.36 The Cambridgeshire Programme of Development (PoD) for Housing Growth Funding, produced in September 2007, set out a shared vision amongst local authorities, Cambridgeshire Horizons and others to deliver housing targets and to ensure new development meets the highest standards of quality. The sub-region was awarded £14.2m by the Government in 2008/09 (including £4m allocated to the Addenbrooke’s Access Road and affordable housing in the Cambridge Southern Fringe). The Programme of Development will be refreshed and resubmitted in autumn 2008, in order to secure further funding for projects in 2009/10 and 2010/11. Extra funding could also be available for sustainable transport projects in the Cambridge sub-region through the £200m Community Infrastructure Fund.

2.37 The plans for the fringe sites around Cambridge have moved forward.

- The Cambridge East Area Action Plan was adopted by the City Council and South Cambridgeshire District Council in February 2008, having been found to be ‘sound’ by the independent inspector.

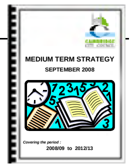
- The Examination in Public on the North West Cambridge Area Action Plan will take place in autumn 2008.

- A viability report on Cambridge Northern Fringe East has found that residential development of the site will not be deliverable for the foreseeable future. Consequently, the recommendation for taking forward the employment site-led option will be integrated into the spatial strategy for the Core Strategy of the Local Development Framework.

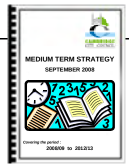
2.38 The Cambridgeshire Quality Charter for Growth was adopted by the Council in April 2008 as a clear policy statement of the aspiration to create major new developments that offer future communities a fulfilling, visually pleasing and environmentally sensitive way of life. It sets out core principles of the level of quality to be expected in new developments in the Cambridge sub-region (based around the 4C’s of Community, Connectivity, Climate and Character).

2.39 The Strategic Housing Market Assessment (SHMA) was launched in June 2008. With analysis of the housing markets across the seven districts in the Cambridge housing sub-region, it provides the evidence needed to guide investment in housing across all tenures. It aims to support objectives to build communities which people value and can afford to live in for many years to come. The Council has noted that the SHMA supports a 75:25 split between social rented housing and shared ownership. The Council’s refreshed Housing Strategy takes account of key findings from the SHMA.

2.40 The City Council is committed to take account of climate change in planning for growth. In September 2008, it intends to adopt a Climate Change Strategy & Action Plan to establish a framework for action to tackle the causes and consequences of climate change. The strategy describes the present situation, provides a rationale for action and sets out a series of actions for the City Council to take.



2.41 Work continues not only to plan for the delivery of this growth, but also to prepare for the increasing demands and expectations on all Council services that will arise from it (e.g. the need for more refuse/recycling vehicles and play areas/recreation facilities). As part of these preparations, updated strategies for sports development, leisure and the Arts will be reported for Member consideration later in 2008/09.



3. Public Budget Consultation

3.1 For a number of years the Council's budget process has included consultation with the citizens of Cambridge to find out which services were most important to residents and what they thought spending and savings priorities should be for the coming budget year.

3.2 We have used a mixture of surveys and workshops to build up trend data on the views of residents about spending and saving priorities and we have found that views have been quite consistent over time.

3.3 In the autumn of 2007 we commissioned MRUK Research Ltd to run a large face-to-face survey of 1,100 city residents. This survey included a section on spending priorities. The results of the latest survey, compared with results from surveys undertaken in 2002 and 2004, are shown at Appendix E and in the summary below.

3.4 If Council Tax is to be raised to improve services, residents said the money should be spent on improving:

- waste services such as street cleaning, refuse collection and recycling
- transport services such as car parking, cycling and measures to reduce congestion

3.5 If spending has to be reduced to keep any Council Tax rise within inflation, residents said that savings should be made from:

- arts and entertainments such as the Corn Exchange and events in the parks
- services to help people reduce the affects of climate change

3.6 If residents could influence how much money was spent on specific services they would give more money to:

- recycling
- activities for children and young people
- transport services for elderly and disabled people
- refuse collection

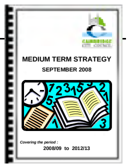
And give less money to:

- arts and entertainment promotions in the City
- Cambridge Corn Exchange
- CCTV
- private sector housing advice

2009/10 Budget Consultation

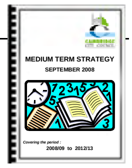
3.7 An allowance has been made to cover some qualitative consultation with residents, probably through focus groups or an interactive workshop as part of the 2009/10 Budget process.

3.8 This consultation may be used to ‘test’ different spending and savings options or to explore various proposals with residents that emerge from the service review programme. This consultation will inform Member decision-making through the budget setting process.



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 2008, published in March 2008, set out how the Government is working to achieve this goal in an increasingly challenging national and international economic environment.

4.2 The Budget set out the action the Government is taking to support the economy in the short term, combined with actions to make further progress against its long term goals of:

- maintaining macroeconomic stability, ensuring fiscal rules are met and that inflation remains low;
- sustainable growth and prosperity, through reforms that promote enterprise, support business growth, simplify the tax system, and enhance flexibility and promote science innovation and skills;
- ensuring fairness and opportunity for all, talking child and pensioner poverty, providing opportunity for children and young people, delivering security for all in retirement, and ensuring a modern and fair tax system where everyone pays their fair share of tax;
- creating stronger communities and effective public services and improving long term housing supply and affordability; and
- ensuring an environmentally sustainable word, with action to address the global challenge of climate change.

4.3 The key part of the first of these elements is reflected through the macroeconomic policy framework adopted by the Government, 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.

4.4 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 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** with the objectives of:

- over the medium term, to ensure sound public finances and that spending and taxation impact fairly within and between generations; and
- over the short term, to support monetary policy and, in particular, to allow the automatic stabilisers to help smooth the path of the economy.

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.

4.5 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.

4.6 However, since publication of Budget 2008 'Stability and opportunity: building a strong, sustainable future' in March, the economic outlook has worsened. The combination of rising inflation, increasing unemployment, volatility and uncertainty in interest rates, a shortage of credit and severe downturn in the housing market are serving to undermine economic confidence and put at risk the relative prosperity of the last 10 to 15 years.

4.7 In addition to the direct impact on the Council's financial position from investment interest, reduced rates of growth in the taxbase and general and pay inflation running ahead of grant settlements, the economic climate is likely to bring additional pressures on some services and more indirect financial implications. Key issues are:

- Can we contain the impact of inflation or will efficiency savings be wiped out by price changes?
- What will be the effect on the capital programme of the slow down in the construction industry?
- What will be the impact on capital receipts if the market is flat and land and property prices are falling?
- Will there be added pressures on services such as homelessness, housing benefits and / or reduced income from fees and charges for leisure, recreation and other demand-led services?
- Will we be as successful in collecting local taxes, rents, fees & charges as we have been in recent years?

4.8 The financial modelling which underpins the recommended budget strategy for 2009/10 draws on the latest forecasts for general inflation, pay, fuel prices, interest rates etc, and the associated risk assessment includes consideration of the issues outlined above.

Public Sector Finances

4.9 The Budget 2008 projections for public finances were that the Government is meeting its strict fiscal rules over the economic cycle.

- The current budget showed an annual average surplus as a percentage of Gross Domestic Product (GDP) over the economic cycle which began in 1997/98 and is forecast to move clearly into surplus from 2010/11 onwards.

- Public sector net debt was projected to remain below 40% of GDP throughout the projection period and to decline by 2012/13, meeting the sustainable investment rule. However, in light of the post-budget downturn in the economy there is speculation that the current 40% ceiling may be relaxed.

4.10 The surplus on current budget 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.

4.11 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.

4.12 Public sector net debt was 38.3% of GDP at the end of June 2008, compared with 37.3% at the end of June 2007. Debt peaked at 43.8% of GDP in 1997, its highest level since the mid-1980s. The ratio then fell steadily as public sector finances improved, reaching a low of 29.8% in March 2002. Since then it has risen, with a Budget forecast of 38.5% at the end of March 2009.

4.13 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.

4.14 Budget 2008, gave the following commentary and forecasts for the current financial year:

- GDP continues to grow and rose by 3% overall in 2007. GDP growth is forecast to slow to 1.75% and 2.5% in 2008, before picking up to 2.25% to 2.75% in 2009 and 2.5% to 3% in 2010.

- CPI inflation was close to target but significant increases in global agricultural commodity and energy prices were expected to lift inflation in the short term with recent depreciation of sterling exerting continued pressure on prices. Inflation was forecast to fall back to 2.5% by the end of 2008, returning to target in 2009 and remaining on target thereafter.

- The estimated 2007/08 outturn for public sector net borrowing is £36.4b and for the current budget a deficit of £7.9b, both lower than estimated in the pre-budget report and Budget 2007. The current budget is forecast to move into surplus in 2008/09.

4.15 Budget 2008 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 2.2% per year in real terms with :

- Public sector net investment remaining at 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 £30b net cash-releasing savings of at least 3% per year, real reductions in administration costs 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

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

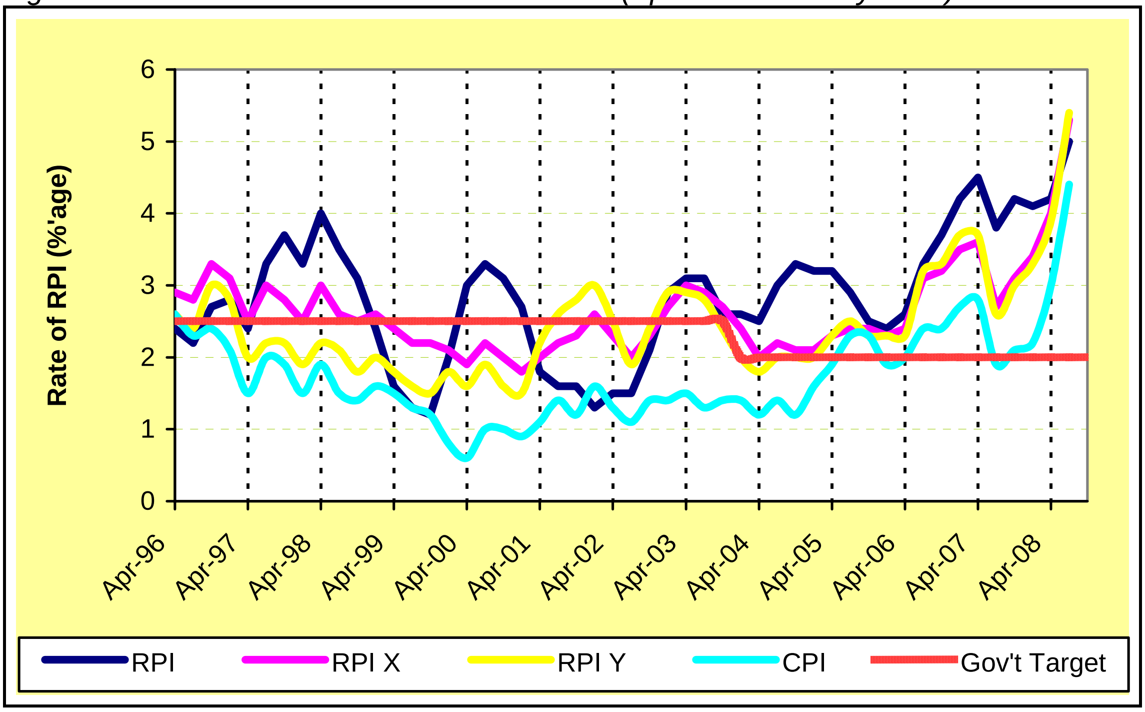
- Headline Retail Price Index (RPI) which reflects all factors in the economy
- RPIX which excludes mortgage interest payments (and is favoured by the Treasury)
- RPIY which excludes taxation as well as mortgage interest payments (favoured by the Bank of England)
- Consumer Prices Index (CPI), which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

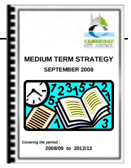
4.17 In 2003 the operational target for monetary policy was switched from being based on the RPIX to a target based on the CPI. Budget 2008 reaffirmed the target of 2.0% for the 12 month increase in CPI for the years 2009 and 2010. The forecast for 2008 CPI was given as 2.5%.

4.18 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.

4.19 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 2008)





4.20 From the point that the framework was introduced through to March 2008, the rate of RPIX fluctuated in a relatively narrow range from 1.5% to 4.0%, with an average close to the Government's target level of 2.5%. Over the same period the rate of CPI ranged from 0.5% to 3.1% (compared with the target level of 2.0%).

4.21 This represented the longest period of sustained low inflation in the UK 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.

4.22 From April 2008 there have been significant increases in the level of both RPIX and CPI, with the former reaching 5.3% in July 2008 and the latter 4.4% in the same month. The trend over the last 6 months is shown in the table below.

Table 2 : Recent Inflation Rate Trends – February 2008 to July 2008

Month	RPI	RPIX	RPIY	CPI
February 2008	4.1 %	3.7 %	3.6 %	2.5 %
March 2008	3.8 %	3.5 %	3.6 %	2.5 %
April 2008	4.2 %	4.0 %	3.9 %	3.0 %
May 2008	4.3 %	4.4 %	4.4 %	3.3 %
June 2008	4.6 %	4.8 %	4.9 %	3.8 %
July 2008	5.0%	5.3 %	5.4 %	4.4 %

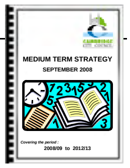
4.23 The largest upward pressure on CPI came from food and non-alcoholic beverages, where prices rose this year but fell a year ago. There were specific pressures from meat, bread, cereals and vegetables. There were also large upward pressures from transport costs (mainly due to fuel and air transport increases), housing and household services (reflecting increases in gas and electricity bills), furniture and household equipment (where price discounting was not as great as last year), and clothing and footwear (where falls in price due to sales were not as large as last year). There were also smaller upward pressures from restaurant and hotels (particularly accommodation costs) and communication (where the overall price of equipment and services fell by less than a year ago).

4.24 The rate of CPI has now been above the Government's target level of 2.0% since May 2006, with the sole exception of the period July to September 2007, and with the above expectation increase to 4.4% in July reached a record high since the series began in 1997.

4.25 The factors affecting the change in the RPI were similar, but also included a large downward effect from housing (the main effect being from house depreciation).

4.26 The level of RPI is of particular concern as this is the measure against which many wage settlements are benchmarked, as is the greater than expected spike in core inflation from 1.6% to 1.9%. This gives rise to concerns for second-round inflationary effects, which the MPC will been closely monitoring.

4.27 The markets reaction to the July inflation figures has been relatively relaxed, based on expectations of falls in CPI in mid-2009 on the back of falling oil prices.



4.28 The increase in CPI inflation over the last 3 months has been more marked than the MPC had anticipated in its May Inflation Report. Their central projection now sees inflation move substantially further away from target in the near term. The key risk envisaged is that this period of elevated inflation causes households and businesses to revise upward their expectations of inflation in the medium term, leading them in turn to higher wages and prices.

4.29 The Bank of England's August Inflation Report predicts inflation spiking to around 5.0% over the coming months, before dropping dramatically as the effects of food and fuel prices ease, as well as a significant drop in economic activity.

4.30 As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate is below the average for the European Union as a whole. The provisional rate for the EU in June was 4.3%, compared with 3.8% for the UK. In June last year the UK rate (at 2.4%) was 0.3% higher than that for the EU.

4.31 The level of inflation will be affected by the various effects resulting from the phasing-in of measures contained within Budget 2008. This is estimated at a 0.25% increase in CPI (or 0.29% increase in RPI), compared with a 0.19% increase in CPI (or 0.22% increase in RPI) from Budget 2007. 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.

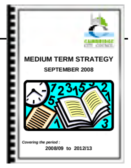
4.32 The following table shows the projected timing of effects, assuming that all changes announced are (or have been) passed on to consumers in full, and immediately. In practice, this is not likely to be the case for items such as tobacco and alcohol duty changes, which will begin to affect the index as existing stocks are depleted.

Table 3 : The Effect of Budget 2008 Measures on Inflation Levels

Timing	**Factor**	**Effect on Inflation**	
		CPI (%)	**RPI (%)**
12 March 2008	Tobacco duties increase	+ 0.05	+ 0.06
13 March 2008	Vehicle Excise Duty increase	N/a	+ 0.02
17 March 2008	Alcohol duties increase	+ 0.12	+ 0.11
1 Oct. 2008 (*)	Road Fuel duty increases	+ 0.08	+ 0.10
Total effect of Budget measures		**+ 0.19**	**+ 0.22**

(*) Budget 2008 announced that planned increases in road fuel duties from 1 April 2008 were to be delayed to 1 October 2008.

4.33 In its July 2008 report the Bank of England Monetary Policy Committee noted that the Governor's open letter to the Chancellor on 16 June had explained that CPI inflation was likely to rise sharply in the second half of the year to above 4% and that, if anything, the outlook for inflation had worsened since then. However, the magnitude and timing of rises in retail energy prices could change the profile of CPI inflation over the coming months significantly, and these were extremely uncertain.



4.34 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.

4.35 Based on the analysis of the range of market projections an inflation rate of 4% (based on the April 2008 RPIX rate) has been assumed at this stage, for the 2009/10 Budget cycle. It should be noted that this is significantly higher than the rate of 3.3% which was applicable for the 2008 MTS.

4.36 Although the rate of RPIX has increased since April, the MTS has consistently adopted annual rates based on April, and this is not felt to significantly under-provide for the types of expenditure relevant to the Council given that additional provisions have been specifically made for high-increase items such as fuel and utility costs (this is covered as part of Section 8).

Interest Rates

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

4.38 The MPC cut Bank Rate to 5.50%, from 5.75%, on 6 December 2007 as concerns over the economy and the credit crunch mounted. Following further cuts in US interest rates by the Federal Reserve, the MPC, in February 2008, once again cut the Bank Rate by 25bp to 5.25%. One more cut followed in April 2008, to 5.0%.

4.39 However, hopes of further cuts in Bank Rate were severely dented upon the issue of the May 2008 Bank of England Quarterly Inflation Report. The clear indication from the MPC was that inflation pressures were mounting and that a rate cut before July would be highly unlikely; the earliest possible opportunity now being seen as October. Following its meeting on 7 August 2008, the MPC confirmed that the rate would be held at 5.0%.

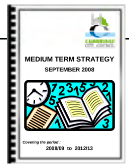
4.40 With the economy in slowdown mode, and the housing market going into reverse, the MPC is faced with a difficult balancing act, though their remit is quite clearly control of inflation and not management of the economy per se.

4.41 The next meetings of the MPC, and publications of Inflation Reports, are :

Table 4 : Monetary Policy Committee (MPC) – Key dates to December 2008

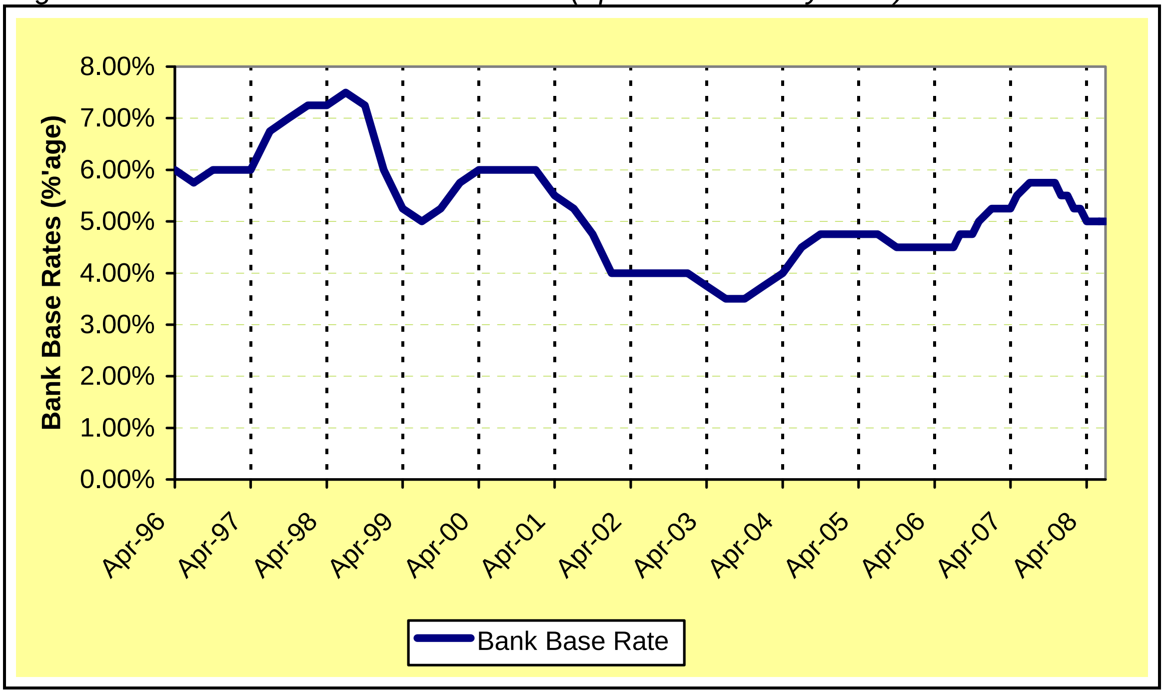
MPC Meeting Dates	Publication of Minutes	Inflation Report Date
6 & 7 August 2008	20 August 2008	13 August 2008
3 & 4 September 2008	17 September 2008	
8 & 9 October 2008	22 October 2008	
5 & 6 November 2008	19 November 2008	12 November 2008
3 & 4 December 2008	17 December 2008	

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



4.42 For illustration, figure 2 shows the movements in Bank Rate over the last 12 years.

Figure 2 : Movements in Bank Base Rate (April 1996 to July 2008)

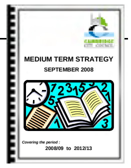


4.43 Interestingly, the movement in longer term interest rates (as evidenced by long-term Public Works Loan Board (PWLB) rates), between the start and end of the last financial year (2007/08), shows very little movement. For example, the PWLB 45-50 year rate started and ended the year at 4.45% and 4.42% respectively and the 25-30 year rate 4.65% and 4.60%.

4.44 The Council's treasury advisers, SECTOR Treasury Services Limited, have produced (July 2008) this forecast for PWLB rates (showing Bank Rate for comparison):

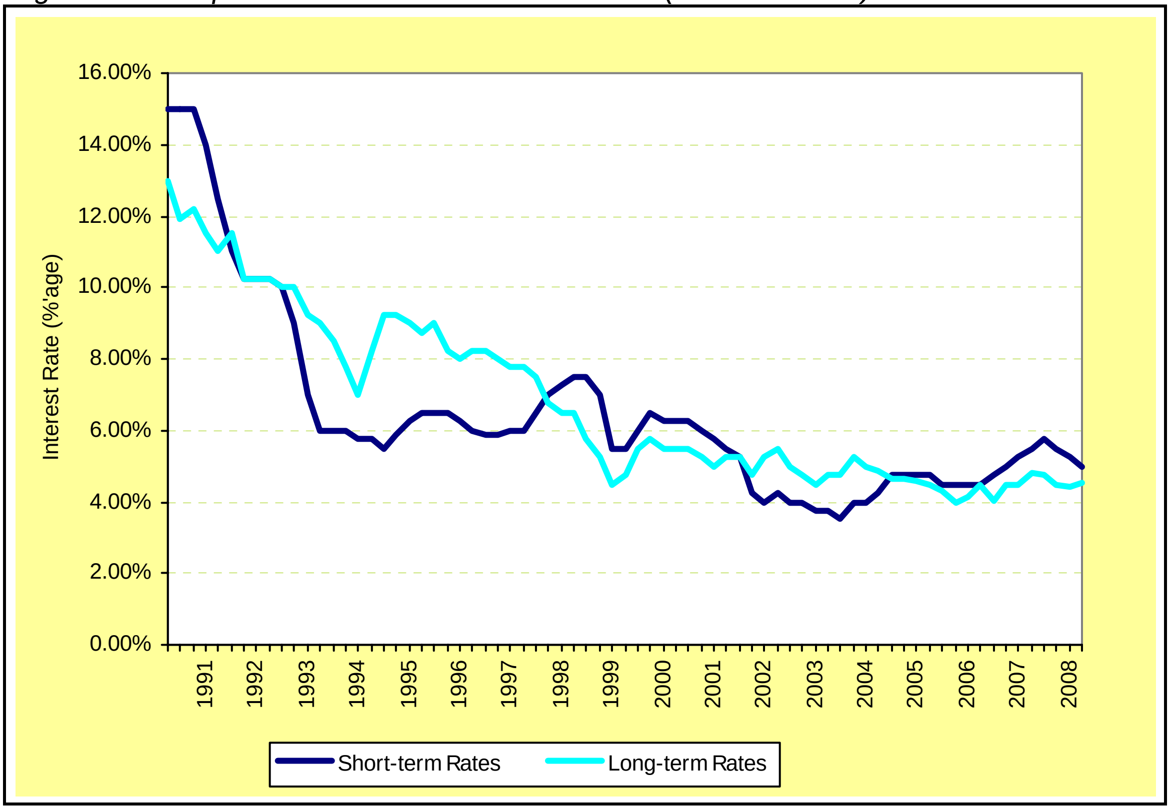
	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010
Bank rate	5.00%	4.75%	4.50%	4.25%	4.25%	4.50%	4.50%	4.75%	4.75%	5.00%
5yr PWLB rate	4.65%	4.55%	4.35%	4.30%	4.35%	4.40%	4.55%	4.65%	4.75%	4.80%
10yr PWLB rate	4.75%	4.60%	4.50%	4.45%	4.50%	4.60%	4.70%	4.75%	4.85%	4.90%
25yr PWLB rate	4.70%	4.65%	4.60%	4.55%	4.60%	4.60%	4.65%	4.65%	4.75%	4.80%
50yr PWLB rate	4.40%	4.40%	4.40%	4.40%	4.45%	4.50%	4.50%	4.60%	4.65%	4.65%

4.45 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.



4.46 The short-term rate went below the long-term rate in June 2001, and stayed there until September 2004 – a period of 3 ¾ years. The continuation of this trend was envisaged to show short-term rates remaining above long-term rates throughout 2007/08 and into 2008/09, and indeed this has proved correct. However, it does appear that the situation could change in the first half year of 2009/10 when short-term rates look as though they will dip below the long-term rate once again after a period of 4 ¾ years.

Figure 3 : Comparison of Trend in Interest Rates (1991 to 2008)



4.47 The sensitivity of the General Fund to changes in interest rates shows that a change in interest rates of +/- 1% would have an estimated impact of approximately £610,000 in 2009/10 on investment receipts.

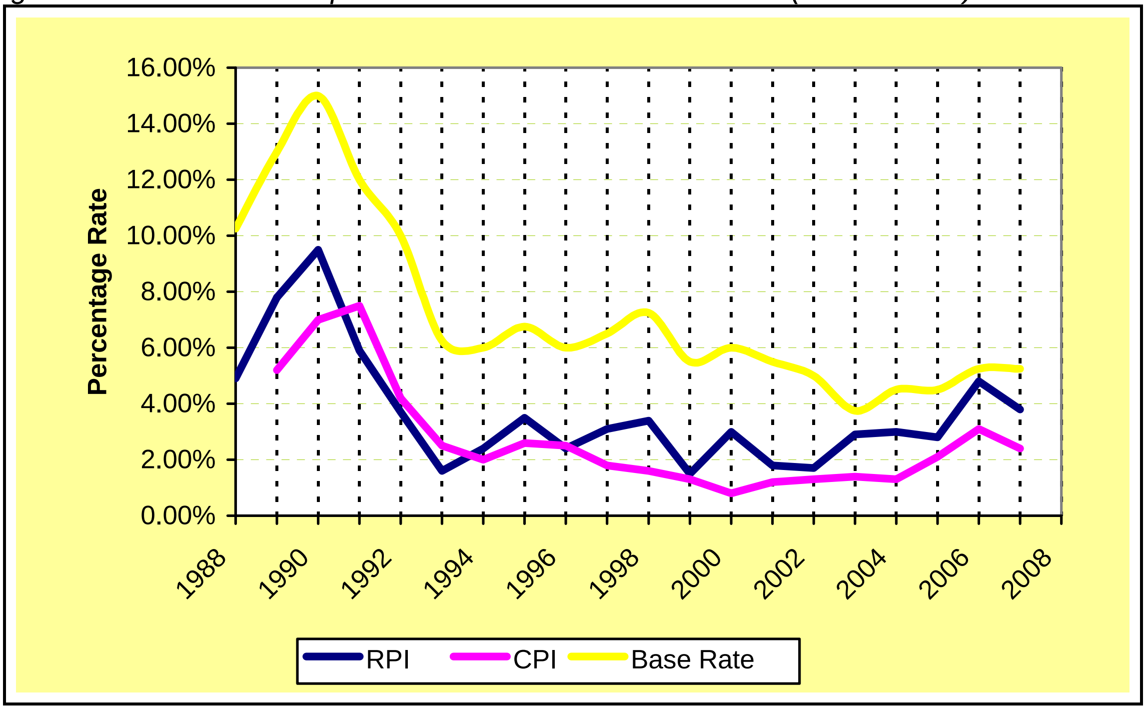
The Relationship Between Inflation and Base Rates

4.48 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.

4.49 However, the lasting effects of the turmoil in the money markets due to the credit crunch and concerns over the slow down in the economy may, in the short term, see inflation increase without a corresponding increase in Bank Rate.

4.50 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)



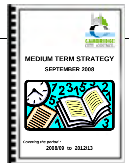
Pay Awards

4.51 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 pay increases agreed nationally by the National Joint Council (NJC) for Local Government Services. Last year the NJC agreed a one-year pay deal in October 2007 of 2.475% backdated to April.

4.52 Nationally, the Government is reinforcing its message to public sector employers to restrict pay award deals to 2% and in January 2008 the Prime Minister Gordon Brown pushed for a move towards negotiating multi-year deals to help control inflation and maintain stability over the long-term, highlighting that longer-term deals can help create the space to address some of those longer-term issues. This would provide more stability in projecting pay awards for future years.

4.53 Given the Government pressure it was anticipated that following agreement of the 2007/08 pay award, this would pave the way for a more comprehensive multi-year deal from 2008. However, negotiations have yet to be concluded on a one-year deal for the current financial year 2008/09, with the latest offer of 2.45% (above the 2.0% recommended by Central Government – the level also included in the Council's original budget) being rejected by the Unison and Unite Trade Unions, resulting in industrial action. Also, it is clear that all the Unions are reluctant to commit to multi-year deals within a 'volatile' economy, where they can not know what is required and reasonable in two or three years' time.

4.54 With the CPI inflation measure rising to an 11-year high of 4.4% in July 2008, well above the Government's 2% target, and the Unions preferred inflation measure (RPI) rising to 5.0% in the same month, there may be increasing pressure for a higher pay deal for 2009/10; while the Government will be increasing pressure for lower deals to restrict secondary inflationary pressures.



4.55 Given these economic conditions and that the current pay offer (2.45%) and last year's pay award (2.475%) both exceed the Governments stated expectations, it would be prudent for the purposes of budget planning to assume negotiations for the 2009/10 may do likewise. Based on this, an assumption of a 2.5% award is being adopted as the basis for the projections in the MTS. However, given that this exceeds the Government expectation for Public Sector pay awards, it is highly unlikely that the additional cost will be reflected in any additional Government grant.

4.56 A pay increase of 2.45% has been assumed in projections for the current year, based on the employer's last offer, and the additional costs have been built into the analysis in Section 8.

4.57 A change of +/- 1% in the level of pay award for 2009/10 would have the following impact on each of the Council's service areas :

Table 5 : The Effects of a 1% Change in Employee Costs in 2009/10

Service Area	**Effect of 1% Change in Employee Costs**	
	(£'s)	**(£'s)**
General Fund	247,810	297,280
Housing Revenue Account	50,930	119,240
City Services	117,780	*[re-allocated above]*
TOTAL	**416,520**	**416,520**

4.58 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 experience the for 2008 progression shows that costs remain broadly in line with the 2.2% allowance made within budgets for 2008/09.

4.59 Also included in the MTS projections, as in previous years, is a 3% deduction from employee gross pay budgets for employee turnover.

4.60 It should also be noted that the 2009/10 deal is also likely to take the form of a package of measures, alongside a basic pay award, as this was the approach that the employers and unions agreed to address in the 2007/08 pay deal. This would be likely to involve reviewing and modernising 'green book' arrangements. Such a review may result in direct and / or indirect savings or costs, as yet unknown.

EMU and the Euro

4.61 Reports have previously been submitted to Members, at appropriate times, outlining the potential implications for the Council of the United Kingdom deciding to join the EMU.

4.62 It would be imprudent, at present, to commit resources to any detailed preparatory work however, monitoring of the position will remain and opportunities are being identified to minimise potential future costs, 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; and
- all of the above factors affect the level of demand for, and use of, services provided by the Council.

5.2 At the same time, projections for these factors come with a 'health warning', particularly in relation to planned housing and population growth. External factors will have a bearing on the implementation of development, both in terms of its phasing and location. This includes the slowdown in the national economy and housing market, which has become more pronounced over the last twelve months. However, in the changing economic climate, it is too early to predict how far these national trends will be felt locally. So far, the local housing market has remained relatively strong.

5.3 Whilst recognising that changing market conditions may affect demand for investment in the development of council services in the short term, it is important for the City Council keeps a strategic focus on the long-term service planning required for the effective long-term delivery of sustainable communities.

Development Plan and Growth Area Status

5.4 The Local Plan was adopted at Council in 20 July 2006. It plans for the growth of the City by 12,500 homes between 1999 and 2016, reflecting the City's Growth Area status. Over time, it will be replaced by a suite of plans which will make up our Local Development Framework. The first such replacement plan is the Cambridge East Area Action Plan, adopted by Council in February 2008, which allocates land in the City and in South Cambridgeshire for development over the next 20 years for around 12,000 homes, split between the two districts.

5.5 In May 2008 the Regional Spatial Strategy (RSS) for the East of England was published by Government. This has increased the target for the increase in dwellings in the City to 19,000 new homes, to be provided between 2001 and 2021.

5.6 This scale of growth presents a huge challenge for the City Council and its partners.

5.7 Subject to market conditions, by 2016 we can expect around 25,000 extra residents in Cambridge. 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.

5.8 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).

5.9 Subject to market conditions by 2016 there will also be additional new homes within South Cambridgeshire District Council's area, housing in the region of 30,000 new residents.

5.10 This will also have an impact on the City, as many 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.

5.11 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:

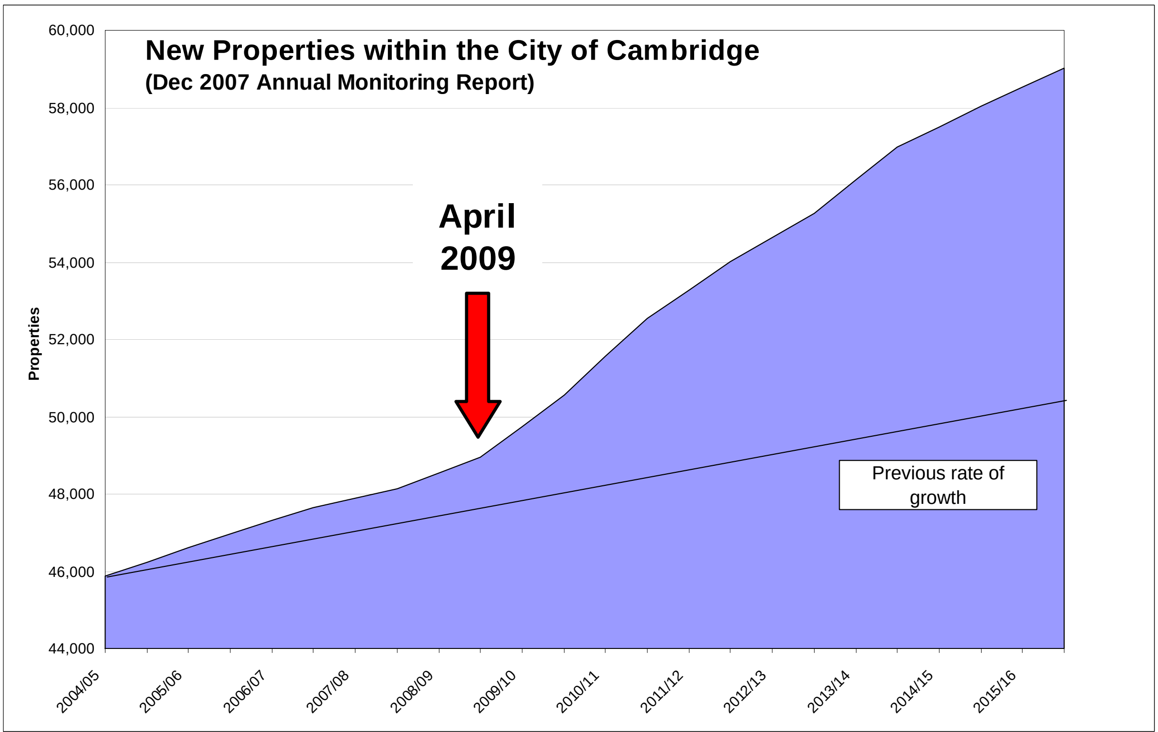
> *"The Vision for Cambridge is of a compact, dynamic City with a thriving historic core surrounded by attractive and accessible green spaces. It will continue to develop as a centre of excellence and a world leader in the fields of higher education and research and it will foster the dynamism, prosperity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

5.12 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

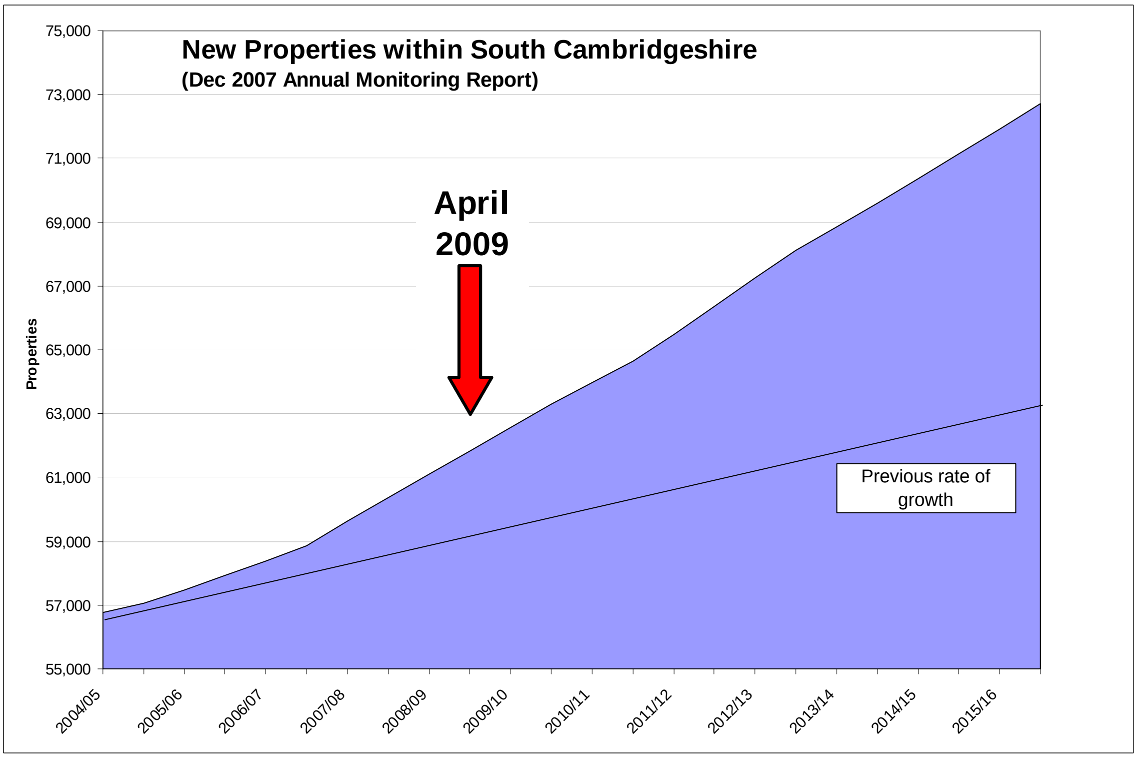
5.13 The impact of the Growth Agenda will be to significantly increase the rate of growth in the number of households within the City. This will become particularly significant from 2009/10 onwards, as is shown in the graph below.

Figure 5 : Property Numbers within Cambridge City



5.14 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



5.15 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

5.16 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.

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

5.18 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.

5.19 Table 5 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.

5.20 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 had been a growing disparity between local estimates and national figures from the ONS.

5.21 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. The methodologies used by ONS have recently been reviewed, and a new set of forecasts have been produced for 2006 (and for previous years back to 2002). These serve to bring the ONS forecasts into much closer alignment with those produced by the County Research Group as can be seen in the table below.

5.22 The 2001 Census showed that 19% of Cambridge City's population were born outside the UK, which was the highest proportion in Cambridgeshire. This high proportion reflects Cambridge City's global prominence in education, research and hi-tech industries and the profound influence of the movement of students into and out of the City.

5.23 National Insurance Numbers Registrations also suggest that Cambridge is a popular destination for migrant workers. A recent survey on the Demographic Impact Of International Migration by the County Research Group (May 2008) revealed that in Cambridge City between 4,500 and 10,500 additional migrant workers may now be living in Cambridge City compared to 2001. A 'most likely' scenario, based on assumptions about patterns of migration from different continents would suggest that around 6,600 migrant workers may have become part of Cambridge City's resident population since 2001. This suggests that the proportion of the City's population that was born abroad may have risen from 19% in 2001 to 24% in 2006. Given its relatively small size, Cambridge has one of the highest volumes of internal and international migration per 1,000 population in the country. This in turn raises key issues for the provision of public services.

Table 6 : Cambridge City Population Projections 2001/2031

Year	Population (as measured by)			
	Office of National Statistics 2006 based	**% Change (year-on-year)**	**County Research Group 2006 based**	**% Change (year-on-year**
2001			109,820	
2002			110,000	0.16%
2003			109,920	(0.07%)
2004			110,260	0.31%
2005			111,030	0.70%
2006	117,900		113,660	2.37%
2007	120,000	1.78%	116,600	2.59%
2008	122,700	2.25%	119,880	2.81%
2009	125,100	1.96%	123,510	3.03%
2010	127,200	1.68%	127,490	3.22%
2011	129,000	1.42%	131,840	3.41%

Year	Population (as measured by)			
	Office of National Statistics 2006 based	% Change (year-on-year)	County Research Group 2006 based	% Change (year-on-year
2012	130,600	1.24%	135,780	2.99%
2013	132,000	1.07%	139,300	2.59%
2014	133,200	0.91%	142,410	2.23%
2015	134,400	0.90%	145,130	1.91%
2016	135,600	0.89%	147,400	1.56%
2017	136,700	0.81%	148,950	1.05%
2018	137,800	0.80%	149,890	0.63%
2019	138,800	0.73%	150,210	0.21%
2020	139,700	0.65%	149,900	(0.21%)
2021	140,700	0.72%	148,900	(0.67%)
2022	141,700	0.71%	150,800	1.28%
2023	142,800	0.78%	152,660	1.23%
2024	143,900	0.77%	154,480	1.19%
2025	145,100	0.83%	156.260	1.15%
2026	146,300	0.83%	157,980	1.10%
2027	147,500	0.82%	154,200	(2.39%)
2028	148,700	0.81%	155,800	1.04%
2029	149,900	0.81%	157,360	1.00%
2030	151,000	0.73%	158,890	0.97%
2031	152,100	0.73%	160,400	0.95%

5.24 The revised national estimates will be of particular significance as they are the key element for the distribution of Government Grant, under the Formula Grant system.

5.25 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.

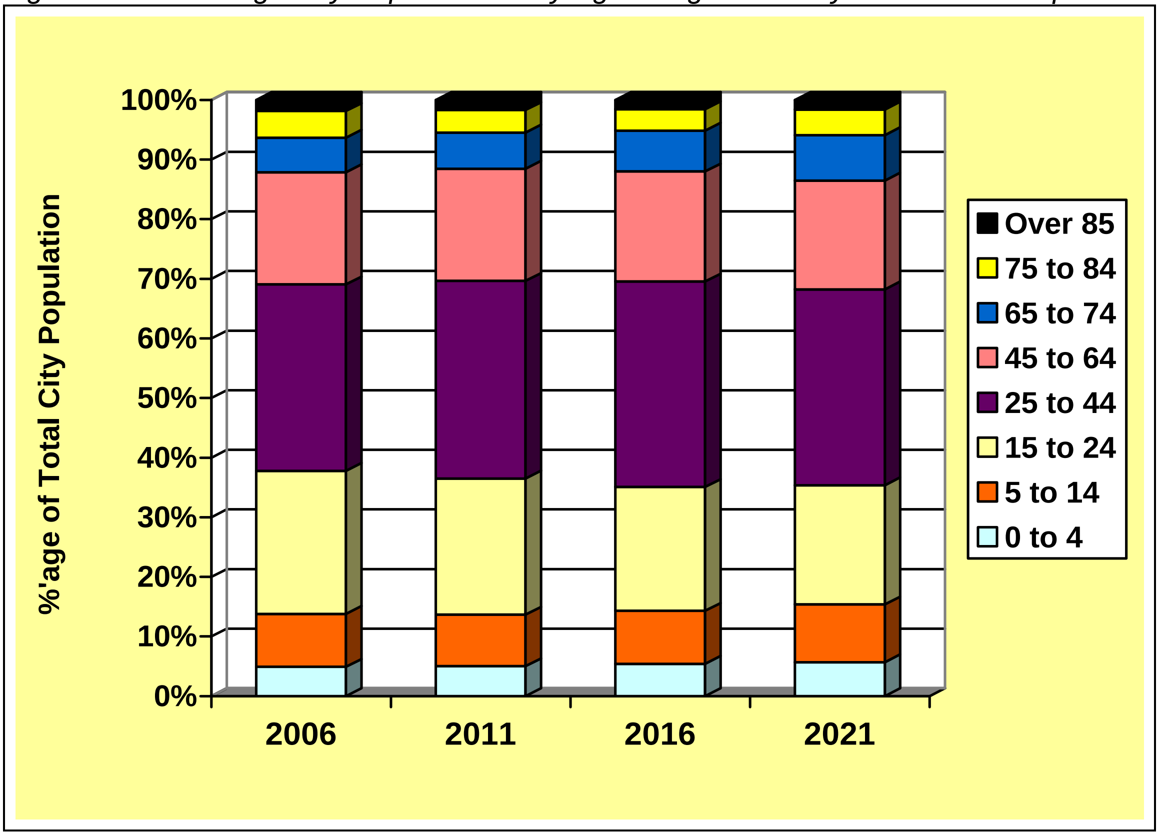
5.26 The buoyancy of the Cambridge economy and strong house prices have until recently combined to stimulate a high rate of growth in house building in the City. However, the current credit crunch and fears of a recession are now starting to have severe impacts upon the sale of houses and upon house building activity.

5.27 The consequences of this market shift upon growth of the City is likely to be substantial, but it is too early to tell what will be the impact upon the pace of future growth, the implementation of the urban extensions, and upon major redevelopment schemes within the City. Between 2007/08 and 2009/10 it is anticipated that growth will commence on major sites at the Southern Fringe and North West Cambridge. Outside the City Boundary significant development is planned at Northstowe and Marshall's North Works. All of these developments will put increased pressure of the City's infrastructure and the demand for services.

5.28 Changes over time in factors such as age profiles, unemployment levels and geographic spread can all affect the relative demand for Council services, and hence funding.

5.29 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 F.

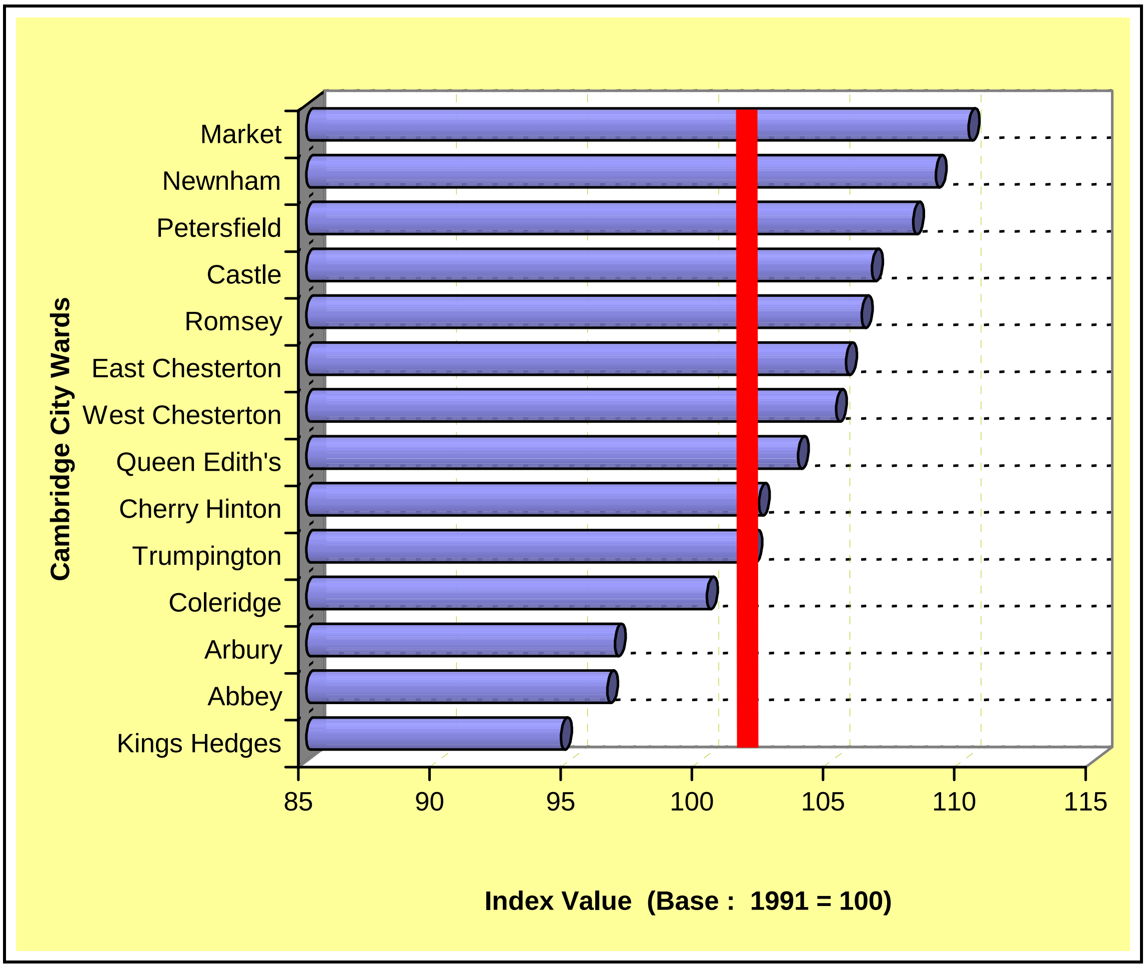
Figure 7 : Cambridge City Population % by Age Range – County Research Group 2006



5.30 The detailed analysis in Appendix F highlights increases in all age ranges with the 25-44 age range, as the one projected to increase most significantly over the period.

5.31 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- County Research Group 2006



Unemployment

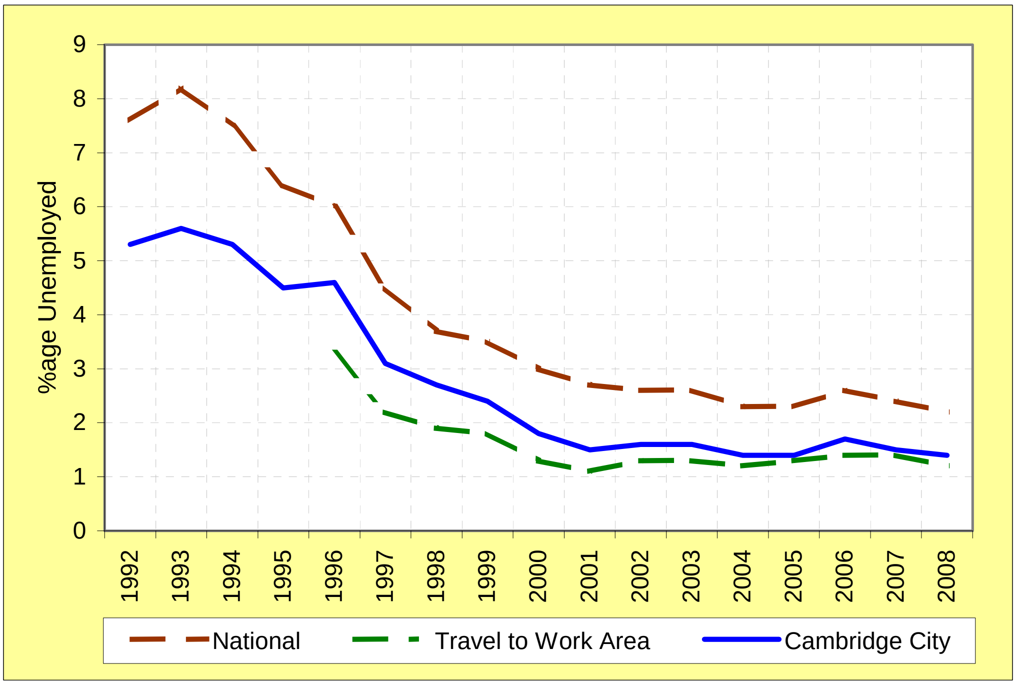
5.32 Unemployment rates are important, as they influence many of the Council's services either directly or indirectly, as well as being an influence on Council policies.

5.33 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 1.4% (May 2008).

5.34 Since 1998 the gap between City and national levels has remained relatively constant (in the range 0.8% to 1.2%), the gap between the City and Travel to Work Area has virtually disappeared since May 2002 with a difference ranging from 0.3 to 0.5.

5.35 The trend in comparative unemployment rates is shown below.

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



Mapping Disadvantage

5.36 Every two years since 2000 the Council has commissioned work to analyse its Housing Benefit and Council Tax records. The research maps the location of different groups of people living on low income across the city. Data is accessed through the Department of Work and Pensions and it is anonamised to protect the identity of any individual / family.

5.37 Prior to 2000 Members only had their local knowledge of their ward to guide them. Whilst there was general awareness of the wards containing the highest levels of deprivation, smaller pockets of disadvantaged communities within the wealthier wards often remained unidentified.

5.38 The most recent findings from the mapping disadvantage work, in 2006, showed that one person in nine lived in a household claiming either Housing Benefit or Council Tax Benefit. This rate increased for children to one in seven and for pensioners to one in five.

5.39 Just over half of the benefit population lived in a quarter of the city's geographical area. The biggest contrast in area was between Abbey ward, where just over 20% of the population claimed benefits, and Newnham ward, where just over 1% claimed benefits.

5.40 The 2006 findings showed a 10% decrease in the overall benefit population. However, the pensioner and lone parent benefit population remained constant.

5.41 The research findings have been circulated widely to managers within the Council who have used them to improve services, and to organisations in the community and voluntary sector to help them better understand their clients and bid for more resources using a robust and current evidence base.

5.42 The mapping disadvantage work is currently being repeated and will be reported through Strategy and Resources Scrutiny Committee on 17 November 2008.

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 21 January 2008, and adopted by Council on 21 February 2008. A copy of the Strategy is attached at Appendix G.

6.4 The Strategy includes treasury limits for the period 2008/09 to 2010/11, 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.

Minimum Revenue Provision (MRP)

6.11 At the end of March 2008 the Government simplified the rules surrounding the requirement to set aside, from revenue account, a sum, known as the "minimum revenue provision", to repay General Fund (GF) capital debt (i.e. GF capital expenditure financed by borrowing or credit arrangements).

6.12 Prior to these changes, the method of calculating MRP was prescribed in legislation and equated, each year, to 4% of outstanding GF capital debt. The calculation is now governed by statutory guidance, rather than through regulation, and places a duty on the Council to make an amount of MRP that it considers to be "prudent".

6.13 The Secretary of State recommends that each Council should establish a MRP policy before the start of each financial year and submit this to full council for approval. This policy should indicate how it is proposed to discharge the duty to make a prudent MRP in the forthcoming financial year.

6.14 Cambridge City Council, being debt free, does not, currently, have to provide for a MRP and hence no MRP policy has been submitted. However, the situation will be reviewed if, and when, General Fund borrowing becomes appropriate. A more detailed account of the changes and ways in which the Council can provide for a "prudent" MRP can be found at Appendix G.

Amendments to the Approved Lending (Counterparties) List

6.15 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.

6.16 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 H (shown as highlighted counterparty names).

Treasury Management Activity During 2007/08

6.17 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 2007/08 needs to be produced. The Annual Treasury Management report is included in Appendix G. Extracts from the report are included below.

6.18 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 3 years, dependent upon the authority's cash flows and the interest rates on offer.

6.19 The value of surplus funds invested during 2007/08 was £982.1m, and the value of investments that were repaid during the year was £987.65m, resulting in a net decrease in investments of £5.24m during the year.

6.20 The table below shows comparative investment outturn since 2004/05 :

Table 7 : Comparative Investment Outturn from 2004/05 to 2007/08

Financial Year	Average Investments	Rate of Return	Benchmark Return
2004/05	£64.32m	4.66%	4.52%
2005/06	£74.93m	4.69%	4.53%
2006/07	£80.64m	4.81%	4.82%
2007/08	£80.88m	5.86%	5.80%

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, the Council's main in-house contracting unit, do not receive direct funding from Central Government, it is affected indirectly by external funding to the General Fund and HRA as this influences the levels of work placed with them.

7.2 Projections of external funding have historically been difficult at this time of year, given the limited nature of available information relating support for future years. However, following the first multi-year settlement which covered 2006/07 and 2007/08, the Government has delivered against its commitment to proceed with a three-year settlement covering 2008/09, 2009/10 and 20010/11 for the General Fund.

7.3 However, for the HRA the final subsidy determination announced in early 2008 covered a single year only, 2008/09, pending the outcomes of a major review of the HRA subsidy regime to be undertaken during 2008/09.

Government Spending Reviews

7.4 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 expect from those resources across all Government departments.

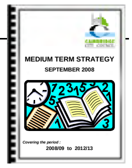
7.5 The concept was launched in June 1997, by the incoming Government, with a full Comprehensive Spending Review (CSR1998), and was intended to continue with Spending Reviews every two years; each review covering a 3-year period with a one-year overlap for continuity.

7.6 With the start of the latest Spending Review period coming a decade after the first CSR, the Government announced its intention to undertake a second full CSR. To facilitate this, the Spending Review scheduled for 2006 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 was 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 was seeking to achieve innovative policy responses, co-ordination of activity across departmental boundaries and sustained investment in key areas.



7.9 The CSR was informed by the analysis and conclusions of a series of detailed reviews on specific cross-cutting issues. These included :

- 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 outcome of CSR2007, covering the period 2008/09 to 2010/11, was announced in October 2007, along with the Pre-Budget Report.

7.11 The timing of announcements of external funding were :-

Table 8 : Timing of Government Funding Announcements for 2008/09 to 2010/11

Fund	**Timing of Announcement**	
	Provisional	**Final**
General Fund	6 December 2007	24 January 2008
Housing Revenue Account *(2008/09 only)*	23 November 2007	15 January 2008

7.12 As in previous years a key factor will be the timing of the announcement of 2009/10 HRA Subsidy and confirmation, or otherwise, of the provisional figures for Formula Grant for 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.

7.13 Briefing papers will be prepared on the levels of support, and the implications for the Council's financial planning, once 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

7.14 The current system for the distribution of Formula Grant is based on an assessment of the relative needs of authorities, an assessment of their relative resources, a central allocation and a floor damping scheme.

7.15 The Final Settlement figures for 2008/09 were published on 24 January 2008.

7.16 The Settlement for announcement was particularly significant as it was the first three-year settlement for local government, covering 2008/09 together with provisional settlement figures for 2009/10 and 2010/11.

7.17 The Settlement included headline increases of :

- 4.0% in Aggregate External Finance (AEF) for 2008/09, 4.4% for 2009/10 and 4.3% for 2010/11.
- 3.5% in Formula Grant (Revenue Support Grant plus share of National Non-Domestic rate Pool) for 2008/09, 2.8% for 2009/10 and 2.6% for 2010/11.

7.18 However, Shire District authorities fared particularly poorly from the Settlement with overall increases (on a like-for-like basis) of just 1.7%, 1.4% and 1.3% over the three years of the Settlement respectively.

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

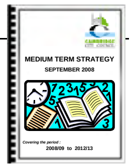
Table 9 : General Fund : Total External Support – 2008/09 to 2010/11

<table>
<tr><th></th><th>2007/08 Final (£'s)</th><th>2008/09 Final (£ 's)</th><th>2009/10 Provisional (£ 's)</th><th>2010/11 Provisional (£ 's)</th></tr>
<tr><td>Share of National NNDR Pool</td><td>10,379,829</td><td>10,810,065</td><td rowspan="2">11,978,470</td><td rowspan="2">11,996,606</td></tr>
<tr><td>Revenue Support Grant - Basic</td><td>1,479,931</td><td>1,151,323</td></tr>
<tr><td>- Floor adj.</td><td>262,019</td><td>353,526</td><td>398,019</td><td>441,765</td></tr>
<tr><td>Total External Support (TES)</td><td>12,121,779</td><td>12,314,914</td><td>12,376,489</td><td>12,438,371</td></tr>
<tr><td>Change on previous year (cash basis) - £'s</td><td></td><td>193,135</td><td>61,575</td><td>61,882</td></tr>
<tr><td>- %'age</td><td></td><td>1.59%</td><td>0.50%</td><td>0.50%</td></tr>
</table>

7.20 An important element of the grant settlement continues to be the Floor damping arrangements and the level of Floor adjustment grant which is included. This is the amount of additional grant which is payable in order to bring the Council's overall level of entitlement up to the minimum level of year-on-year increase.

7.21 The settlement announcement included the continuation of Floor damping arrangements in each of the three years covered, ensuring that shire district authorities would receive a minimum 1% increase in 2008/09 and 0.5% increases in each of the following two years (on a like-for like basis).

7.22 However, the floor adjustment element of the Council's formula grant 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 in future settlements.



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 10 : 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	12,121,779	2.7%	262,019	2.16%
2008/09	12,314,914	1.0%	353,526	2.87%
2009/10	12,376,489	0.5%	398,019	3.22%
2010/11	12,438,371	0.5%	441,765	3.55%

7.24 Although the level of Floor protection has reduced significantly from the sum of £1.95m in 2003/04 through to £262,019 in 2007/08. However, from 2008/09 onward the level starts to rise again, representing increased risk to the Council.

7.25 The Settlement announcement of Floors for Shire Districts of just 1%, 0.5% and 0.5% for 2008/09, 2009/10 and 2010/11 respectively, represents a level of increase in grant which is significantly below the projected level of inflation.

7.26 For forward planning purposes, the September 2007 MTS had been based on an assumption of a 1% floor continuing. This assumption has been amended, in light of the Settlement, and financial modelling now assumes a year-on-year increase in formula grant of just 0.5%.

7.27 As illustrated in the table above, the amount of protection and the proportion of total grant represented by the Floor adjustment grant is now increasing year-on-year. This is particularly significant in the context of the sub-regional growth agenda, in that until the Council's entitlement moves above floor level, increases in population (or inclusion of other 'positive' data changes) will not result in direct cash increase in grant, merely serving to reduce the gap to the Floor.

7.28 Although the level of Floor protection up to 2010/11 is relatively limited (at just 3.55% of Formula Grant, this could be far higher if the Council were (again) to suffer a reduction in the population figures used to determine grant entitlement.

7.29 Estimates presented in Section 5 demonstrate the divergence between ONS and County Council Research Group estimates of resident population for the City. The accuracy of estimates used by Government for grant settlement purposes continue to pose a significant risk to the Council in terms of financial planning.

7.30 Grant consultation indicates that the Government's intention is to update data only at the beginning of each 3-year Settlement period and, whilst this provides greater forward certainty, it could also result in significant time-lags where there are unforeseen changes in data and/or delays in updating to more accurate data. This is also a particular issue in the context of the growth agenda.

7.31 These issues are 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

7.32 Although the Government does not specifically identify amounts which have been added to (or removed from) an individual authority's Formula Grant entitlement as a result of changes in service responsibilities, it is possible to make an estimate of the effects from analysis of the component elements of the TES calculation.

7.33 This approach has previously been undertaken to identify additional funding relating to new requirements, such as the introduction of the national concessionary fares scheme with effect from April 2006. In such cases, the Council has, in the first instance, taken the approach of earmarking such funding for the relevant service.

7.34 More recently, however, the Government has favoured the award of specific grants in relation to new or enhanced services rather than incorporating funding within formula grant.

Specific Grants

7.35 The City Council has been notified that it will receive the following specific grants in the period 2008/09 to 20010/11 :

Table 11 : Specific Grants 2008/09 to 2010/11

Specific Grant	**2008/09 (£'s)**	**2009/10 (£'s)**	**2010/11 (£'s)**
Housing and Planning Delivery Grant (HPDG) – *provisional allocation*	1,003,721	*tba*	*tba*
Housing Growth Fund – Cambridge Green Necklace Projects	100,810	*tba*	*tba*
Housing Benefits - Local Housing Allowance (balance of 2007/08 implementation grant of £107,830)	69,260	0	0
Concessionary Fares – issuing of new passes (balance of 2007/08 grant of £33,408)	10,230	0	0
Concessionary Fares – additional costs of new England-wide scheme	645,212	660,430	678,669

Specific Grant	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)
Homelessness	400,000	400,000	400,000

7.36 The Housing Growth Fund (Cambridge Green Necklace Projects) grant is for the implementation of revenue and/or capital schemes for the protection and creation of biodiversity habitats in the Southern Fringe growth area. Further funding may be available in 2009/10 and 2011/12.

7.37 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.

7.38 The LHA was implemented from April 2008 and a specific grant of £107,831, was received in 2007/08 to support its implementation. This was a one-off grant but the unspent balance at the end of 2007/08 has been carried over into the current year to support continuing training, etc.

7.39 In December 2007, the Council received a special grant from the Department for Transport of £33,408 to cover the initial set up costs for the English national concessionary fares scheme, coming into operation from 1 April 2008. The residue of this funding has been carried over into 2008/09 to cover ongoing pass production costs. It was hoped that this grant would have covered these costs for three years. However, the additional take up of the scheme and the need to employ temporary staff for longer than anticipated means that costs may need to be met from within the main concessionary fares budget in year three (2010/2011).

7.40 The main Concessionary Fares grant allocations represent a new specific grant from the Department for Transport, intended (and claimed by Government) to meet the additional costs of the England-wide scheme which came into operation on 1 April 2008. The new national scheme guarantees free off-peak travel anywhere in England for people aged 60 and over and eligible disabled people who are resident in England. Under the new scheme, the costs of concessionary travel are charged to the local authority in which a journey starts. Government support for the costs of the previous scheme is contained within Formula Grant. Chapter 8 details the significant shortfall in funding for the new scheme costs and the resultant overall cost to City taxpayers of concessionary fares, which now represents over 20% of the total amount raised through Council Tax.

7.41 As in previous years, these grants, although not all formally required to be ring-fenced, have been earmarked to fund developments in the associated services.

Capping

7.42 The Government has powers to cap excessive council tax increases and has taken capping action against 33 authorities since 2004/05. This includes 8 authorities in respect of their 2008/09 budgets.

7.43 Lincolnshire Police Authority has been required to set a lower Council Tax for 2008/09, resulting in a requirement for re-billing. For Cheshire, Leicestershire and Warwickshire Police Authorities Council tax levels for 2008/09 were left unchanged, but limits were imposed on permissible precept increases for 2009/10 and 2010/11. For Bedfordshire, Norfolk and Surrey Police Authorities and for Portsmouth City Council notional budgets have been set against which future budget and Council Tax levels will be judged by Government.

7.44 The 2008/09 Settlement statement included the explicit expectation that the average Council Tax increases in England in 2008 would be substantially below 5% and reiterated the commitment of earlier years “We will not to hesitate to use capping powers as necessary to protect council tax payers from excessive increases”.

7.45 The current 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 is one of the factors to be considered by the Government in determining whether to exercise its capping powers.

7.46 For the purposes of developing the budget strategy proposed in this MTS document, it has been assumed that Council Tax increases for 2009/10 would certainly be considered excessive if they exceed 5%.

Council Tax Assumptions

7.47 Under the previous formula grant distribution process, the use of an Assumed National Council Tax (ANCT) factor, by type of authority, was used as the basis for setting the target level for the increase in the actual Council Tax within the City.

7.48 The current grant distribution methodology removed this factor, and instead includes a Relative Resource Amount (RRA), 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.

7.49 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.

7.50 The change between the 2008/09 RRA and provisional RRA for 2009/10 for the City Council shows an increase of 4.58%. This is broadly in line with the assumed capping limit for Council Tax increases.

Local Authority Business Growth Incentives (LABGI)

7.51 The Local Authority Business Growth Incentives (LABGI) scheme was a three-year Government initiative from 2005/06 to 2007/08 which sought to ‘reward’ local authorities that achieved significant growth in the business sector within their area.

7.52 Growth was measured in terms of the increase in each authority’s non-domestic rateable value (as determined by the Valuation Office Agency) during a calendar year.

7.53 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 and also a scaling factor of 70% to allow affordability over the lifetime of the scheme.

7.54 The amounts received by the City, under the scheme, are shown below.

Table 12 : LABGI Funding 2005-2008

Year	Date of Announcement	LABGI (£'s)
2005	7 February 2006	480,524
2006	27 February 2007	1,536,051
	6 September 2007	230,631
	26 June 2008	36,011
2007	26 June 2008	1,307,907
Total Received to date		**3,591,124**

7.55 In September 2006, the Government announced changes to the scheme – abolishing the ceilings and the 70% scaling factor (later reinstated) to boost the incentive available to authorities in LABGI and to simplify the scheme. The Government also announced that should business growth be significantly above or below forecast, payments might have to be scaled up or down accordingly.

7.56 In two-tier areas, such as the City, the County Council also received a LABGI payment. The ratio for payment was 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. In the City's case the proportion was determined at 62.6% to the City and 37.4% to the County.

7.57 The scheme operated as a one-off non-ringfenced grant paid under Section 31 of the Local Government Act 2003. This meant that authorities were free to spend the monies received on their own priorities.

7.58 Given the fact that the funding was one-off, it has been used to support one-off or time-limited projects or schemes. Over the period of the scheme, this has been achieved by using the funding as Direct Revenue Financing to support capital spending relating to the Lion Yard and Guildhall schemes, effectively reinvesting in the growth of business within the City.

7.59 Successful judicial reviews brought by Corby and Slough Councils in 2006/07 meant that the scaling factor was reintroduced. For the City this meant a reduction of around £658,300.

7.60 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. *[Alteration of non-deleted Assessment – for example, changes to the rateable value of existing premises as a result of their expansion]*

7.61 On 31 July 2007 the court found in favour of the councils.

7.62 In response to the judgement, the Government did not make any reductions in any payments previously made to authorities, and additional payments were made where appropriate. The revised methodology was used for the third year of the scheme (i.e. the year to 31 December 2007).

7.63 For Years 1 and 2, the Government made retrospective additional payments to eligible local authorities using all Valuation Office Agency change codes which recorded an increase in rateable value and which were not previously used in LABGI calculations. This ensured that all codes that could contain elements of business growth were taken into account. As a result, the City received additional payments of £266,642.

7.64 As a consequence of the successful judicial reviews above, the Government scaling in Year 3 was applied at 28.4% of the notional amount due as opposed to 70% applied in Years 1 and 2.

7.65 Following adjustments made in respect of judicial review outcomes, approximately £101m remains to be distributed and is retained centrally as a contingency.

7.66 In October 2007, the Government published an issues paper, *"Building better incentives for local economic growth: reforms to the Local Authority Business Growth Incentives Scheme",* seeking views on the principles that should underlie reform of LABGI. Of the respondents, 96% felt there was a need for an incentive for business growth.

7.67 The Comprehensive Spending Review 2007 introduced an interim business growth incentive scheme with funding of £150m; £50m being in respect of 2009/10 and £100m for 20010/11. This compares with the £1bn funding offered over the three years of the original LABGI scheme. There will thus be no LABGI funding for 2008/09, which is particularly disappointing as it would have included elements of the completion of the Grand Arcade scheme.

7.68 It is unclear how the new scheme will impact upon the City's finances although it is likely that it will remain as a method to support one-off or time-limited projects.

National Non-Domestic Rates (NNDR)

7.69 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.

7.70 The amount received from the National Pool is included in the calculation of the Formula Grant.

7.71 Compared with the total of over £78m to be collected by the Council and paid into the pool in 2008/09, only £10.81m will be received back - roughly 14%.

7.72 The Local Government Act 2003 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.

7.73 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.

7.74 The sort of issues which 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.

7.75 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. BIDs were introduced with effect 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 the alternative delivery model for City Centre and Tourism, as outlined in the report presented at Strategy & Resources Scrutiny Committee on 16 June 2008.

Current Government Housing Policy

7.76 Since the publication of the Housing Green Paper 'Homes for the future: more affordable, more sustainable' by Communities and Local Government (CLG) on 23 July 2007, the housing sector has been hit dramatically by the tightening of international financial liquidity ('credit crunch') with consequential impact of, for example, a slowdown in new house-building and the predicted eventual knock-on effect of the slowdown in the provision of new Affordable Housing through section 106 planning agreements.

7.77 The length and depth of the downturn is uncertain but there is evidence that the impact may be less harsh in areas of relatively economic buoyancy and where demand for new housing continues to remain high, such as Cambridge and the surrounding hinterland.

7.78 In this uncertain housing 'climate' our approach will not be to speculate but to be continually vigilant in order to take advantage, with partners, Registered Social Landlords (RSLs) and house builders and developers, of any Government initiatives that may emerge to minimise any impact on local housing plans.

7.79 The following is a brief up-date on the key points arising from the Green Paper in the current context:

- **2 million new homes by 2016, 3 million by 2020.** The government remains publicly committed to meeting this target suggesting that any short term shortfall resulting from the current housing slowdown could be made up in later years

- **All new homes to be zero carbon by 2016.** There has been no public dilution of this ambition to-date.

- **£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.** The City's RSL partners have been successful in securing funding for all new Affordable Housing schemes bid for to-date from the 2008/11 programme. The majority of the new homes to be delivered are not on section 106 sites and will not be affected by the current downturn. It is anticipated that funding will be available for additional schemes as section 106 opportunities make up less of the programme in the short term. We will therefore work with RSL partners to support additional schemes of appropriate quality that meet local need.

- **Councils building new homes through local authority companies.** The financial constraints on the establishment of a local housing company remain onerous. However, there are increasing indications that the Government is looking to enable local housing authorities to bid for social housing grant and should this become an option then we would want to respond quickly to assess whether the establishment of a local housing company would be of benefit.

- **HRA Subsidy.** The Council's ability to invest in it's current housing stock and to make capital available for new Affordable Housing is constrained by the current HRA subsidy system to the likely detriment of the latter. There has been significant lobbying of the government about the unfairness of the current HRA system and an announcement about the future of the system is expected late in 2009.

HRA Business Planning

7.80 Following the sign-off of the 2004/05 Business Plan as 'fit for purpose' by the Regional Office, as an excellent authority, there is no longer a requirement to submit an annual Business Plan. The government 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.

7.81 From an internal perspective, however, the financial modelling element of business planning for the Housing Revenue Account informs a major part of the financial decision making process.

7.82 The Business Plan Statistical Appendix and Housing Strategy Statistical Appendix returns continue to be submitted to the Government in July / August as in previous years.

HRA Rent Restructuring

7.83 The rent increase in April 2008 was the seventh 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.

7.84 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.

7.85 With effect from April 2008, the 5% limit on average increases was removed and the original 10-year convergence period was extended by an additional 5 years, taking intended convergence to 2016/17.

7.86 Under the rent restructuring arrangements, individual property increases are capped to an annual figure of inflation plus half a percent plus £2 per week.

7.87 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, resulted in an estimated two thirds of the housing stock failing to reach target rent by the end of the initial ten year phased programme. The extension of the convergence period by 5 years to 2016/17 results in an estimated 84% of general stock housing converging at target rent by the end of the revised period.

7.88 Average rent increases for 2008/09 were 6.45%, in line with the latest recommendations in respect of rent restructuring for local authority housing stock.

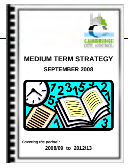
Housing Revenue Account (HRA) Subsidy

7.89 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.

7.90 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 12 includes figures for the MRA.

7.91 Another key element of the subsidy calculation is the Government's assumptions on rent increases, and resulting rental income, which are based on achieving target rents in all HRA dwellings over an extended 15 year period under revised rent restructuring guidelines.

7.92 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.



7.93 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 the end of 2016/17. It is anticipated that Cambridge City will receive increases of approximately 3.2% in management allowances and 3.1% in maintenance allowances annually from 2008/09, until 2016/17, after which target should be achieved.

7.94 The government has announced a full review of the Housing Revenue Account Subsidy system, that is due to report back to ministers in Spring 2009, which will be too late to impact on the announcement of the 2009/10 draft subsidy determination, anticipated in November 2008. As a result of this, current assumptions of future subsidy levels will be used for the 2009/10 MTS process.

7.95 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 recovered via the housing subsidy system.

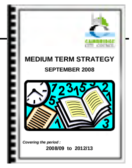
Table 13 : HRA Subsidy Projection - 2008/09 to 2012/13

Factor	**HRA Subsidy (£ 000's)**				
	2008/09	**2009/10**	**2010/11**	**2011/12**	**2012/13**
Management & Maintenance Allowances	(10,915)	(11,023)	(11,268)	(11,581)	(11,924)
Charges for Capital	(1,173)	(1,112)	(1,114)	(916)	(873)
MRA	(4,886)	(4,975)	(5,066)	(5,187)	(5,320)
Other	6	5	4	3	2
Guideline Rent	28,772	30,159	31,691	33,479	35,423
Net Subsidy [payable to Government]	13,054	13,054	14,247	15,798	17,308

Self-Financing for Housing Services

7.96 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.

7.97 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.



7.98 The exercise has investigated the effects of different financial and organisational models to test whether self-financing could provide value for money and sustainability.

7.99 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.

7.100 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

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

7.102 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.

7.103 The modelling group produced a report of its initial findings in March 2008, called “Self-financing of council housing services: Summary findings of a modelling exercise”. This is available on the internet at :

www.communities.gov.uk/publications/housing/selffinancingservices

7.104 This report summarises the evidence from model 30-year business plans prepared by the local authorities and ALMOs about the viability of 'self-financing'. It also addresses legal, accounting and other issues which would have to be resolved in order to implement self-financing.

7.105 The work served to demonstrate that self-financing could bring improvements in efficiency, long-term planning and asset management, as well as the opportunity to attract private investment and provide opportunities for local authorities to add new homes to the housing stock.

7.106 The work also showed that, if current assumptions about rents and allowances are maintained, the national HRA will generate a surplus that will continue to increase in size over coming years.

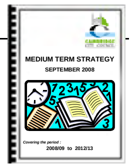
7.107 Following the work of the group, in December 2007, the Housing Minister announced a wide-ranging review of the HRA subsidy system, to be led jointly by officials from DCLG and Treasury. The stated aim of the review is to "develop a sustainable, long term system for financing council housing, one that is consistent with wider housing policy, including the establishment of a regulator of social housing".

7.108 The work comprises 5 workstreams, with 4 covering detailed areas (costs and standards, similar rents for similar properties, mechanisms for delivering funding and the 'ring-fencing' of the HRA) and the fifth ensuring strategic integrity. The review will report to Ministers in Spring 2009, setting out options for the subsidy system, including rents policy, and to inform the next Spending Review.

7.109 The review is underpinned by a set of principles, which are :

- Tenant involvement in local decision-making about the homes in which they live should be strengthened, with greater choice and mobility introduced into the system
- Standards and services at similar costs should be provided to all tenants regardless of which landlord (Local Authority or Housing Association) owns the property
- Similar properties should have similar rents regardless of landlord and that we should work towards achieving this in a timescale which maintains affordability for tenants
- Where appropriate, the system should allow more flexibility and greater devolution to the local level, supported by some degree of control and appropriate safeguards
- The system of funding council houses should not work against the broader policy of helping more tenants into work
- Local authorities will continue to be landlords
- There will be a single cross-domain regulator
- The system should enable landlords to deliver improved efficiency and cost effectiveness in services
- To introduce greater transparency into the system and reduce administrative burden where possible

7.110 The Council is represented in work on the review, as well as continuing with work on the self-financing group. These exercises will give the Council a valuable opportunity to be able to shape and influence a potential new approach to housing finance for local authorities.



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 2009/10. Where known and unavoidable factors are identified they have been built into the revenue projections in Section 9, and are summarised in Appendix J.

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 K. 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 2007, the results of which were formally published on 31 March 2008.

8.6 The valuation found that the Fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the valuation date. The funding level was 86.4% (compared to 79.4% at 31 March 2004) and there was a shortfall of £219m.

8.7 Contribution rates are calculated on an individual basis for each participating employer. For the City Council element of the Fund, the funding level was assessed at 85.5% (compared with 79.5% in 2004). The fund actuary is aiming for this deficit to be recovered over a 20 year period, giving a target contribution rate for the City Council (for this three-year valuation period) of 18.6%. This consists of:

- a 14.1% future service rate which should cover the liabilities scheme members build up in the future, plus

- a 4.4% past service deficit contribution to cover the shortfall in the fund.

8.8 The resulting contribution rates for the Council, compared with those of the 2004 Fund valuation are shown in the table below, together with the financial implications for both the General Fund and Housing Revenue Account. As can be seen, although still facing significant year on year increases in employer contributions, the 2007 valuation contribution rates are slightly lower than those anticipated in the 2004 valuation.

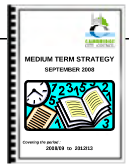


Table 14 : Employers Pension Fund Contribution Rates

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
2004 Valuation Rates	10.9%	12.8%	14.6%	16.5%	18.3%	20.2%
2007 Valuation Rates	10.9%	12.8%	14.6%	15.9%	17.2%	18.6%
Increase / (Decrease)	-	-	-	(0.6%)	(1.1%)	(1.6%)
Budget Impact (cumulative)						
	(£'s)	**(£'s)**	**(£'s)**	**(£'s)**	**(£'s)**	**(£'s)**
- GF	-	-	-	(146,580)	(268,730)	(390,880)
- HRA	-	-	-	(46,380)	(85,030)	(123,680)
Total	**-**	**-**	**-**	**(192,960)**	**(353,760)**	**(514,560)**

8.9 Although the Actuarial Valuation Report had not been published at the time the budget for 2008/09 was approved, the Council had been advised of the revised employer contributions that were to be recommended for the period 2008/09 to 2010/11, and these were taken into account in setting final budgets

8.10 Since April 2005, the Council has also been required to make a capitalised payment to cover the effect on the Fund of any 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.

Efficiency and Value for Money (VfM)

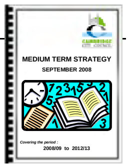
8.11 In line with the findings of the Gershon Review, SR2004 proposed efficiency savings across local government of 2.5% per annum to deliver £6.45b of efficiency and productivity savings by 2007/08. Half of the savings were required to be 'cashable', becoming available to fund front line services.

8.12 Councils were required to report efficiencies using an Annual Efficiency Statement (AES) which was submitted six-monthly – a Forward Look in October and a Backward Look, detailing the actual savings achieved, in June the following year.

8.13 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.

8.14 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.

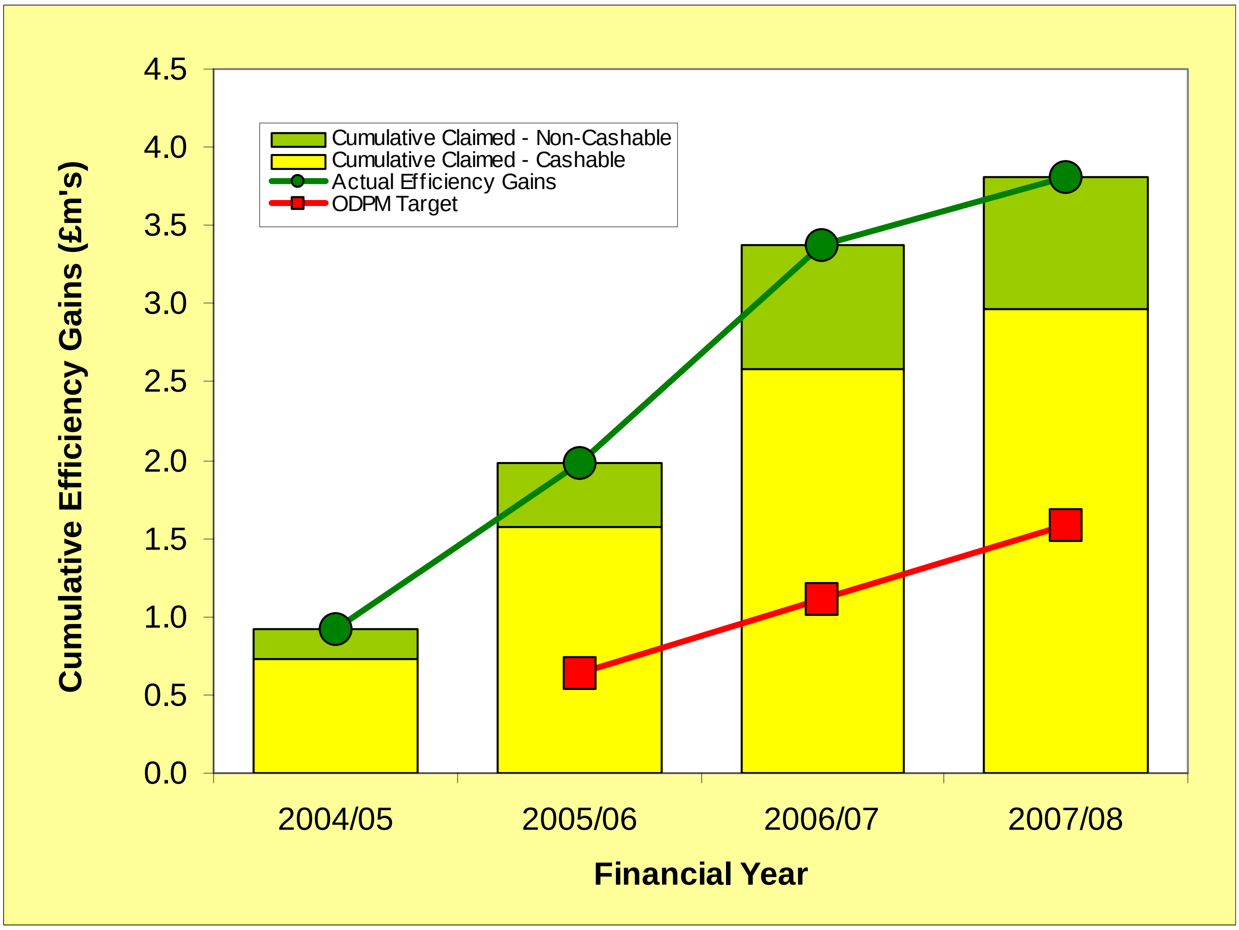
8.15 A copy of the final Backward Look AES (for 2007/08), submitted on 8 July 2008, is included at Appendix V. This shows that Cambridge City Council achieved cumulative savings of £3.8m against a target of £1.6m during the period of SR2004 to March 2008.



8.16 The level of efficiency gains achieved 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.

8.17 The graph below clearly demonstrates that the Council has met its savings targets for the 2004 Spending Review period (to 2007/08). For the purposes of calculating the new NI179 Value for Money indicator, the Council may include any ongoing cash-releasing gains achieved before 2008/09 in excess of the overall 7.5% three year target.

Figure 10 : Annual Efficiency Gains – Performance Against DCLG Targets



8.18 In October 2007, the Department published *"Delivering Value for Money in Local Government: Meeting the challenge of CSR07"* ("the VfM Delivery Plan"), which set out a route map for meeting the efficiency challenge during the 2007 Comprehensive Spending Review (CSR2007) period.

8.19 In CSR2007, the cross-Government agenda is using the term "value for money" where "efficiency" was used in SR2004, hence the use of the term "value for money" in the national indicator on efficiency (NI179). This indicator represents the total value of on-going cash-releasing value for money gains that have impacted since the start of the 2008/09 financial year.

8.20 The local government sector is expected to achieve at least 3% per annum net cash-releasing VfM gains (a total of £4.9b) during the period of CSR2007 (i.e. 2008/09 to 2010/11).

8.21 Whereas in SR2004 the 2.5% per annum public sector target was simple (i.e. 2.5%, 5%, 7.5%), in CSR2007, the target is cumulative (i.e. 3%, 6.1%, 9.3%) against the calculated baseline expenditure.

8.22 The Government has not issued the baseline expenditure total, however guidance as to how it can be calculated has been issued. Councils have the option to vary this calculation as they see fit provided that their methodology is reasonable.

8.23 Councils will be required to submit a figure for the VfM indicator twice in each calendar year. On the first occasion, 17 October 2008, councils will report their forecast for the position at the end of the financial year, looking at the whole period since 31 March 2008.

8.24 On the second occasion, in July 2009, councils will report the actual position for the financial year that ended on the previous 31 March. This is similar to the output of the Backward Look AES. Specific deadlines for reporting on the indicator are yet to be published.

8.25 Whilst efficiency measurement will continue to be important for councils, the government's reporting requirements have been reduced. It is anticipated that internal audit systems should be effective in monitoring the way the organisation measures the efficiency benefits obtained from projects even without the AES.

8.26 It is likely that the processes for measuring efficiency will still be an area considered by External Auditors as part of the new Comprehensive Area Assessment.

8.27 Regional Improvement & Efficiency Partnerships (formed from the merger of Regional Centres of Excellence and Improvement Partnerships) will assist councils looking to draw on their broad knowledge of efficiency and improvement. The RIEPs will also promote partnerships and projects in their regions to identify new opportunities for efficiency and good practice for delivering them.

8.28 The DCLG has provided an extra £5.9m to our region's RIEP, Improvement East, to help realise further efficiency gains. Year 1 priorities of the Local Delivery Plan are:

- Efficiency through smarter procurement or innovative service delivery
- Ensuring that Local Area Agreements (LAAs) are fit for purpose
- Driving up performance in targeted authorities (e.g. poor Use of Resources)
- Development of cross cutting integrated programmes particularly in relation to the growth agenda, local government reorganisation and economic development.

Customer Access Strategy

8.29 The Customer Access Strategy, will result in radical changes to the way the Council delivers its customer facing services, to provide more joined up services for council customers, more efficiently. It has involved the creation of a corporate customer service centre dealing with reception visits and telephone calls services for services across the council.

8.30 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.

8.31 The initial costs of the change are being 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.

8.32 Once the initial investment has been repaid (currently estimated to be in the seventh year of operation) the project will realise significant savings for both the GF and HRA, and these have been incorporated in budget projections for the relevant years.

8.33 Since the original approval of the scheme in July 2006, work on the implementation has progressed well and in April 2008 the Customer Service Centre opened. It is now providing telephone, reception and advice services for City Services, Revenues and Benefits and Housing customers and cashier and on-line services. The Customer Access Strategy has an 18 months implementation plan to fully utilize the Customer Service Centre for all services.

8.34 Based on investment made to date and the current implementation plan, some re-phasing of both capital and revenue figures, compared with projections included in the September 2007 MTS, are required. The price base for on-going revenue costs of the new Customer Service Centre and of the anticipated efficiency savings has been revised to reflect 2008/09 budget prices. The resulting re-phasing required is shown below, for both the General Fund and HRA :

Table 15 : Customer Access Strategy – Rephasing of Revenue Implications

Financial Year	**General Fund**			**Housing Revenue Account**		
	MTS Sept 2007 (£'s)	**MTS Sept. 2008 (£'s)**	**Re-phasing Required (£'s)**	**MTS Sept 2007 (£'s)**	**MTS Sept. 2008 (£'s)**	**Re-phasing Required (£'s)**
2006/07	106,030	106,030	0	31,670	31,670	0
2007/08	1,010,390	608,690	(401,700)	301,800	181,820	(119,980)
2008/09	419,940	972,410	552,470	125,440	290,460	165,020
2009/10	(530,070)	(541,860)	(11,790)	(158,330)	(161,850)	(3,520)
2010/11	(613,240)	(655,050)	(41,810)	(183,170)	(195,660)	(12,490)
2011/12	(613,240)	(655,050)	(41,810)	(183,170)	(195,660)	(12,490)
2012/13	(613,240)	(655,050)	(41,810)	(183,170)	(195,660)	(12,490)
2013/14	(622,860)	(664,670)	(41,810)	(186,050)	(198,540)	(12,490)
2014/15	(631,890)	(673,700)	(41,810)	(188,750)	(201,230)	(12,490)
2015/16	(639,110)	(680,920)	(41,810)	(190,900)	(203,390)	(12,490)

8.35 The capital costs, and associated re-phasings, are covered in Section 13; with the effect on use and repayment of reserves being shown in Section 10.

Electronic Document and Records Management (EDRM)

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

8.37 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

8.38 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.

8.39 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.

Procurement

8.40 The service has been heavily committed to a variety of major projects over the year to put in place contracts for the supply of goods and services that can be called off as required over a long term thus getting maximum leverage from the market and avoiding the need for repeated small procurement exercises. The most recent initiatives have been contracts for the provision of a range of building maintenance works (lift/door maintenance etc) and for the supply of pay on foot parking equipment in the Council's car parks. Others in the pipeline include Legal services and services to inspect and maintain gas installations in the Council's housing stock.

8.41 Each of the contracts listed above has been let in such a way as to make them available to other authorities in the region, again with the intention of reducing waste on unnecessary tendering processes and maximising value from the market.

8.42 There are several current projects being undertaken in collaboration with neighbouring authorities – continuing a theme that has had its roots in earlier years. Contracts for the provision of translation and interpretation services, food training services, Legionella Testing services, have all been recently let and contracts for occupational health services and gas maintenance services are currently underway.

8.43 The service has generated cashable savings in a number of areas (e.g. 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. Other cashable savings have been generated by the use of existing framework contracts such as those provided by the OGC and ESPO.

8.44 The programme of growth on the fringes of the City has generated a considerable volume of procurement work and the opportunity to work closely with other affected authorities. Plans are currently underway for the putting in place, jointly with South Cambridgeshire, of a panel of contracted construction professionals (architects, quantity surveyors, etc) to facilitate the delivery of a significant number of recreation and community facilities in the strategic growth areas over the forthcoming years.

8.45 The demand on procurement input for growth growth-related projects will continue over the foreseeable future and will provide interesting opportunities for further innovative methods of working with fellow authorities and the examination of the potential for shared services where this is advantageous to the authority.

8.46 2009/10 will see the delivery of a number of major procurement exercises for the authority including major building works and the installation of new mercury abating equipment at the Council's Crematorium and new contracts for the supply of temporary and casual workers, insurance, catering services at the Corn Exchange, parking enforcement services, bailiffs and a value for money review of the current contract for the provision of swimming services to determine whether or not it should be extended.

8.47 The Procurement Service is scheduled to undertake a Service Review in 2009/10.

Growth - Local Delivery Vehicle (LDV)

8.48 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.

8.49 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).

8.50 It is recognised as important to recruit and retain staff with suitable skills and experience to help deliver on the growth agenda, if the Council's aspirations for the City are to be achieved.

8.51 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.

- 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).

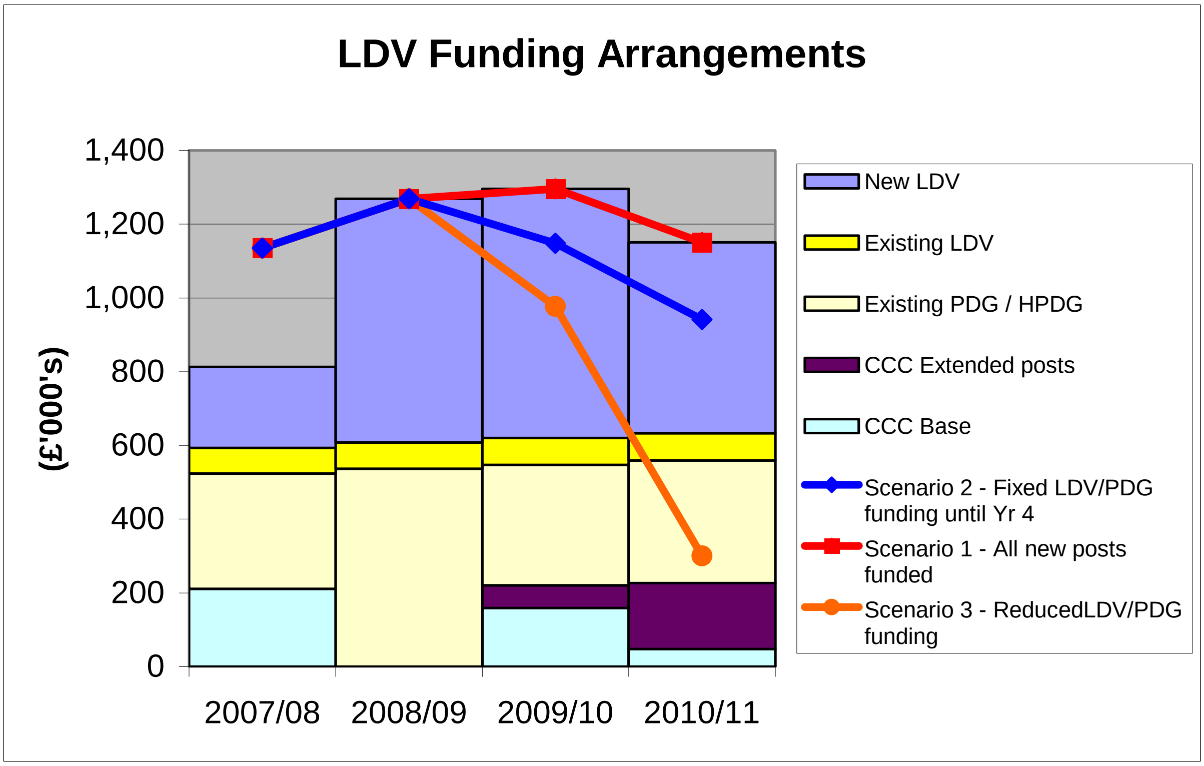
8.52 Planning Delivery Grant has been a key element in funding the cost of growth-related posts, and the first announcement of the new Housing and Planning Delivery Grant (HPDG) for 2008/09 has confirmed the availability of sufficient revenue funding in 2008/09 to both meet the anticipated contribution and replace the sum that the Council has initially planned to underwrite (£216,400). The position will be reviewed in future years as subsequent announcements of HPDG are made.

8.53 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.

8.54 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 2009/10 and subsequent years as the availability of funding from the new HPDG is difficult to predict in advance with any real accuracy due to the nature of the criteria involved.

8.55 The Council has clearly identified and considered the risks associated with the commitment to posts to help deliver on the growth agenda, and sensitivity analysis used to identify 3 main funding scenarios. The relative implications are shown graphically below :

Figure 11 : LDV Funding Arrangements



8.56 **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.

8.57 **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.

8.58 **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.

8.59 Scenario 1 has been used as the basis for the MTS.

8.60 Notwithstanding capacity issues, additional costs under the other scenarios 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.

8.61 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.

8.62 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.

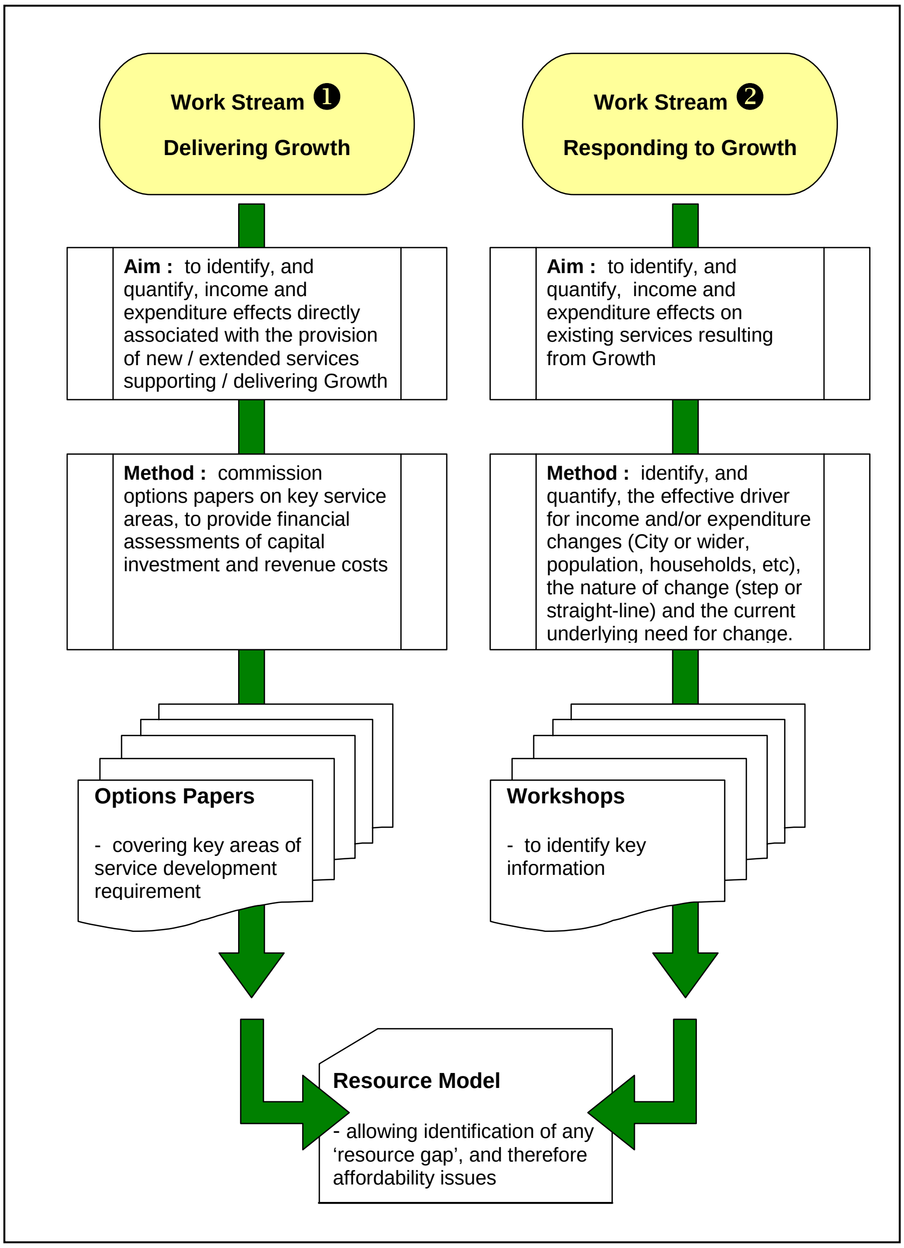
The Resource Model

8.63 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).

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

8.65 An overview of the model is shown below :

Figure 12 : Growth Resource Modelling Process



8.66 Work in ongoing to refine and update the model to reflect the latest projections, from planning applications, of housing completions and growth in resident population. However, given the relatively low levels of growth achieved to date, the financial impact to the Council on the costs of existing services will continue to be considered on a service by service basis as part of the 2009/10 budget process.

Capital Adjustments Account (CAA)

8.67 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.

8.68 An Asset Management Revenue Account (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.

8.69 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 has replaced the old AMRA. The net position on this account will continue to be treated outside the cash limit.

Value For Money and Strategic Service Reviews

8.70 To ensure Council's provide value for money they are required 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.

8.71 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.

8.72 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.

8.73 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.

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

- Contracts 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)

8.75 In the last year the Council has undergone major change with re-structuring to coincide with the opening of the new Customer Service Centre. This resulted in the deletion of the old Central Services department and the creation of a new Customer and Democratic Services department, containing the Customer Service Centre. The re-structuring also brought together the three cultural service sections, Community Development, Active Communities and Arts and Entertainments, within a wider Community Services department.

8.76 Direct services are also being reviewed as their customer interface is moved into the new customer services centre. This process started in April 2008 and will be complete by October 2009. The Customer Service Centre has improved the way we deal with customers, and will also enable us to make savings by reducing staffing requirements.

8.77 Cambridge is set to grow in population by around 40% by 2021 and the need to prioritise resources carefully to deliver the new housing and infrastructure and provide the services that these people will need is clearly recognised.

8.78 In early 2008 Members agreed a 2-year programme of reviews with the stated aim of identifying significant on-going revenue savings for the Council.

Table 16 : Proposed Strategic Service Reviews

2008/09	2009/10
Abandoned Vehicles	Human Resources
Accountancy and Support Services	Internal Audit
Car Parks	Procurement
CCTV	Property and Building Services
Community Development	Transport Subsidy
Corn Exchange Utilities	
Corn Exchange	
Corporate Marketing	
Democratic Services	

2008/09	2009/10
Legal Services	
Public Toilets	
Shopmobility	
Strategy and Partnerships	
Trade Waste	

8.79 Although the 2008/09 Reviews had not (at the time of publication of this MTS) been completed, and recommendations reported a number have progressed to the point where an indication can be made of the level of net savings which may be expected. Work to date suggests that the Reviews will recommend net savings of at least £660k in 2009/10, with recommendations that would achieve at least a further £230k in 2010/11.

8.80 It should be noted that these figures are subject to the reporting, and approval, of final outcomes, but they will be considered as context for the level of savings requirements proposed in Section 13, in order to assess the achievability of the recommended level.

8.81 Final outcomes from the Reviews in the current year will be reported as part of the 2009/10 budget process, with specific reports to scrutiny committees as required.

8.82 Whilst the table above lists the areas for review which have already been identified for 2009/10, it should be noted that detailed work on the 2009/10 Budget may identify additional areas for review.

Carbon Reduction and Climate Change

8.83 Policy initiatives to tackle climate change are progressing on numerous fronts to reduce emissions of carbon dioxide from energy supply and use as well as transport, and also to manage the unavoidable impacts of climate change, particularly flooding. Three specific measures which will affect Cambridge City Council corporately are

- the forthcoming national Carbon Reduction Commitment (CRC)
- the new national climate change indicators included within the Cambridgeshire Local Area Agreement
- the new Cambridge City Climate Change Strategy & Action Plan.

8.84 The CRC will be a new carbon trading scheme for large, non-energy intensive commercial and public sector organisations which use more than 6,000 MWh of electricity during 2008. These organisations will be required to monitor and report their energy consumption from October 2009, and trading of carbon emission allowances is envisaged to commence from April 2011. Final details of how the scheme will operate are still being developed by the UK Government, but Cambridge City Council will almost certainly be required to participate in it.

8.85 The Cambridgeshire Local Area Agreement (LAA) covering the period 2008-11 includes several national indicators related to climate change, including the reduction of all carbon dioxide emissions from the local area (NI186) by 11% by March 2011 from a 2005 baseline, and improving measures to manage climate change risks to the local area (NI188). Councils in Cambridgeshire and other public sector organisations will aim to deliver these targets through the Cambridgeshire Climate Change Partnership.

8.86 The Cambridge Climate Change Strategy & Action Plan meets the commitment made by Cambridge City Council in signing the Nottingham Declaration on Climate Change in September 2006 as well as its Medium Term Objective 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 the sub-region". This strategy and action plan details how Cambridge City Council can take action to address the causes and consequences of climate change in the city, including meeting the requirements of the aforementioned CRC and Cambridgeshire LAA.

8.87 To contribute to this programme of action on climate change an appraisal of budget bids and savings will be completed to ensure their alignment with Council climate change objectives, and a Climate Change Fund (of £250k) has been established to support measures to reduce the carbon footprint and manage the climate change risks of the City Council.

GENERAL FUND PRESSURES & OPPORTUNITIES

Priority Policies

8.88 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 2009/10.

8.89 The proposed financial strategy for the 2009/10 budget includes an annual sum of £200k to provide funding for developments which can demonstrate significant contribution to the Medium Term Objectives.

8.90 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.

8.91 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

8.92 Preliminary workings indicate that the 2008/09 budgets need to be increased by £46,450. Forecast total subsidy for 2008/09 is in the region of £34million. The forecast increase in costs is mainly due to the ongoing reduction in the Department of Work & Pensions (DWP) Adminstration subsidy grant.

8.93 It is anticipated that the 2008/09 grant will reduce from £828,000 in 2007/08 to £799,860 in 2008/09 with ongoing reductions of 5% being applied annually.

8.94 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 to either 40% or nil. The maximum potential loss is approximately £150,000.

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

Concessionary Fares

8.96 The General Fund faces very significant budget pressures as a consequence of the introduction of the new English national concessionary fares scheme from 1 April 2008 and the inadequacy of Government funding for concessionary travel, faced by authorities such as Cambridge.

8.97 Based on data for the first two months of the new scheme, it is forecast that the net cost of concessionary bus travel to the City Council in 2008/09 will be in the order of £1.3m, representing over 21% of the City's £6.1m share of income raised through Council Tax.

8.98 The new national scheme guarantees free off-peak travel anywhere in England for people aged 60 and over and eligible disabled people who are resident in England. Under the new scheme, the costs of concessionary travel are charged to the local authority in which a journey starts. For authorities such as Cambridge, which are regional centres for shopping, arts and entertainment, health care, tourism etc., the impact of paying for concessionary travel by non-residents is significant.

8.99 The scheme differs from the previous national scheme which provided for free off-peak travel within a local authority area and from the Cambridgeshire and Peterborough concessionary fares partnership scheme (which operated from October 2006) which provided for eligible Cambridge residents to travel free of charge anywhere within Cambridgeshire and Peterborough and to selected destinations in the neighbouring counties. Under both these schemes, the City Council met the costs of concessionary travel of residents of the City only.

8.100 Central Government funding for concessionary fares comes from two sources, an element of Formula Grant together with a new specific grant, introduced with effect from 1 April 2008. On introduction of the new scheme, the Government undertook to provide funding to cover the additional costs incurred, nationally, by local authorities.

8.101 Following consultation on funding and grant allocation options, the decision was made to introduce a specific grant, rather than distributing the additional funding via Formula Grant, and an allocation model was selected for distributing the total funding available between individual authorities. The grant allocation model has been widely criticised as not being sufficiently sophisticated to ensure that the additional funding matches the incidence of additional costs.

8.102 Based on data for April and May 2008, the City Council currently forecasts that the payments to bus operators for the scheme in 2008/09 will be in the order of £2.467m. Against this, the expected level of funding from Government in 2008/09 is £1.181m:

- £536,000 through Formula Grant (uprated to current levels), and

- £645,000 Specific Grant in respect of the 2008 national scheme.

8.103 The currently forecast net cost of concessionary travel to the Council is, therefore, £1.286m. This compares with the originally estimated cost of £666,000 provided for in setting the 2008/09 budget, giving an additional shortfall of £620,000 in the current financial year.

8.104 Given the significance of the impact of this element on the Council's overall budget position, the Council will be seeking to raise the matter with the Government. The aim is to work with other similarly affected authorities, and with national associations (such as SDCT and LGA), to raise the profile of the issue and the need for changes to the basis for funding so that Council Tax payers do not suffer through the requirement for compensating reductions in other services.

Public Realm Enforcement / Rangers

8.105 A pilot scheme is proposed to ensure compliance with the legislation by a fixed term additional enforcement officer to the team. The funding is available through a combination of the carry forward of verge parking, additional income through FPN's and contribution from strategy budgets. As a result of the Council's excellent status the use of the receipts is under the direction of the Executive Councillor for Environmental Services.

8.106 The budget for 2008/09 reflects the financial support to retain 1 Ranger. This support will continue until 2010/11 to maintain existing service levels and will be reviewed for the 2011/12 budget process.

Bereavement Services income projections

8.107 Following last year's anticipated reduction in mortality rates, current forecasts indicate a levelling out and that local death rates will remain static until 2022. Revised figures will be available in September 2008, which will reflect both current rates and also the impact of any revision on growth within the Crematorium's catchment area. Any changes will be reflected in the 2009/10 budget process.

Tree Risk Management

8.108 Work is continuing on clarifying the future tree work requirements through the application of the approved risk management framework.

8.109 There are over 30,000 trees within the City and a routine inspection and maintenance programme has been identified which will require additional funding and will be the subject of a budget bid during the 2009/10 budget process.

Grand Arcade Car Park

8.110 Parking Services is in the process of undertaking a Service Review and recommendations in Phase One have been presented and agreed. The impact of the fully opened Grand Arcade has been taken into account and working with consultants the anticipated usage and income patterns are continually being reviewed and modelled across all parking facilities. Early indications in the analysis of income streams for Grand Arcade are positive but expenditure pressures will be closely monitored particularly in connection with energy costs.

8.111 The wider issues concerning other parking facilities are being considered within Phase 2 of the Service Review and will be the subject of scrutiny by the members during the coming year along with integration of Shopmobility and CCTV within the remit of parking services management.

Housing and Planning Delivery Grant (HPDG)

8.112 An overview of the HPDG scheme, and the sums available for the Council to spend are shown in Section 9: Earmarked Funds.

Waste Minimisation and Recycling

8.113 The Waste and Environment Forum (WEF) 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. The County Council in partnership with the WEF was successfully awarded Private Finance Initiative credits and has now let a long-term contract for waste treatment. The City's household waste (along with the other Cambridgeshire District Councils) will be treated at a new Mechanical Biological Treatment facility which is due to be commissioned at the end of 2009

8.114 The Government's drive to reduce landfill disposal may mean that additional resources are required for Trade Waste to cover increased landfill taxes as well as increased potential tipping charges from the County Council. Landfill charges are expected to rise by a minimum of £8 per tonne per year. The City Council is looking at how it can mitigate these potential cost increases through our commitment to recycling of 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 2009/10 budget process.

Lion Yard

8.115 The developers of Lion Yard, Arlington Property Investors, have already submitted, and received approval for, the next phase of a series of development works – identified as Phase 1.

8.116 The Council has a 25% share in the development, and so has to contribute that share of any development costs. The Council has already provided the required funding towards Phase 1 (capital scheme SC221a), and has incorporated the associated additional share of the rental stream within the future income projections.

8.117 The developers have now submitted plans for additional works, referred to as Phase 1+, which are the subject of a separate report to the September 2008 Strategy & Resources scrutiny committee.

8.118 The Council's advisors support the view that there is a strong basis for supporting the further development of the centre at this time.

8.119 The capital funding for the Council's share of the additional scheme is covered in Section 13.

8.120 The Phase 1+ scheme should generate an increase in the rental stream from Lion Yard over time of around £55,000 p.a., and this has been reflected in the revenue projections within the MTS.

8.121 Proposals are also expected at a later date for further works, referred to as Phase 2, to complete this set of developments. The resultant additional income receipts associated with this Phase are not yet wholly clear, and so have not been included at this stage.

Guildhall Project

8.122 A recent key stage review of this scheme, has identified more accurate costs and income streams associated with the proposals, and these are detailed in a separate report to the September 2008 Strategy & Resources scrutiny committee.

8.123 The report recommends a revised scheme (based on Option 1), with additional income generating commercial opportunities included. This is recommended as it results in a long-term net increase in revenue to the Council of £251,790 per annum, a return on the capital investment of some 19.55%. This is in line with the Council's strategy to seek additional revenue streams to improve the long-term revenue budget position.

8.124 The revised net income stream, and temporary use of reserves, have been built into the MTS projections.

VAT on Car Parks

8.125 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).

8.126 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.

8.127 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 that date (net of fees) amount to £7,499,129**.** Subsequent changes in the law have now allowed the Council to go back even further - to the start of VAT in April 1973. This has meant that the Council has lodged a further repayment claim (net of fees) of £7,108,930.

8.128 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). It is now expected that the ECJ will deliver its judgement on 16 September 2008. 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.

8.129 This is clearly a situation which has the potential for significant revenue receipts for the Council should HMRC lose their case. The recent opinion of the Advocate General published on 12 June 2008 would seem to support the position of HM Revenue and Customs. Whilst not a formal direction to the European Court of Justice, the likelihood of success for the plaintiff councils has been diminished.

8.130 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.

Rent Deposit Guarantee / Access Scheme

8.131 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.

8.132 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, in 2006/07 £120,000 and in 2007/08, £143,000.

8.133 In addition to the Access Scheme, other measures have been developed to reduce the re-escalating cost to the Council of the use of B&B in 2007/08 and 2008/09. As a result of these measures the numbers of households accommodated in B&B has fallen from 13 at 1/4/2008 to 6 by August 2008.

8.134 The early 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.

8.135 As part of the 2008/09 budget process members approved £30,000 per annum additional funding on an ongoing basis to ensure that the Access Scheme could continue with placements at the required levels..

8.136 The consequences of the scheme operating with a reduced level of placements would be a likely increase in homelessness, increased numbers in temporary accommodation and a significant increase in the costs to the Council, of bed & breakfast accommodation, over and above that experienced in the last three years.

City Centre Management and Tourism

8.137 On 16th June 2008, the Strategy & Resources Scrutiny Committee resolved to support the setting up of an independent public/private City Centre Management and Tourism Partnership to be implemented through a phased approach.

8.138 Phase One will see the CCM Partnership element of the current City Centre Management operation set up as a an independent organisation from 1st April 2009. The timing of when detailed proposals for the tourism service will be brought back to the committee will be at the discretion of the Executive Councillor and officers but this is likely to be in the middle of 2009.

8.139 Whilst it is anticipated that these proposals will be budget neutral to the city council there will be some support required from finance, legal and internal audit in taking forward these proposals both in the second half of 2008/9 and throughout 2009/10.

'Unavoidable' Pressures

8.140 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 J.

HOUSING REVENUE ACCOUNT PRESSURES AND OPPORTUNITIES

Decent Homes

8.141 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.

8.142 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.

8.143 Site works in respect of the aforementioned commenced on 1 July 2005, following a five-month lead-in period. We consider that 88% of the Council's stock currently meets the Decent Homes standard however additional properties become 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.

8.144 The Housing Health and Safety Rating System (HHSRS) is a new risk assessment tool used to assess potential risks to the health and safety of occupants in residential properties in England and Wales. The new assessment method focuses on the hazards that are most likely to be present in housing. Tackling these hazards will make more homes healthier and safer to live in.

8.145 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. The introduction of HHSRS has produced some additional investment requirements in the short term in order to meet Decent Homes (approx £ 0.4m).

8.146 Some 70% 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.

8.147 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.

Supporting People

8.148 The County Council as Supporting People Administering Authority, suffered cuts in 2005/06 of 5.9% in the overall Supporting People grant allocation, with cuts capped at 5% for 2006/07. In December 2007, following publication of CSR2007, a 3-year indicative funding announcement was received, indicating further cuts to the programme of around £1,369,000 by 2010/11, leaving a grant of £10.8m by 2010/11.

8.149 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.

8.150 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.

8.151 Under the county's new Supporting People Commissioning Strategy, the priority is to move away from accommodation based services and for there to be a greater emphasis on floating support in people's own homes.

8.152 Contracting arrangements for Supporting People services are also being reviewed, and future contracts will be subject to procurement competition, and are likely to be let on a larger scale than currently and across authority boundaries.

8.153 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 the outcomes from the Council's Single Status Job Evaluation scheme.

8.154 The impact of the planned changes on the City Council as a provider here are likely to be significant.

Support for Older People

8.155 Funding currently allocated for sheltered housing has been ring-fenced, but a Sheltered Housing Green Paper (agreed following a Best Value Review of Sheltered Housing) has approved a decrease in sheltered housing, an increase in extra-care, and funding being redistributed more evenly across the county, with the greatest shift in funding being away from Cambridge City

8.156 Cambridge City Council has, through its sheltered housing modernisation strategy, as well as improving a number of its schemes, both increased extra-care provision and reduced the overall number of sheltered units within the city.

8.157 Work is under way to establish to what extent some of these needs could be meet through provision of floating rather than residential-based support.

8.158 A review of the Housing Capital programme is being carried out during 2008 which may impact on the funding available for completing the modernisation programme and ensuring that sufficient Council sheltered accommodation is refurbished to the standards required to receive Supporting People funding after 2016

Home Improvement Agency

8.159 Supporting People and the Primary Care Trust (PCT) have commissioned a review of Home Improvement Agency services across the county, and are currently consulting on whether services should be market tested, which could potentially lead to services across the county being procured under a single contract.

8.160 With the proportions of Supporting People and PCT funding of the City's HIA being only relatively small compared with the Council's contribution, the potential implications of this are not yet clear but the impact on the Council's position as service provider could be significant.

Support for Non-Sheltered Tenants

8.161 The Housing Support Service was extended 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.

8.162 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, the re-tendering of contracts 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

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

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

8.165 Although there is still considerable uncertainty around future funding, the likelihood of ongoing funding cuts, the planned 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.

8.166 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.

Unavoidable' Pressures

8.167 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 J.

9. Earmarked Funds

9.1 The Council maintains a number of earmarked funds. Those which are directly relevant to the budget proposals for 2008/09 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 2008 the Council held s106 contributions in the sum of £9,699,133 which included £939,249 of contributions received during 2007/08. In addition £1,156,260 of further contributions had been negotiated during the year, but not yet received.

9.7 In addition significant amounts of s106 capital and revenue contributions for new community infrastructure have been negotiated for recently approved development within the city's Southern Fringe as part of the growth agenda. These contributions will not come on stream until development commences.

9.8 A projection of the sums available under s106 is shown in the table below.

Table 17 : Section 106 Projection of Capital Funding Available

	Completed S106 Agreements						Future Forecast
	Balance b/f (as at 31/3/08) (£'s)	Approvals (Note 1) (£'s)	Net Available (£'s)	Adjustments for completed projects still to be financed from S106 (£'s)	Fund Balance (£'s)	Contributions due from Non-Growth Sites (Note 2) (£'s)	Contributions due from Growth Sites (Note 3) (£'s)
Category							
Affordable Housing	(2,370,646)	1,890,000	(480,646)		(480,646)	(704,014)	0
Community Facilities*	(1,452,427)	1,055,000	(397,427)	121,884	(275,543)	(935,770)	(7,436,604)
Formal Open Spaces/Outdoor Sports Facilities*	(2,458,867)	2,000	(2,456,867)	276,500	(2,180,367)	(316,603)	(693,153)
Informal Open Spaces	(1,406,457)	695,000	(711,457)		(711,457)	(646,609)	(307,316)
Childrens Play Area/Provision for Children & Teenagers	(658,851)	132,000	(526,851)	76,141	(450,710)	(612,548)	0
Indoor Sports Facilitiies	0		0		0	0	(594,000)
Public Art	(163,270)		(163,270)		(163,270)	(145,286)	0
Public Realm	(303,447)		(303,447)		(303,447)	0	0
Waste & Recycling*	0		0		0		(1,472,188)
Misc	(67,310)		(67,310)		(67,310)	(67,500)	0
Education and Transport awaiting transfer to the County	(709,072)	709,072	0		0		
(Surplus) / Deficit	**(9,590,347)**	**4,483,072**	**(5,107,275)**	**474,525**	**(4,632,750)**	**(3,428,330)**	**(10,503,261)**

Notes:

1. Includes only those approved capital projects that are in the Capital Plan (2008/09 - 2012/13) to be financed from S106 contributions. There are currently no Affordable Housing 2008/09, however all growth sites have to provide the full amount of affordable housing on site.

2. Includes where S106 agreements are completed, but development has not commenced. Most of these contributions (and those in the Balance b/f column) are non-site specific a to finance a variety of projects promoted by the Local Authority and which meet the requirements of the Planning Obligation Strategy.

3. These are indicative S106 contributions expected from Growth Sites, currently under negotiation and are mainly tied to specific elements of infrastructure within the new developr schedule only reflects those applications that have been to committee. As part of this process, significant revenue contributions are also being secured, but these are not included ir Similarly, the Council will also collect contributions that are due to other public bodies i.e. the County Council (for education and transport) and Primary Care Trust (PCT) (for health these are not included in this table. However, for the categories above marked *, certain elements are due to the County Council, as they will deliver some of the facilities.

Technology Investment Fund (TIF)

9.9 This Fund was set up to contribute towards the costs of investment in Information Technology systems and infrastructure.

9.10 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.

9.11 As at 1 April 2008 the Fund had a balance of £558,482 however £354,869 of this figure had been approved as a contribution to the costs associated with the Customer Access Project. Based on the existing scheme approvals a balance of £100,385 is projected as at 31 March 2009.

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

9.13 The current position on the TIF is shown in the table below.

Table 18 : Technology Investment Fund (TIF)

	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Notes
(Surplus) / Deficit Balance b/f	**(558,482)**	**(100,385)**	**(165,705)**	**(250,025)**	**(334,345)**	
Annual contribution	(84,320)	(84,320)	(84,320)	(84,320)	(84,320)	
Total surplus available	**(642,802)**	**(184,705)**	**(250,025)**	**(334,345)**	**(418,665)**	
less						
Existing approvals						
Earmarked for Customer Access	354,869	0	0	0	0	plus other Funding for Capital
sub-total	**(287,933)**	**(184,705)**	**(250,025)**	**(334,345)**	**(418,665)**	
less						
Existing approvals:						
- Committee Rooms : audio-visual equipment	18,796					Item C1201 - approved at ICT Steering Group on 18 Oct. 2006
- E&P GIS Solution : Phase 3	0	19,000	0	0	0	Item C1041 - approved at ICT Steering Group on 18 Oct. 2006
- Cash Allocation Interface Upgrade	0	0	0	0	0	
- VeriSecure Web payment system enhancements	183	0	0	0	0	Approved by Exec Councillor and ICT Steering Group on 1 June 2007
- DIP/EDRMS	55,369	0	0	0	0	
- Time Recording Management System Upgrade (SC 392)	5,000	0	0	0	0	Funding part of £15k the cost (£10k from PDG)
- Flexible Working Infrastructure Roll-Out (SC 394)	88,200	0	0	0	0	Funding the total costs of £88,200
- Corporate Axis PAYe.net (SC 400)	20,000	0	0	0	0	
(Surplus) / Deficit Balance c/f	**(100,385)**	**(165,705)**	**(250,025)**	**(334,345)**	**(418,665)**	

9.14 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.

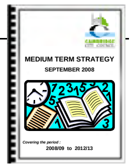
Housing and Planning Delivery Grant (HPDG)

9.15 Planning Delivery Grant was 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.

9.16 PDG was 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.

9.17 The scheme operated up to, and including, the 2007/08 financial year. It has now been replaced by a new Housing and Planning Delivery Grant (HPDG) programme, which will run for 3 years, commencing in 2008/09. The new grant criteria are focussed more on progress on plan making and on housing delivery, rather than on development control performance (which was the case under PDG). The criteria also includes a proportional abatement factor for authorities not meeting any of the Government's development control performance targets.

9.18 One key change is that HPDG is based on an assumption of 33% of the funding being used for capital purposes, compared with 25% under PDG. This is significant for the City, where the revenue funding has been used to support the ongoing cost of posts to support the delivery of the growth agenda.



9.19 The provisional HPDG allocations for 2008/09 were announced on 16 July 2008, with the City receiving £1,003,721 – in the top 10 highest amounts across the country. The consultation on the provisional allocations runs until 27 August 2008.

9.20 Given the nature of the new criteria forward projections of entitlement are more difficult than had been the case under PDG, and the amounts assumed from 2009/10 onward are based on the level of revenue funding already employed to support posts associated with the growth agenda, reflecting a relatively prudent approach.

9.21 The current position on the revenue element of PDG funding is :

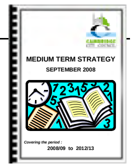
Table 19 : Housing and Planning Delivery Grant (Revenue element)

	2006/07 (£'s)	2007/08 (£'s)	2008/09* (£'s)	2009/10** (£'s)	2010/11** (£'s)	2011/12 (£'s)	Notes
Balance b/fwd	**(198,180)**	**(159,000)**	**(193,198)**	**(117,071)**	**(102,071)**	**(102,071)**	
		(1,190)					pay budget added in error
Allocation	(343,440)	(340,010)	(672,493)	(482,820)	(482,820)	(482,820)	HPDG guidance now assumes 33% (previously 25%) of annual allocation is earmarked for capital expenditure, therefore 67% (previously 75%) earmarked for revenue.
Total available	**(541,620)**	**(500,200)**	**(865,691)**	**(599,891)**	**(584,891)**	**(584,891)**	
less							
Existing commitments							
Revenue	382,611	307,001	482,820	482,820	482,820	482,820	
	(159,009)	**(193,198)**	**(382,871)**	**(117,071)**	**(102,071)**	**(102,071)**	
Approved as part of 2008/09 Budget Process							
- X1523 Growth Web Site (Part - Year 1)	0	0	15,000	0	0	0	
- X1529 GIS Partnership - information/system development (Part - Year 1)	0	0	19,400	0	0	0	
- X1693 Member Training - Planning (Two year bid only)	0	0	15,000	15,000	0	0	
Proposed Bids - New Senior Planner (Development Control) post to provide backfill cover on CB1 issues. Held as a contingency as bid to be made to Cambridgeshire Horizons.	0	0	0	0	0	0	
Fund growth posts for one year from HPDG revenue grant	0	0	216,400	0	0		
Balance c/fwd	**(159,009)**	**(193,198)**	**(117,071)**	**(102,071)**	**(102,071)**	**(102,071)**	

* Provisional allocation based on DCLG announcement, final determintaion expected in October 2008

** Minimum grant allocation to meet current commitments. Difficult to accurately forecast 2009/10 & 2010/11 due to the uncertainties in the determination of the grant and the increasing emphasis placed on the number of housing completions within the grant mechanism. Using the new allocation of revenue and capital would require a total grant of £720,630 per annum.

9.22 The revenue element of HPDG available in 2008/09 was £189,673 than the level anticipated in the February 2008 BSR. In light of the uncommitted revenue already available, it is recommended that a sum of £216,400 is used in 2008/09 to replace the cost of posts associated with the growth agenda which the Council would otherwise have to meet from the General Fund. This is proposed as a one-year change, with future years being reviewed in light of subsequent HPDG settlements. This has been reflected in the table above.



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

Table 20 : Housing and Planning Delivery Grant (Capital element)

	2006/07 (£'s)	2007/08 (£'s)	2008/09* (£'s)	2009/10** (£'s)	2010/11** (£'s)	2011/12 (£'s)	Notes
Balance b/fwd	**0**	**(114,480)**	**(187,455)**	**(247,924)**	**(485,734)**	**(723,544)**	
Allocation	(114,480)	(113,337)	(331,228)	(237,810)	(237,810)	(237,810)	HPDG guidance now assumes 33% of annual allocation is earmarked for capital expenditure
Total available	**(114,480)**	**(227,817)**	**(518,683)**	**(485,734)**	**(723,544)**	**(961,354)**	
less							
Existing commitments							
- Environment & Planning Geographic Information System (GIS) Solution Phase 1	0	40,362	7,528	0	0	0	Approved as part of 2007/08 budget process
- Environment & Planning Geographic Information System (GIS) Solution Phase 2	0	0	38,070	0	0	0	Approved as part of 2007/08 budget process
Approved as part of 2008/09 Budget Process							
- C1704 Time Recording Management System upgrade	0	0	10,000	0	0	0	
Proposed Bids							
Contribution to Corporate Document Management (DIP & EDRMS) project	0	0	215,160	0	0	0	
Balance c/fwd	**(114,480)**	**(187,455)**	**(247,924)**	**(485,734)**	**(723,544)**	**(961,354)**	

9.24 Based on the uncommitted balance of £463,084 in 2008/09, it is recommended that HPDG capital funding is used to provide an appropriate level of funding for the Council's EDRMS scheme.

9.25 A contribution of £215,160 has been calculated, based on the same principles applied to determine the HRA contribution. This is reflected in the table above.

Local Authority Parking Enforcement (LAPE)

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

9.27 The agreement specifies that any surplus on this 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.

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

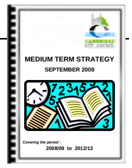


Table 21 : Local Authority Parking Enforcement (City Council Surpluses)

	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08* (£'s)	2008/09 (£'s)	Notes
(Surplus) / Deficit Balance b/f	**0**	**(29,458)**	**(165,335)**	**(269,200)**	**(361,669)**	
(Surplus) / Deficit from LAPE a/c in year [City Council element] * provisional	(29,458)	(135,877)	(197,700)	(143,620)	0	
Total surplus available	**(29,458)**	**(165,335)**	**(363,035)**	**(412,820)**	**(361,669)**	
less						
Existing approvals						
- Provision of Sunday P&R Service	0	0	5,325	0	0	Urgency approval 1 Dec 2006
- Purchase of Emergency rescue vehicle for Lion Yard car park	0	0	0	0	13,000	Approved February 2007
- Purchase of surface cleaning machine for Lion Yard car park	0	0	0	27,827	0	Approved February 2007
- Provision of green parking bays and charging units	0	0	0	0	5,000	Approved February 2007
- Dial-a-Ride bus	0	0	0	17,000	0	Approved February 2007
- Feasibility study on scheme to encourage use of low-emission vehicles	0	0	0	0	2,500	Approved February 2007
- Start up costs for Car Club	0	0	0	0	6,000	Approved February 2007
- Contribution to additional cost of 2006/07 Concessionary Fare scheme	0	0	88,510	0	0	Approved February 2007
sub-total	**(29,458)**	**(165,335)**	**(269,200)**	**(367,993)**	**(335,169)**	
New approvals						
- X1735 - Real Time Enforcement	0	0	0	0	80,000	Refer to Bids to existing or external revenue funding Appendix
- X1736 - Electric Vehicle Charging	0	0	0	0	12,000	Refer to Bids to existing or external revenue funding Appendix
- X1737 - Free Car Parks Signage/Lines	0	0	0	0	3,000	Refer to Bids to existing or external revenue funding Appendix
- X1739 - Traffic Management Act Implementation	0	0	0	6,324	3,676	Refer to Bids to existing or external revenue funding Appendix
- X1746 - Consultancy for review of Shopmobility services	0	0	0	0	7,500	Refer to Bids to existing or external revenue funding Appendix
(Surplus) / Deficit Balance c/f	**(29,458)**	**(165,335)**	**(269,200)**	**(361,669)**	**(228,993)**	

9.29 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.

Climate Change Fund

9.30 A Climate Change Fund, with an initial contribution of £250,000, was agreed at Council in February 2008, to be used to provide funding for schemes, or activities, which will provide significant contributions to the achievement of the Council's climate change and carbon reduction Medium Term Objective.

9.31 The overall structure and uses for the Climate Change Fund were agreed at Strategy & Resources Scrutiny Committee in April 2008, and the detailed operational guidelines for how the Fund will be managed were agreed at Environment Scrutiny Committee in July 2008. Bids against the Fund will be identified as part of the 2009/10 budget process.

10. Revenue Forecasts and Reserves

General Factors

10.1 The major assumptions on which the revenue forecasts are based are summarised in Appendix I.

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 K, 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 2008/09 to 2012/13 is set out in Appendix L.

10.7 The original budget for 2008/09 approved net General Fund spending at a level of £23,602,610, which included a use of reserves of £5,171,630. This reflected a contribution of £6,362,000 to fund capital expenditure.

10.8 The projected position for the General Fund reserves is shown in Appendix L. This projection includes the effects of changes in capital resources and re-phasing and the requested carry forwards from 2007/08.

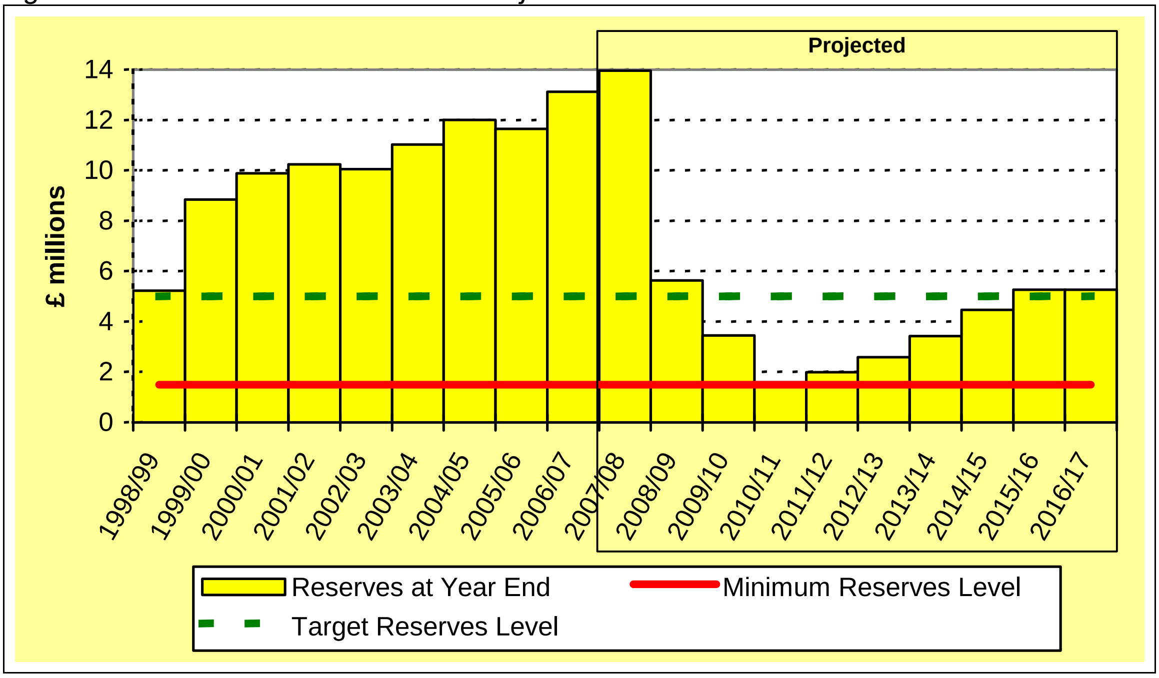
10.9 The revised projection of the use of reserves in the current year (2008/09) now indicates that there is expected to be a net use of reserves of £8,328,330, this includes the effective transfer of funding for the approved level of carry forward items (primarily reflecting the re-profiling of capital resources and expenditure).

10.10 These have been built into the latest projection.

10.11 The final reserves position for 31 March 2008 was £13,960,680. This included £604,470 which will be used to fund the approved carry forward items.

10.12 The projected position for General Fund reserves to 2016/17 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 £1.5m. This is below the medium-term target level, but still meets the minimum working balance requirement.

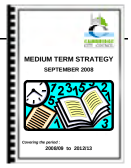
10.15 The graph demonstrates that the level of reserves will return to the target level from 2015/16 onward, when they continue at a sustainable level.

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.

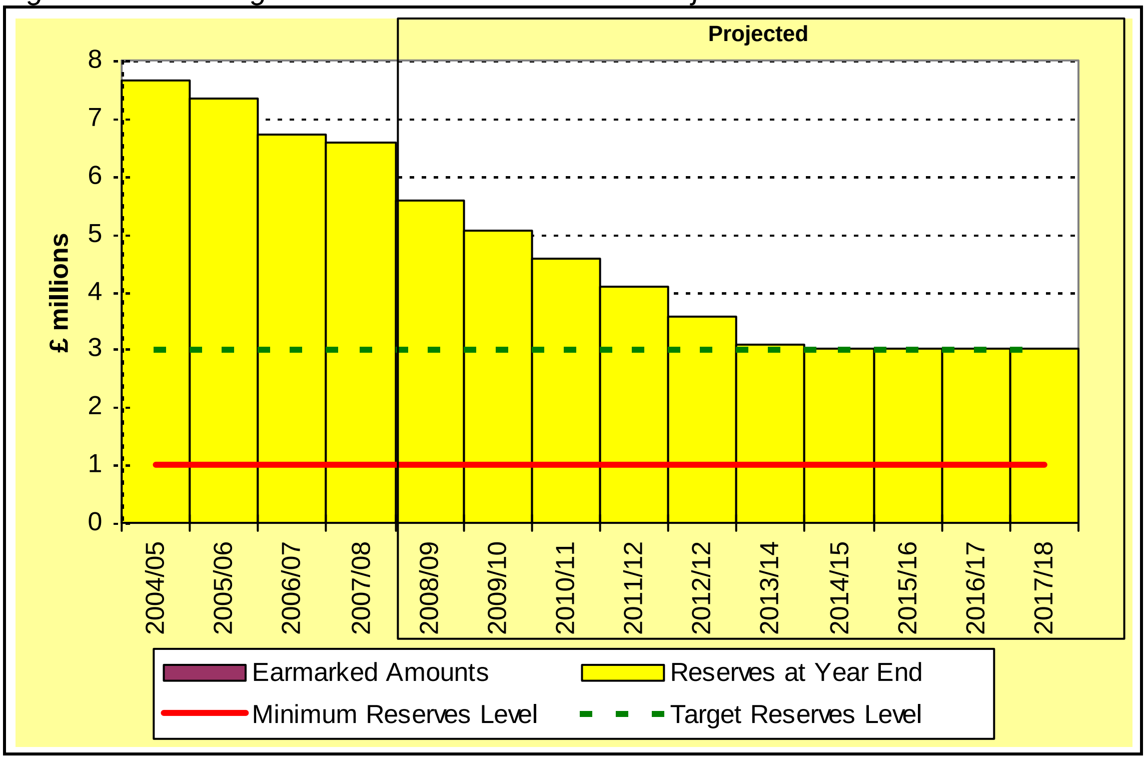
10.19 A summary of the key points from this latest risk analysis, as well as controls and actions to mitigate against identified risks, is shown in Appendix W.



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 M. 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 - 2004/05 to 2017/18



10.21 This serves to highlight that the planned reduction in the level of reserves down to the target level of £3m will be achieved by 2014/15, from which point revenue plans are based on delivering a balanced HRA budget with no requirement to use reserves.

10.22 The decision to reduce the level of HRA reserves to a target of £3m has provided additional funding to support capital expenditure in the medium term. In reducing the reserves by £500,000 per annum, flexibility is retained should adverse factors affect the revenue position during the remaining period.

10.23 Balance projections will need to be revisited, particularly in the light of the anticipated review of the HRA subsidy system and to reflect an updated position with regard to the HRA's contribution to corporate initiatives such as the Customer Access Strategy. It is anticipated that a review of reserves will take place as part of the main 2009/10 budget process.

City Services

10.24 The City Services department has drawn up detailed Business Plans for all of their services, based on Service (and Performance) Plans which were approved by Executive Councillor for Customer Services and Resources in the February 2008 Committee cycle.

10.25 Since January 2000, City Services has operated as a trading department of the Council providing a combination of direct services to the public and recharging costs incurred, in the delivery of services on behalf of other service departments, to the General Fund or the Housing Revenue Account as appropriate.

10.26 The net results of the department's commercial trade waste collection operation and of certain other trading activities undertaken for external parties are transferred to the General Fund at each year end. Medium term projections of trading surpluses available to the General Fund have been built into overall financial projections. The table below shows the projected surplus for these activities for 2008/09 :

Table 22 : City Services Trading Surplus / (Deficit) 2008/09

Cost Centre	General Fund	
	For Internal Client (£'s)	External Trading (£'s)
Building Services	0	0
Fleet Management	0	4,500
Waste Management	325,600	0
TOTALS	**325,600**	**4,500**

10.27 A number of issues will impact on City Services direct services an on their 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 the Shopmobility service 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 Sunday parking
- fuel and energy costs
- introduction of digital vehicle tracking system
- further development of in-cab data communication with waste services
- capacity to respond to increased workloads from growth and new legislation
- occupational health issues arising from black box collections
- commercial waste landfill costs

Part D

Capital

11. Asset Management

11.1 The Council has (at 1 April 2008) a diverse asset portfolio including 7,500 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. This shows an increase in value over the previous year of £25,145,000 :

Table 23 : Total Value of Assets (as 1 April 2008)

Category	**Value (as at 1/4/2008)**	
	£ 000's	**%'age**
Operational Assets		
Council dwellings	589,901	74.78
Other land and buildings	88,262	11.19
Vehicles, plant and equipment	4,651	0.59
Community assets	738	0.09
Infrastructure assets	568	0.07
Total Operational Assets	***684,120***	***86.72***
Non-Operational Assets		
Investment properties	90,175	11.43
Assets under construction	2,780	0.35
Surplus assets for disposal	11,772	1.49
Total Non-Operational Assets	***104,727***	***13.28***
Overall Total	**788,847**	**100.00**

Asset Management Plan (AMP)

11.4 The Council has achieved a "Good" rating on previous submissions of our AMP as well as an "Excellent" rating under CPA. A formal AMP does not have to be submitted to Government but it is still felt important to keep the AMP updated. 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 effective asset management planning 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 enhanced approach is currently being developed through the Asset Management Group, especially with regard to our Office Strategy. This will set out the standards of accommodation required to enable the Council to improve it's accommodation. This will consider issues such as space requirements, DDA access, condition and suitability among other factors.

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.

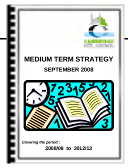
Property Portfolio Review

11.8 The significant degree of development around the City has provided 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 applies include land at Arbury Park and Clay Farm for housing and land along Cowley Road for 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. This prudent approach allows the Council to manage the financial risks around disposals and this is especially true in uncertain market conditions.

11.11 Figures for rental income built into the forecast allow for projected disposals. Detailed findings from the review are normally reported to Strategy and Resources Scrutiny Committee.



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.

Asset Disposals Programme / Projections

11.13 The portfolio review process has highlighted a number of assets which the Council has identified for disposal, and these are outlined in the table below. However, the current market conditions are likely to create risk and uncertainty about both price and timing of sales:-

Table 24 : Assets Scheduled for Disposal

Anticipated Point of Disposal	Fund	Asset	Comments
2008/09	HRA	Tiverton House	Disposal as part of overall programme for Sheltered Housing
2008/09	HRA	Simons House	Disposal as part of overall programme for Sheltered housing. To be disposed, retaining nomination rights.
2008/09	HRA	Land at Elmfield Close	Affordable housing scheme by RSL
uncertain	HRA	127/159 New Street	Sold but subject to planning permissions being granted for two developments
2009/10	HRA	2/2a Panton Street	2 flats requiring redevelopment. Disposal on open market
2009/10	GF	Site at Auckland Road	Surrender of lease, providing opportunity to develop for alternate use
2010/11	GF	Land at Clay Farm	Former agricultural green belt, now within Southern Fringe. Part affordable housing.
by 2010/11	GF	Land forming part of Triangle site north of Kings Hedges Road	2 year option to purchase has been agreed.

Property Portfolio Income Projections

11.14 The current market conditions are very challenging. It is highly likely that there will be some impact on income in the medium term due to:

- Businesses struggling and reducing liability and moving out at short notice
- Rental growth forecasts likely to be affected by market conditions with negative growth in some cases
- Empty property rates increasing the cost of holding vacant property, and
- The need for greater incentives reducing income in the early stages of lettings, especially in the large retail centres.

Housing Asset Management Strategy

11.15 In July 2007, Community Services Scrutiny Committee approved an update of the Asset Management Strategy for Housing Related Assets.

11.16 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.

11.17 The Action Plan includes the following areas to 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
- 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.
- Undertake installation of communal TV aerial systems to blocks of flats and maisonettes over 3 stories and above, all retained sheltered schemes and associated bungalows
- 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
- commence energy certification of housing stock at each change of tenure from October 2008.

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.

Prudential Borrowing

12.5 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.

12.6 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).

12.7 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 has been confirmed that it would not be used on current spending plans.

12.8 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.

12.9 The 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 must be approved and published by authorities each year (shown in the Treasury Strategy at Appendix G).

12.10 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

12.11 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.

12.12 Pooling applies to 75% of receipts from right to buy sales and 50% of other receipts, unless specific exemptions can be claimed. 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.

12.13 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, and incidental to, disposal and costs of improvements made to the asset in the 3 years preceding disposal.

12.14 Authorities are also allowed to exclude non right to buy receipts from pooling if offset against 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.

12.15 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, provided the authority remained debt-free. The transitional arrangements ceased with effect from 1 April 2007.

12.16 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)

12.17 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 2008/09 is £4.886m (compared to £4.984m in 2007/08) 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)

12.18 The proceeds of dwelling sales under the RTB scheme have been the major source of regular ongoing capital receipts for many years.

12.19 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.

12.20 From 2007/08 the resources available to the Council from RTB sales reduced as a direct result of the cessation of the transitional pooling arrangements for debt free authorities. From April 2007 the authority has been required to pay over 75% (less allowable deductions), of all right to buy receipts.

12.21 Resources have continued to fall steadily year on year due to reductions in the number of RTB sales made.

12.22 The actual level of sales under this scheme in 2007/08 (43 dwellings) was significantly lower than in 2006/07, at 72 units in total. These levels can be compared to a total of 155 in 2001/02.

Table 25 : Right to Buy Sales - 2004/05 to 2011/12

	Actual Sales				Forecast Sales			
	2004/05	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Sales – Houses	62	37	41	23	10	8	7	5
- Flats	47	38	31	20	10	8	6	5
Total Sales	**109**	**81**	**72**	**43**	**20**	**16**	**13**	**10**
	(£m)	**(£m)**	**(£m)**	**(£m)**	**(£m)**	**(£m)**	**(£m)**	**(£m)**
Net Capital Receipt	10.057	7.647	8.306	5.760	2.560	2.048	1.664	1.280
- of which 'Usable'	7.975	4.810	3.720	1.512	0.641	0.505	0.403	0.301

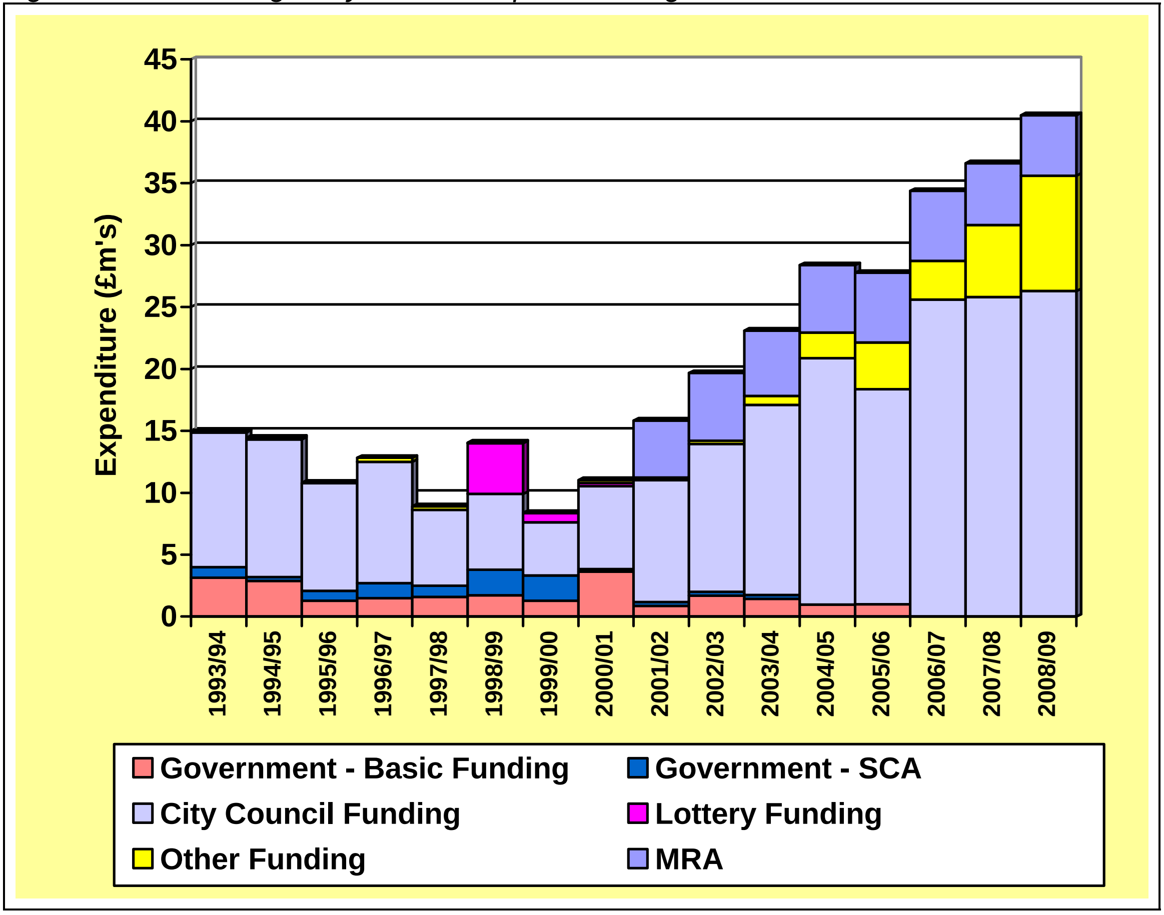
12.23 The projected level of right to buy sales from 2008/09 onwards, is currently estimated to reduce by approximately 20% per annum, reflecting the considerable downturn in sales experienced between 2003/04 and 2007/08. Given the importance of this element in terms both of revenue and capital planning 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

12.24 Whilst bidding to specific funding sources continues to be a key part of obtaining capital funding, the Council continues to employ a policy of making Direct Revenue Funding contributions from the General Fund to provide for capital expenditure requirements although these are reviewed for relative affordability each year.

12.25 The graph below illustrates the trend in terms of the sources of funding for the Council's capital spending :-

Figure 15 : Cambridge City Council Capital Funding Sources - 1993/94 to 2008/09



12.26 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.

12.27 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 2008/09 or 2009/10. The programmes in question are:-

Funding only to 2008/09

- PR14 Environmental Safety Fund
- PR15 Repair and Refurbishment Programme - Hobsons Conduit

Funding only to 2009/10

- PR6 Safer City Programme

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 As part of the 2008/09 budget process all of the Programmes were reviewed where the remits had been set as ‘ongoing’. As a result of this PR03 City Centre Management, PR04 Sustainable City, PR07 Cycleways and PR10 Environmental Improvements were revised to have timescales running to 2010/11. This provided a further 3 years for each, and tied-in with the national Spending Review and Grant Settlement periods to provide an appropriate context for determining the affordability of further funding commitments.

Review of Hold List

13.4 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.

13.5 There is currently a single scheme on the hold list:

- Park Street Car Park - repair and refurbishment

13.6 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.

13.7 It is currently estimated that £1m will need to be spent in 2011/12. However, the scheme was placed on the Hold List given the current review of the overall parking portfolio requirements and usage.

Unavoidable Pressures and Bids to the July Cycle of Scrutiny Committees

13.8 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 P.

Re-phasing

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

Customer Access Strategy

13.10 Section 8 outlined the proposals and progress to date on implementation of the Council's Customer Access Strategy, and set out the revenue implications.

13.11 The latest review of progress with the scheme has highlighted changes to the profiling of capital expenditure from that approved as part of the September 2007 MTS. This reflects the phasing of actual expenditure incurred together with the current implementation timetable :

Table 26 : Customer Access Strategy – Re-phasing of Capital Implications

Financial Year	General Fund			Housing Revenue Account		
	MTS Sept 2007 (£'s)	MTS Sept. 2008 (£'s)	Re-phasing Required (£'s)	MTS Sept 2007 (£'s)	MTS Sept. 2007 (£'s)	Re-phasing Required (£'s)
2006/07	33,360	33,360	0	9,970	9,970	0
2007/08	895,900	534,190	(361,710)	267,610	159,560	(108,030)
2008/09	192,490	554,210	361,720	57,500	165,540	108,040

13.12 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

13.13 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.

13.14 Scheme SC221a already provides funding of £3.61m towards Phase 1 of the future development at Lion Yard. Additional proposals have been received in respect of further works, referred to as Phase 1+, and these are detailed in a separate report to the September 2008 Strategy & Resources scrutiny committee.

13.15 Capital scheme SC221b represented the initial approval of funding as a contribution to future phases of work. The Council's share of the capital costs associated with Phase 1+ are estimated to be £641,250, and it is recommended that additional funding of £299,250 be approved for SC221b to meet this. The additional funding is recommended to be taken from the LABGI funding of £1,307,907 which was received in respect of 2007.

13.16 As proposals are still outstanding for a further set of works, referred to as Phase 2, it is also recommended that the unapplied balance of the 2007 LABGI funding (after use to fund Lion Yard Phase 1+ and the additional funding required for the Guildhall Project) be approved as a contribution to the Council's cost associated with this phase – shown in the Capital Plan as scheme SC221c.

Guildhall Project

13.17 The Capital Plan includes a scheme (SC342) relating to the development of commercial activities within the Guildhall. The initial approval for the scheme in November 2006 allocated a budget of £613k. A recent key stage review of the scheme, has identified more accurate costs and income streams associated with the proposals, and these are detailed in a separate report to the September 2008 Strategy & Resources scrutiny committee.

13.18 The report recommends a revised scheme (based on Option 1), with additional income generating commercial opportunities included, which would require a total capital investment of £1.18m. This would require additional funding of £566,860 to be provided. This is recommended as it results in a long-term net increase in revenue to the Council of £251,790 per annum, a return on the capital investment of some 19.55%. This is in line with the Council's strategy to seek additional revenue streams to improve the long-term revenue budget position.

13.19 It is recommended that the additional funding be provided from the unapplied LABGI funding for 2007 of £1,307,907, and this has been built into the projections in this MTS.

Bishop's Mill Sluice

13.20 The Capital Plan includes an approved scheme to motorise and automate the sluice, which was approved (as SC225) in November 2004. The specialist contractor appointed was advised that it would be possible to reduce the water level sufficiently to undertake the works safely. This has not been the case and it was necessary to create a dam to undertake the works. The Cam Conservators would not give consent for a dam across all 4 gates due to flood risk and so a dam was built across 2. This identified a problem with "scouring" along the river bank which had created voids beneath the river bank water level and prevented the dam being effective. After negotiation, the Conservators agreed to a wider dam across all 4 gates and extending beyond either side of the sluice.

13.21 This enabled the water level to be reduced sufficiently but also to assess the extent of "scouring" and the voids created. The voids require urgent work to prevent further "scouring" and the possible undermining of the sluice gate and the river bank. This will require concrete to be poured into the voids and provide a long-term solution. This work needs to be undertaken concurrently with the existing works whilst specialist piling equipment and pontoons are on site, and will serve to avoid significant cost that would otherwise be faced in the future. The additional cost of these works is £57,000, and given the implications for the project it is recommended that this be approved as an addition to the existing scheme SC225.

Repair and Renewal (R&R) Funds

13.22 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.

13.23 This serves to even-out the cost associated with these major items of expenditure, whilst ensuring that ongoing services are fully sustainable.

13.24 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.

13.25 No further programmes have been requested for inclusion within the current Capital Plan at this time.

Housing Capital Expenditure

13.26 The Council's debt free status reduced the pressure on capital resources relating to the housing service for a finite period of 4 years from 2003/04, with 100% of right to buy receipts available for re-investment 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 transitional arrangements for debt-free authorities, and is now required to pool capital receipts into the national pool in line with the prescribed guidelines.

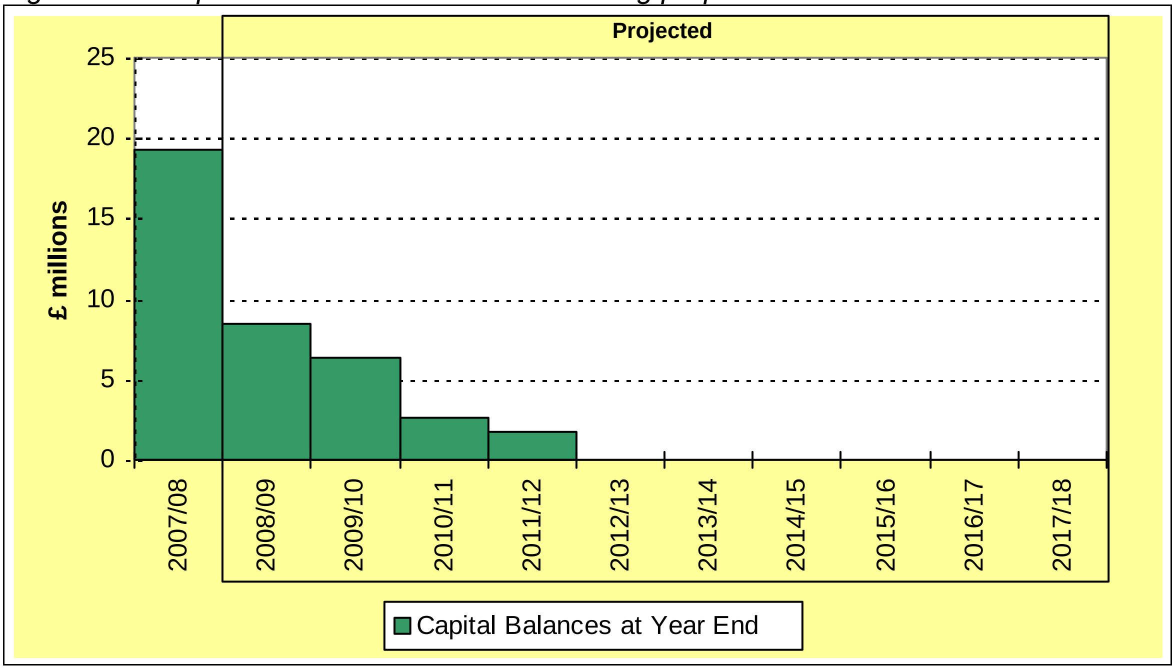
13.27 The outcome of the HRA Subsidy Determination for 2008/09 onwards, coupled with a significant reduction in right to buy sales and the associated capital receipts has introduced huge pressure on the anticipated capital resources to fund the Housing Capital Investment Programme.

13.28 A 5-year holding position was approved by Community Services in February 2008, with the need to undertake a full review of the 10-year investment plan in November 2008, where a funding gap of approximately £12m over the 10-year period will need to be addressed.

13.29 Previously approved capital expenditure will need to be prioritised against any recently identified need to spend, with preference given to statutory / mandatory areas of areas of investment, health and safety works and spend to save initiatives. Any resources remaining can then be invested in discretionary areas.

13.30 The table below demonstrates the impact of the currently approved 5-year holding position for the Housing Capital Investment Programme, where the ability to deliver statutory commitments from 2013/14 onwards will be dependent upon a significant reduction in spend in the first 5 years of the programme.

Figure 16 : Capital balances available for housing purposes - 2007/08 to 2017/18



13.31 The Housing Investment Programme uses all available housing capital balances and anticipated receipts over the period to deliver decent homes and environmental improvements in our housing stock, and if resources allow, to enable additional investment 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 O.

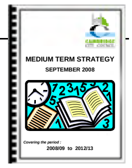
14.6 The existing stock of non-housing usable capital receipts was fully expended during the 1995/96 financial year, as part of the financing strategy. Since that point the usable receipts are, therefore, based on use of receipts due in that particular financial year only.

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 increased since the February 2008 Budget-Setting Report, due to :

- The application of the final tranche of LABGI funding for 2006, in the sum of £36,011
- The application of the 2007 LABGI funding, which effectively increased funding available for capital purposes by £1,307,907

14.9 This additional funding has been used to fund the additional requirements associated with the Guildhall Project (SC342) and Phase 1+ of the Lion Yard scheme (SC221b), with the unapplied balance being provided as a contribution towards the Council's costs anticipated for Phase 2 of the Lion Yard development.



Capital Plan

14.10 The current Capital Plan is shown at Appendix P. This includes rephasing to reflect movement in scheme costs between 2007/08 and 2008/09, with appropriate adjustments made to the funding profile. The changes are detailed in Appendices Q and R.

14.11 The revised Hold List are shown Appendix S.

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 2012/13 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 27 : Commitments Against Available Capital Funding - 2008/09 to 2012/13

	2008/09 (£ 000's)	**2009/10 (£ 000's)**	**2010/11 (£ 000's)**	**2011/12 (£ 000's)**	**2012/13 (£ 000's)**
Programmes	28,820	12,974	13,629	10,383	9,880
Schemes	11,665	5,462	2,652	10	0
Total Spend	**40,485**	**18,436**	**16,281**	**10,393**	**9,880**
Available Funding	(40,485)	(18,608)	(16,896)	(11,718)	(11,260)
(Surplus) / Shortfall in Funding	**0**	**(172)**	**(615)**	**(1,325)**	**(1,380)**

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 2009 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 discretion within individual spending committees, and more latterly, service portfolios.

15.2 In this way, once the requirement of affordability at a Council-wide level is met, Executive Councillors have the opportunity to direct any benefit gained from any additional savings to develop and enhance their services. This is in line with the aims of the Annual Statement although, in recent years, the overall financial pressures faced by the Council have meant that the amounts available for re-distribution towards service developments have been limited.

15.3 In reviewing the budget process for 2009/10 no significant changes are proposed other than running the revised budget process for the current year, 2008/09, concurrently with that for 2009/10. It is recommended that revised budget proposals be reported to a single committee cycle, in January 2009, rather than in both the November and January cycles. This modification in the process is designed to eliminate duplication of effort and to streamline the process for both service managers and members. Significant budget issues in relation to the current and future financial year/s are identified and reported to members in the September committee cycle within this MTS document.

15.4 Alongside the above proposal for revised budgets, it is recommended to discontinue formally reporting Service Plan performance review variance reports (for the current year) in the November cycle but instead, publishing them to the Council's website.

15.5 As was the case last year, a key process issue considered for 2009/10 was how to deal with the impact of both the Growth Agenda and the implementation of the Council's 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.

15.6 At this stage in the development of both projects, there is insufficient detail to be able to make detailed changes at individual service level. However, the effects of the projects will need to be built into base budgets as the projects proceed.

15.7 It is, therefore, proposed that, once again, both projects will be run as parallel streams of work to the main budget process for 2009/10. This will allow detailed work to be progressed on each.

15.8 In order to ensure the integrity of the work in each stream the previous budget process has been enhanced to allow for any items in the main budget process, which may relate to either project, to be identified. These can then be reviewed to ensure that proposals are not contrary to, and do not duplicate, something that is integral to either project. This can be effectively delivered in practice, through an enhancement made to the Council's budget database; minimising additional effort whilst ensuring a robust review is achieved.

15.9 No further changes to the process are anticipated and the overall budget and decision making process is illustrated in Appendix A.

15.10 Key features of the process are :

- Executive Councillors are responsible for putting together a package of budget proposals for consideration by each Scrutiny Committee and by The Executive.

- Service Plans are prepared for all services, to reinforce the performance management process. The staff performance review process is integrated with the service planning process and Service Plan objectives and targets feed through into objective setting for individual staff members and teams.

- Consideration of 2008/09 revised budget and 2009/10 budget proposals takes place during one cycle of Scrutiny Committee meetings, in January 2009. Service Plan / budget reports will be sent out for all scrutiny committees in December 2008, so that Members have an overview of all proposals at one point in time, as last year.

- The Council's Risk Assurance framework is integrated with the key decision making points within the annual cycle.

15.11 An outline of the programme/timetable for the overall budget process is included at Appendix B.

The Calculation of General Fund Cash Limits

15.12 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.

15.13 For 2009/10 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.

15.14 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.

15.15 The additional net cost pressures in 2009/10 when added to the underlying need to reduce costs (£1.03m from the February 2008 Budget-Setting Report), would leave a requirement of finding £2.035m of savings in 2009/10 to produce a balanced budget.

15.16 Given the amount of time available to address such a significant increase the strategy within the MTS has been designed to enable £500k of the sum to be addressed in the 2010/11 budget. This would mean that the level of savings required in 2010/11 could be maintained at below 3.0% if the PPF provision was removed in that year, but also allows time for the issue of concessionary fares to be pursued, as well as for additional savings from the current year Service Reviews to be realised.

15.17 The calculation of the affordability of the projected base position for 2009/10 was outlined earlier, and results in the determination of the level of savings required as shown below :-

Table 28 : Calculation of 2008/09 Savings Requirement

			(£ 000's)	(£ 000's)
	SPEND	Inflated Committee Base	21,028	
		Capital adjustments and MRP	(2,417)	
		Other appropriations	3,134	21,745
add	**NEW REQUIREMENTS**			
		Net unavoidable costs	934	
		Priority Policy Fund	200	
		Repayment of temporary use of reserves	(480)	654
				22,399
less	**AFFORDABILITY**	Use of Reserves	2,206	
		Council Tax	6,582	
		Total External Support	12,376	21,164
	Need to reduce overall base by :-			**1,235**

15.18 For 2008/09 this would mean that a total of £1.235m of savings will be required, based on a PPF provision reduced to £200k. With the current round of Service Reviews (though not yet complete, or having reported back final recommendations at this stage) indicating that around £660k could be realised for 2009/10.

15.19 On this basis the approach adopted in the MTS is deemed to achieve a balance of prudence and deliverability. The position will be reviewed as part of the February 2009 BSR.

15.20 In seeking to achieve this level of reduction an adjusted gross expenditure total is used to apportion the requirement across portfolios 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.

15.21 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.

15.22 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.

15.23 This year, the approach again being proposed 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.

15.24 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.

15.25 The effect of this is an implied reduction of 3.45% in the calculation of committee cash limits (compared with 3.44% last year), based on an adjusted gross expenditure base of £35.809m.

15.26 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).

15.27 The more detailed calculation of cash limits for individual committees is contained in Appendix T.

15.28 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 £21,619,250.

15.29 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.

15.30 Recent Council Tax trends are shown below :

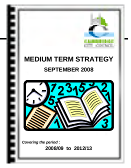
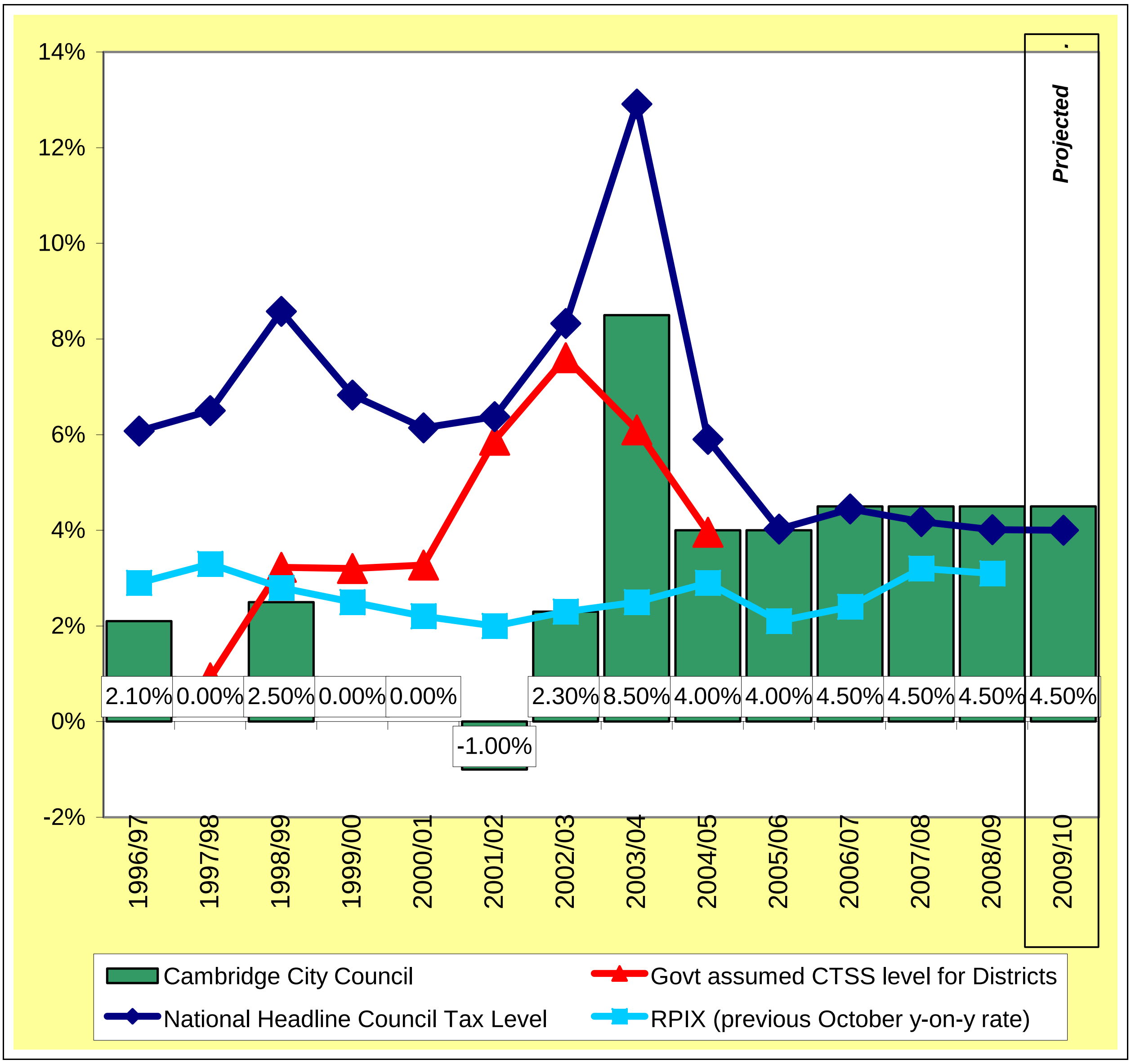


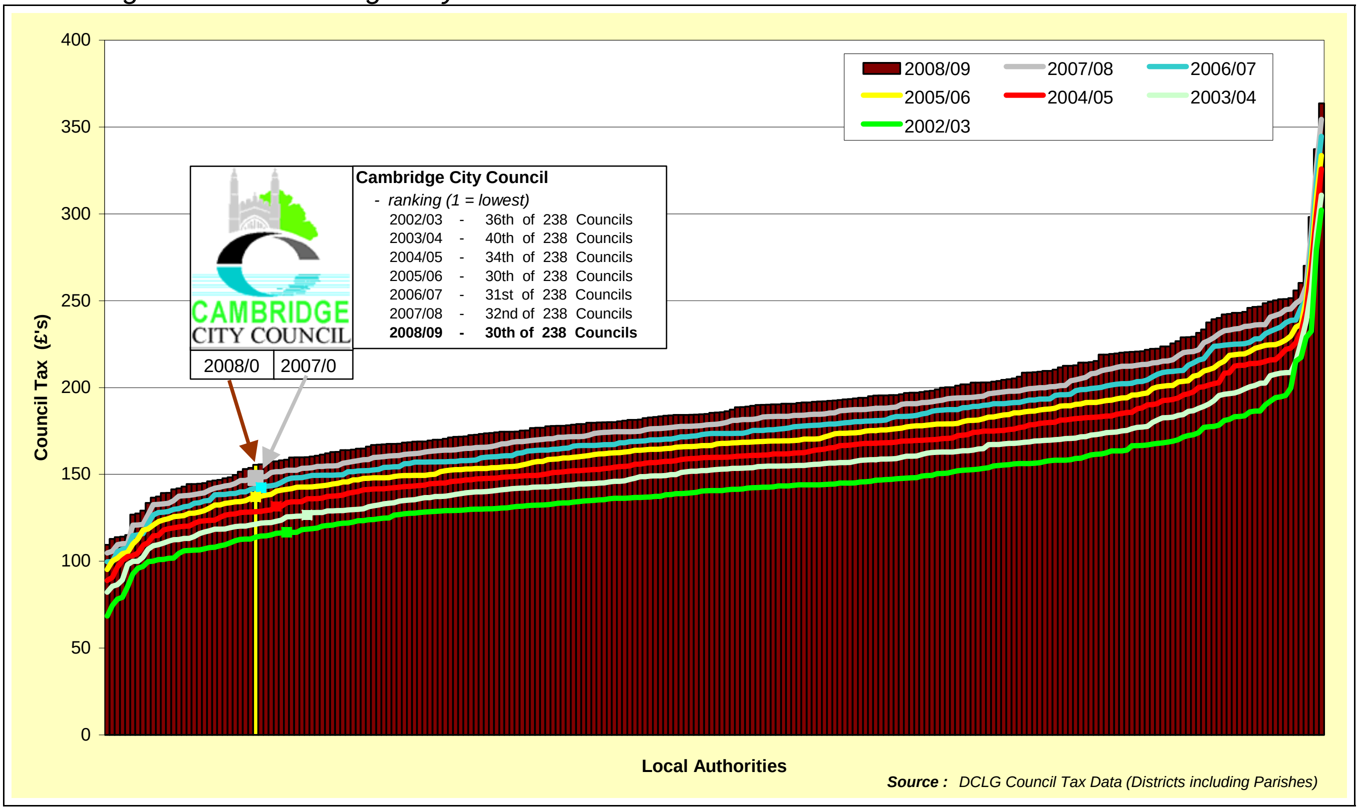
Figure 17 : Council Tax Increases - Actual and Government Assumptions



15.31 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.

15.32 The City Council had the 30th lowest level (out of 238) of Council Tax for a district council, based on Government statistics, as illustrated in the table below, at £155.51. The full charge for City residents at Band 'D' (i.e. including the elements for the County, Fire and Police) is the 15th lowest (again of 238), at £1,345.94 for 2008/09.

Figure 18 : Cambridge City Council : Council Tax Level - 2002/03 to 2008/09



15.33 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 2008 Budget-Setting Report.

15.34 A frequent comparison made is against the rate of inflation. Inflation in July was 5.3% (measured by RPIX, and 4.4% by CPI), whilst the General Fund in 2009/10 will have to bear additional net inflation-related costs of £765,100 (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.

15.35 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.

15.36 The reserves table (shown at Appendix L) 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

15.37 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.

15.38 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.

15.39 The savings expectation included in the Housing Revenue Account financial model remains at 3% from 2009/10 onwards. This reflects higher than previously anticipated inflation factors and negative Housing Revenue Account subsidy entitlement and includes allowance for the proposed 2008/09 pay award.

15.40 The financial pressures identified above result not only in the need to continue to assume savings levels of 3%, but also result in a significant reduction in available revenue funding for capital purposes, necessitating a full review of the 10-Year Housing Capital Investment Programme.

15.41 To redress the financial balance between the Housing Revenue Account and Housing Capital Investment Programme, it is considered necessary to demonstrate that value for money is achieved in the procurement of the housing repairs service and to question decisions made previously with regard to discretionary capital investment in areas such as new build affordable housing and our sheltered housing stock.

Use of balances

15.42 The available balances at the end of 2007/08 were approximately £6.6m. 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, albeit at a lower level than anticipated in the 2008/09 MTS, to contribute towards the investment need identified in the Housing Capital Investment Programme.

CAPITAL

The Budget Process

15.43 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.

15.44 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.

15.45 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.

15.46 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 29 : Capital Bidding Process

Stage	**Process**
1	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. Approval at this stage would give the committee / department approval to fully work up the scheme in detail.
2	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. The scheme can only proceed when it has been approved for inclusion in the Capital Plan, and hence the required funding agreed.

15.47 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.

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

Table 30 : Consideration of Capital Items

Strategy & Resources Scrutiny date	Issues to be considered
September	Overview of the existing capital position, including the implications of the outturn for the following year. Consideration of any bids referred from committees. Housing Business Plan Statistical Appendix Programme submission made to the CLG. Preview of anticipated spending pressures and likely external funding for the next financial year.
January	Review of the projections for the next financial year, in light of the provisional allocation announcement. Review of current Hold List. Bids from Executive Councillors' budget proposals forwarded to Strategy & Resources Scrutiny Committee. Overall decision on Capital Plan by the Leader.
February	Final Government Settlement and announcement of any capital grants or funding allocations allows confirmation of the final funding decisions for the Capital Plan. This will include proposals to ensure full funding of the commitments for the next financial year. Council confirms new Capital Plan.

15.49 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

15.50 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.

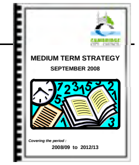
15.51 In fulfilling this aim one of the key factors is ensuring medium and long-term sustainability of services and policies adopted by the Council, and the analysis in this paper serves to demonstrate that this is achievable.

15.52 2009/10, and future years, will be particularly difficult for the General Fund, given Government Formula Grant increases significantly below the level of inflation, the impact of the shortfall in Government funding for the current concessionary fares scheme and the anticipated cost pressures arising from the Growth Agenda.

15.53 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.

15.54 The MTS shows that the major pressures faced for 2009/10 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

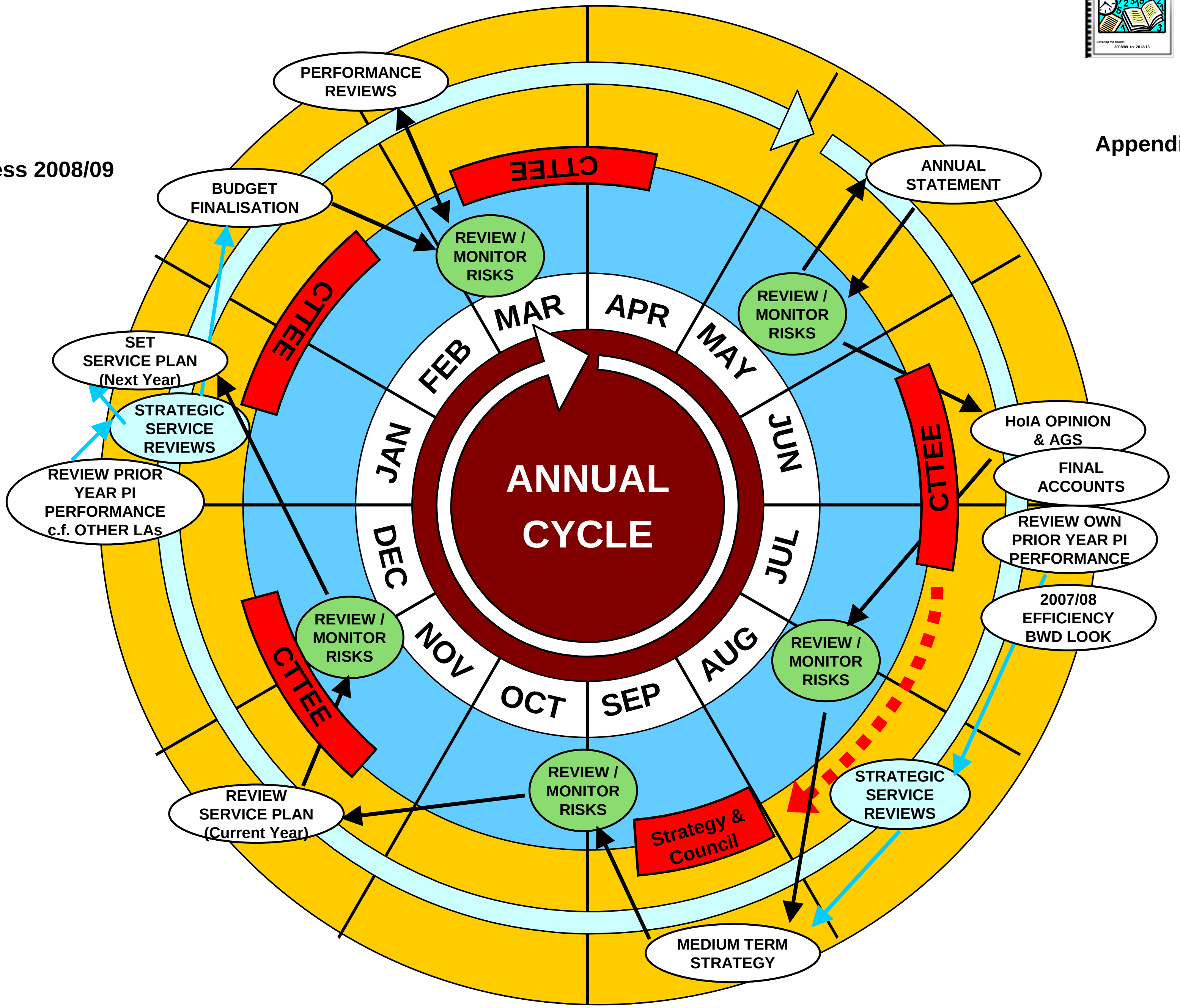


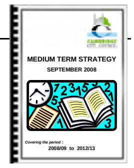
Appendix A

Corporate Decision-Making Process 2008/09

The revisions to the process for 2008/09 reflected the embedding of the Strategic Service Review process.

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





Appendix B

Outline Budget Preparation Timetable

Timetable for the key stages in the 2009/10 Corporate Planning and Decision-Making Cycle and Budget Preparation process

Date	Major Stage
1 May	City Council Elections
22 May	Council AGM: adopts Annual Statement which indicates outline plan & priorities for 2009/10
22 July	MTS input (Deliverables) returned by Managers to Finance for consideration/inclusion in the MTS
1 Sept	Strategy & Resources Scrutiny Committee: recommends MTS to Council
8 Sept	Finance despatch to Directors, Heads of Service, Cost Centre Managers and Finance & Admin Officers: • Service Planning and Budget Process Guidance • Proposed savings exemplifications for 2008/09 (also notified to Portfolio Holders) • Bids and Savings pro-forma (also used for identifying Efficiencies and links to Growth, Customer Access and Climate Change agendas)
11 Sept	Council approves MTS
14 Sept	Finance notify any changes to savings requirements and/or budget process following Council
W/C 15 Sept	Finance distribute Budget working papers to Cost Centre Managers
Sept onwards	Directors and Heads of Service: • update Service Plan performance data and discuss / agree appropriate performance targets with Executive Councillors for the remainder of the year • discuss, with relevant managers and Executive Councillors, initial service priorities and objectives and proposals for savings and bids for 2009/10
W/C 1 Sept	CMT / Heads of Service Budget Briefing
During Sept	Budget Process Workshops (as required)
11 & 16 Sept	Service Planning Training for Heads of Service and Managers

Date	Major Stage
by 15 Oct	Heads of Service: • collect half-yearly Performance Indicator information • update 2008/09 Service Plans
17 Oct	2008/09 Performance Review variance reports published on to the Internet
at latest by 31 Oct	Managers, For 2008/09: • return 2008/09 budget variance explanations using September budgetary control information to Finance for report to CMT *(Note: Revised Budgets no longer formally reported in November cycle)* For 2009/10: • identify revenue budget savings proposals (including Efficiencies) and bids • identify PPF and capital bid proposals and return completed pro-formas to Finance
early Nov	Managers submit budget proposals to relevant Officer Working Groups for initial consideration and comments
17 Nov	Completed budget working papers returned to Finance
10 Dec	Final Service Plans on N drive: Departmental Service Plans and Budget Reports to Committee services
17 Dec	Publication of Budget-Setting Report
Jan Cycle	**See separate table below for Committee dates and deadlines for:** • **2009/10 Full Service Plans** • **2009/10 Budgets, bids and savings** • **2008/09 Budget revisions**
29 Jan	Executive Budget Meeting which considers final Service Plans, budgets, precept and tax requirements
13 Feb	Special Strategy & Resources Scrutiny Committee considers any Budget amendment motions
26 Feb	**Council sets Council Tax precepts and levels**
27 Mar	2009/10 Budget Book published by Finance

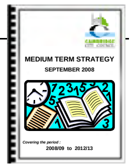
January Scrutiny Committee Cycle

[to consider Draft Budget & Service Plans 2009/10 together with any revised budget proposals for 2008/09]

	Environment	Housing Management Board	Community Services	Strategy & Resources	Executive Budget Meeting
2009/10 Full Service Plans & Budget proposals	Drafts to Committee Services 16 Nov				
	Final versions to Committee Services 10 Dec				
Final Agenda publication	17 Dec				19 Jan
Committee Dates	13 Jan	20 Jan	15 Jan	19 Jan	29 Jan
Special Strategy & Resources				13 Feb	

Note :

The special Strategy & Resources meeting on 13 February 2009 will consider any Budget Amendment submissions, prior to Council on 26 February 2009.



Appendix C

Annual Statement 2008/09

The Council has a strong vision for the future of our City which we share with Cambridge citizens and partner organisations.

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.

We are clear that climate change is an important issue for the City. We believe we should set an example by minimising our own carbon footprint as well as supporting local people and organisations to reduce their own carbon dioxide emissions. We are looking at ways in which we can adapt the way we do things to take account of likely impacts of climate change. We will use the arrangements we have put in place to work with neighbouring local authorities, the County Council and other public bodies to ensure that the low carbon agenda is at the forefront of all we do in partnership with them.

We know that providing services of a high standard has a big impact on the quality of life experienced by our citizens. We will work to ensure that we listen and respond to evidence of those experiences. We will continue to focus on improving performance in areas that we know are important to our citizens and work hard to find further efficiencies that enable us to make the best use of our resources.

The City Council is facing a period of unprecedented change. We, together with our partners, have a substantial work programme to deliver agreed sustainable growth in the sub-region in and around Cambridge. We aim to ensure that the growth of the City benefits all our citizens in both new and existing communities.

In 2006 the Council agreed a new set of Medium Term Objectives (MTOs) to help us achieve our vision and to meet the challenges that we face as a city.

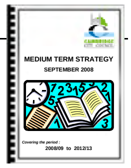
Our Medium Term Objectives are to:

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 2008/09 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 realise 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

Reducing the Council's carbon footprint

We will:

- Launch a £250,000 low carbon investment fund to reduce the City Council's carbon footprint
- Seek to improve the energy efficiency of our housing stock by continuing a programme of
  - installing extra loft insulation, cavity wall insulation and new heating systems;
  - installing dry lining to treat cold and damp rooms;
  - renewing old bathrooms and kitchens and replacing old boilers with more energy efficient ones;
  - investigating different types of renewable energy technologies.
- Seek to improve the energy efficiency of our administrative and community buildings by:
  - installing energy-saving measures at the Meadows Community Centre to reduce its carbon footprint and save on fuel bills;
  - installing automated energy monitoring systems and other energy efficiency measures in our council offices;
  - making energy efficiency improvements to our commercial properties;

Reducing the City's carbon footprint

We will:

- Continue to work to raise awareness about the effects of Climate Change, and how residents, organisations and visitors to the city can help reduce its carbon footprint.
- Require new developments of more than 1,000 square metres or 10 buildings to provide at least 10% of their energy requirements from renewable energy sources.
- Press where possible for even higher development standards, for example, providing 20% renewable energy and district housing systems in North West Cambridge, achieving high Sustainable Homes code levels, as well as high sustainability standards for new schools and other public buildings.
- Appoint a new Home Energy Officer to help people in private sector housing improve the energy efficiency of their homes, and set up a second 'Energy Action Zone' in the City.
- Offer a free Standard Assessment Procedure (SAP) energy inspection and certificate to members of the Council's Landlord Accreditation Scheme and require members to achieve a specific SAP energy rating for their properties.
- Provide advice to low income and elderly residents about how they can make their homes more energy efficient, and provide grants and loans towards improved insulation, efficient boilers and central heating.

Improving recycling and waste reduction

We will:

- Improve our recycling rates by:
  - looking at ways to recycle litter collected in the streets;
  - setting up a recycling site in Dennis Road and looking at the possibility of providing other sites in the Fison road area;
  - continue to provide facilities for recycling to blocks of flats;
  - setting up another two dry-cell battery recycling sites;
  - improving recycling rates in the Council's own buildings.
- Introduce more ways to save paper within the Council.
- Reduce the amount of waste going to landfill by supporting waste prevention initiatives such as the Real Nappy programme.

Promoting sustainable transport

We will:

- Extend the car club into new areas of the City and introduce low carbon vehicles.
- Explore whether a 'community use' bike hire scheme would be viable in Cambridge.
- Encourage the bus companies to provide better bus services into Cambridge on a Sunday.
- Install electric charging points for vehicles in our car parks.
- Investigate how parking pricing can be set to reflect the level of emissions vehicles produce.
- Use the Joint Transport Forum to influence the County Council's transport plans to ensure that new communities have an adequate transport infrastructure and that real alternatives to using the car are provided.
- Only support a congestion charging scheme in Cambridge if the conditions are beneficial and fair for Cambridge residents: better bus and cycling facilities need to be in place before any scheme starts, disabled drivers should be exempt and residents should have a very substantial discount on charges. Income from any scheme should be ring-fenced for spending in the Cambridge area, on schemes jointly decided with the City Council.

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

Improving service quality and efficiency

We will:

- Improve the range of things people can do through our web-site by:
  - enabling all planning application documents and drawings to be viewed and commented on on-line;
  - launching a new website with clear and simple information about the plans for growth in and around the city;
  - continuing the 'Scores on the Doors' scheme that provides information about the cleanliness and food safety of the city's eating places;
  - progressing the development of a new Visitor Information Centre.
- Improve the services we offer to customers through the continuing, phased development of the Council's Customer Services Centre in Mandela House and a continued focus on achieving quality and efficiency in our service delivery processes.
- Seek to achieve greater efficiency in the use of the Council's property and resources by:
  - managing our property assets more productively;
  - reviewing our plans for spending and service delivery so that we are able to meet the future needs of our growing population;
- progressing the redevelopment of the Ground Floor areas in the Guildhall.

Involving residents and service users

We will:

- Continue to use Democracy Week to encourage more people to become involved in local and national elections.
- Consult and involve local people in a new programme of conservation work in those areas of the city where there is likely to be development.
- Consult local people on how Jesus Green should be used and improved as a local facility without adversely affecting its unique character.
- Offer residents the opportunity to propose local standards for ground maintenance in their area.
- Re-launch the Neighbourhood Links programme of volunteers who will work with council officers to agree priorities for cleaning and maintaining streets and open spaces.
- Look at the use of byelaws to restrict parking on verges, where local residents request it.
- Completing the review of the way the city centre is managed so that our city centre business partners are more actively involved.

Improving access and equality

We will:

- Seek to improve access to the Guildhall for disabled people in the evenings and weekends and to modify the Council Chamber to allow to wheel-chair access to the member seating area.
- Work with our partners in the region to seek provision for up to 15 pitches for gypsy and traveller families as required by regional planning policy.
- Develop our services to the homeless by:
  - promoting ‘having something meaningful to do’ as an important way of helping people to have greater control over their lives;
  - jointly procuring, with the County Council, a new Learning and Development Service for the homeless, rough sleepers and former rough sleepers in the city.
- working with partners to transform Jimmy’s Nightshelter into a 24 hour Assessment Centre providing high quality support, accommodation and assessment for service users.

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

Keeping Cambridge Safe

We will:

- Continue to work to reduce the problems caused by alcohol in the city by:
  - considering bringing the Mill Road area into a ‘cumulative impact zone’ to allow regulation of the granting of future licenses to sell alcohol;
  - consulting on means by which licensed business might voluntarily pay towards meeting the costs of alcohol related criminal and anti-social behaviour;
  - supporting projects in the city that educate people about the safe and appropriate use of alcohol.
- Review the CCTV system to see whether it could be deployed more effectively using wireless technology, and put cameras in Wulfstan Way and Ravensworth Gardens.

- With Police Community Support Officers (PCSOs) and other partners, extend neighbourhood policing, including encouraging the police to give PCSOs greater powers to take action against cyclists who break the law.
- Draw on local expertise to help frame proposals to reduce reoffending by confronting offenders with the consequences of their behaviour.
- Use our powers to bring empty houses back into occupation as quickly as possible.

Supporting Children and Young People

We will:

- Continue to improve facilities for play and activities for children and young people by:
    - using a Big Lottery award to provide Urban Adventure play opportunities, including purchasing a Playboat to provide activities on or next to the river;
    - improving Ramsden Square Recreation Ground;
    - refurbishing the children's play area in Thorpe Way installing a new multiple use games area (MUGA) and BMX track there, and installing a MUGA at Nightingale Avenue;
    - replacing the Astroturf at Abbey Pool and improving the swimming pool changing facilities;
    - providing grants for activities for young people;
    - Continuing to seek partnership funding to expand our offering for young people across the city.
- Work to ensure that young people feel safe in Cambridge by:
    - working with partners to provide safe activities and meeting places for teenagers;
    - ensuring that where young people have issues or problems they are able to report these and that they are able to influence the work of the Community Safety Partnership.

Improving our neighbourhoods

We will:

- Ensure that public art is provided in local neighbourhoods as well as the city centre through a new public art strategy.
- Review our process for allocating grants for Environmental Improvement Projects including providing more support for local neighbourhood schemes.
- Review our City Ranger service and use the Rangers to help residents with problems with household waste and recycling.
- Trial the use of nets to reduce litter coming from domestic waste before collection.
- Make improvements to the Ekin Road estate by enforcing tenancy rules and making repairs and other physical improvements such as refurbishing garden sheds.
- Focus some conservation work on the more suburban areas of the city.
- Support residents in refurbishing the open space in Ravensworth Gardens.
- Review our public open space to see how we can make best use of it.
- Continue to deliver attractive planting schemes in the city's parks and open spaces whilst reducing the environmental costs of their planting and maintenance e.g. the amount of watering they require.
- Press the County Council for local residents to have more say in the speed limits in the city.
- Press the County Council to change its policy on yellow lines and other parking measures so that they are based on the agreed need rather than resident's ability to pay, and that environmental factors such as the protection of verges are also taken into account in assessing that need.

- Press the County Council to commit adequate resources to implement its car parking policy in the city's residential areas blighted by over-intensive commuter parking.

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

Developing our policy framework

We will:

- Adopt and promote the Quality Charter for Growth in the Cambridge area that sets out a joint vision for the quality of the built environment in the area.
- Adopt a new Planning Obligations Strategy that builds on our success in negotiating strong S106 contributions from the new developments.
- Prepare a new Core Strategy for the Local Development Framework.
- Prepare high quality Design Codes for new developments in and around the city.
- Work with Cambridge Cycling Campaign to prepare a new design guide for cycle parking in residential areas.
- Review local cycling policies with cycling groups with a view to producing and promoting a code of conduct for cyclists.

Taking forward new developments on the Cambridge fringe sites

We will:

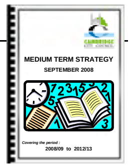
- Appoint a new Sustainable Urban Drainage Officer to promote best practice in drainage management in the new developments, and a new Biodiversity Officer to help the Council to consider the implications for biodiversity of its policies and projects.
- Prepare:
  - the final Area Action Plan for North West Cambridge for public examination;
  - the master plan for Cambridge East with the developer;
  - the Cambridge University's Mill Lane site development brief:
  - a high quality residential development on Council owned land at Clay Farm.
- Work with the County Council to achieve well-designed and sustainable new schools in the new communities.
- Continue to work with South Cambridgeshire District Council on redrawing the boundaries for the City to bring into the City those fringe developments that go across the existing boundary.

Maximising resources

We will:

- Review the many external partnerships with which we work to ensure that they are open, representative and accountable and are able to make high quality decisions on those things that affect the future of Cambridge.
- Lobby government for local powers on road pricing now that there is no longer likely to be a national scheme.
- Lobby government for investment in railways to provide new and improved infrastructure for passenger routes and to get long distance freight off roads like the A14.
- Challenge the government's proposals to impose an additional 4,300 houses in Cambridge in addition to the 14,700 included in the 2003 Structure Plan.

- Promote the case for unitary government for Cambridge, and press neighbouring authorities to join us in asking government to set up an Integrated Transport Authority for the Cambridge Region.
- Press for the transport needs of Cambridge residents to be taken properly into account within the Transport Innovation Fund proposals.
- Continue to argue for the abolition of the Council Tax and replace it with a local income tax based on people's ability to pay.



Appendix D

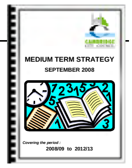
Performance Indicators (PIs) to be Used in Measuring Progress Against the Medium Term Objectives (MTOs)

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

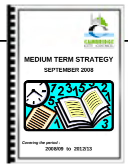
MTOPI	Indicator Description	BVPI Links
1a	Household energy use (gas and electricity) per household.	
1b	Household water use per household per day.	
1c	Number of households that have received energy advice in the form of a home energy check.	
1d	Number of renewable energy installations on Local Authority stock.	
1e	Average SAP (Standard Assessment Procedure) rating of local authority owned dwellings.	BVPI 63
1f	Number of CCC properties with an SAP of less than 35.	
1g	Average CO_2 emissions per City Council non-housing property.	
1h	CO_2 emissions per capita (tonnes per year).	
1i	Average SAP rating for the whole housing stock (CCC, OO, HA, PR).	
1j	Average CO_2 emissions for City Council and private housing stock (per CCC, OO, HA, PR property).	
1k	Water leakage rate from mains and customer pipes (litres/property/day).	
1l	Number of voluntary and community sector projects supported to promote sustainability.	
1m	Level of funding to voluntary and community sector projects to promote sustainability.	
1n	Number of households receiving energy efficiency grants.	
1o	Percentage of total tonnage of household waste which has been recycled.	BVPI 82a
1p	Percentage of the total tonnage of household waste which has been composted.	BVPI 82b
1q	Number of kilograms of household waste collected per head of population.	BVPI 84a
1r	Percentage change in the number of kilograms of household waste collected per head of population.	BVPI 84b
TOTAL NUMBER OF INDICATORS: **18**		

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	BVPI 3



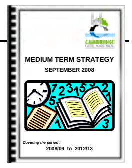
MTOPI	Indicator Description	BVPI Links
	Council a) all respondents b) BME respondents c) non BME respondents d) women e) men	
2d	Percentage of survey respondents expressing satisfaction with: a) recycling facilities b) household waste collection	BVPI 90
2e	Percentage of planning applicants satisfied 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	
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: 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	
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	a) Number of complaints received by department b) Percentage of complaints dealt with within 7 days	
2t	Number of complaints to the ombudsman which were classified as 'maladministration'	
2u	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	
2v	Proportion of working days lost to sickness	BVPI 12
2w	Satisfaction of tenants of council housing with the service provided by their landlord:	BVPI 74



MTOPI	Indicator Description	BVPI Links
	a) Overall b) BME tenants c) Non-BME tenants	
2x	Percentage of tenants satisfied with opportunities for participation in management: a) Overall b) BME tenants c) Non-BME tenants	BVPI 75
2y	Average relet times (days) for Local Authority Housing	BVPI 212
2z	Average waiting time for adaptations to Local Authority housing for people with disabilities	
2aa	a) Percentage of the Councils 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.

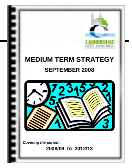
MTOPI	Indicator Description	BVPI Links
3a	Proportion of relevant land and highways assessed as having deposits of litter & detritus that fall below an acceptable level	BVPI 199a
3b	Average time taken to remove abandoned vehicles (complaint to removal)	
3c	a) Percentage graffiti cleanups within 5 days b) Percentage abusive graffiti cleanups within 1 day	
3d	Percentage of parks and open spaces to an acceptable or higher standard of maintenance	
3e	The year-on-year 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.	
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	
3l	Percentage of people who feel 'fairly satisfied' or 'very satisfied' with their local area as a place to live.	



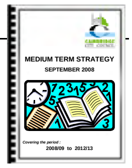
MTOPI	Indicator Description	BVPI Links
3m	Percentage of people surveyed who have worked in a voluntary capacity in the last 12 months	
3n	Number of people attending the Corn Exchange	
3o	Percentage of residents by targeted group satisfied with the local authorities cultural and recreational activities: a) Sports /Leisure facilities b) Folk Museum c) Corn Exchange d) Parks/Open spaces, play areas and other community recreation facilities and activities	BVPI 119
3p	Percentage of respondents very/fairly satisfied with the Council's cultural and recreational services overall: a) BME respondents b) Non-BME respondents 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	Average length of stay (weeks) of households which include children or a pregnant woman and which are unintentionally homeless and in priority need in: a) bed and breakfast accommodation b) hostel accommodation	BVPI 183 a & b
3s	Number of people sleeping rough on a single night within the area of the authority	BVPI 202
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	
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: **22**		

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
4d	The percentage of affordable housing completed on privately developed sites larger than 0.5 hectares or 15 dwellings or more (target 40%). Please state numerator and denominator in comments.	
4e	Percentage of new homes built on previously developed land	BVPI 106



MTOPI	Indicator Description	BVPI Links
4f	Average density of new housing on major 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) x metres/kms from formal informal green space b) x metres/kms from local shopping c) x metres/kms from community facilities d) x metres/kms from Health Centre or GP e) x metres/kms from local employment f) x metres/kms from bus stops/public transport g) x metres/kms walking/cycling distance from a school h) x metres/kms from a post office i) x metres/kms from a local recycling centre	
4i	Number of Councillors who have had design and planning training	
4j	Number of local bus passengers entering and leaving Cambridge per day	
4k	Modal share of a) cyclists b) pedestrians	
4 l	Average annual traffic flow on principal roads	
4m	Number of days per year when levels of pollution are moderate or higher: a) Nitrogen dioxide (NO_2) b) PM10 particulates	
TOTAL NUMBER OF INDICATORS:**12**		
GRAND TOTAL:**80**		



Appendix E

Public Budget Consultation

Citizens Survey Oct/Nov 2007

Summary of Spending Related Questions

Methodology

All 3 surveys included 1,100 face to face interviews at the respondent's home and were carried out during the autumn period September to November.

Findings

1. Council Tax

Respondents were read a series of statements and asked to what extent they agreed with each statement. The shaded box shows the statement with the highest net agreement (% in agreement - % in disagreement).

People are more inclined to say that services should be protected than they were in 2004.

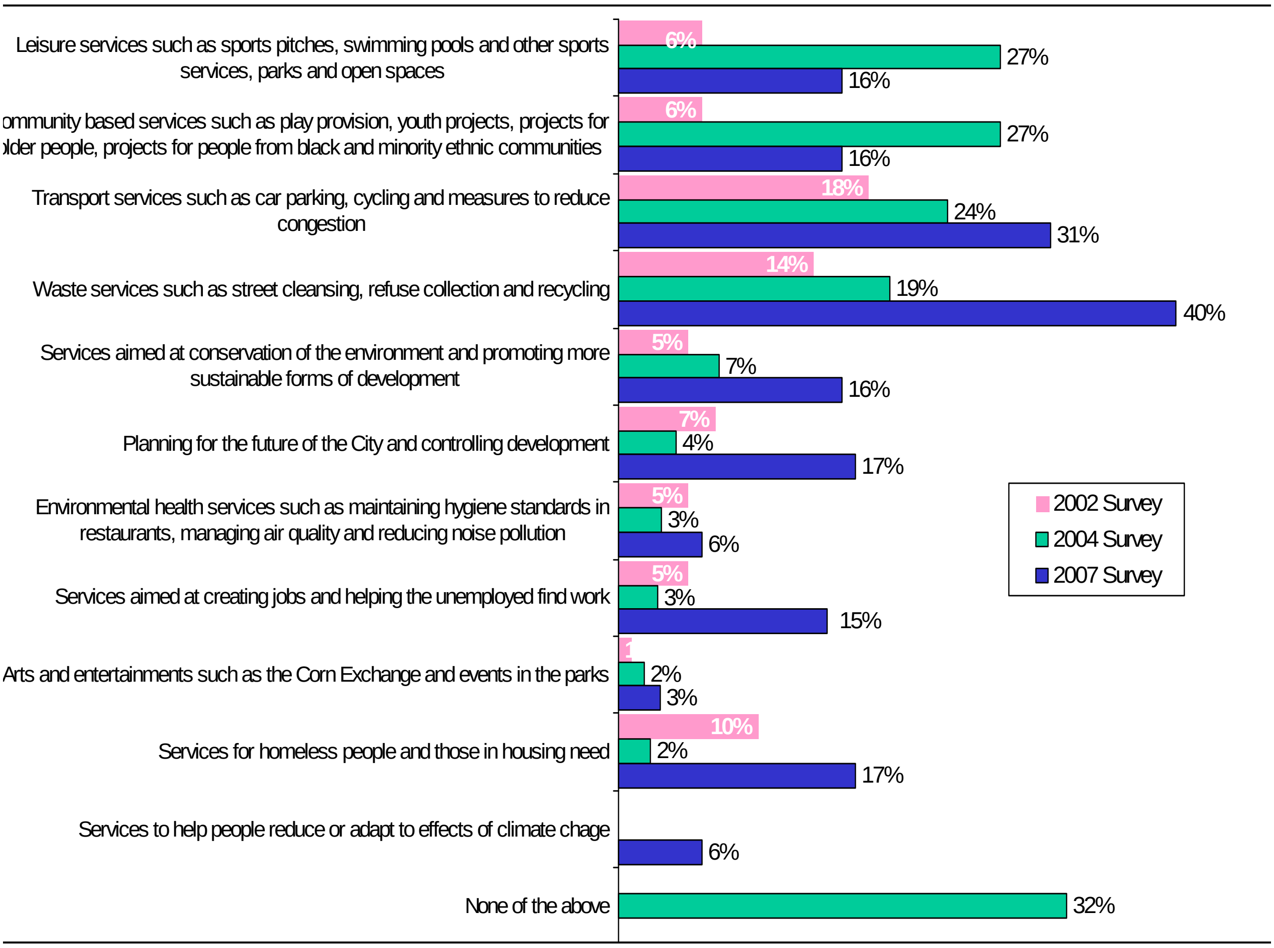
However, in each case, more people disagreed with the statement than agreed with it.

Statement	Net Agree		
	2002	2004	2007
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	-32%	+34%	-36%
It is important for the Council to maintain current levels of service, even if this means increasing Council Tax by more than inflation	+24	-12%	-4%
It is important for the Council to improve current levels of service, even if this means increasing Council Tax by more than inflation	+13	-29%	-14%

2. Broad Service Area Priorities

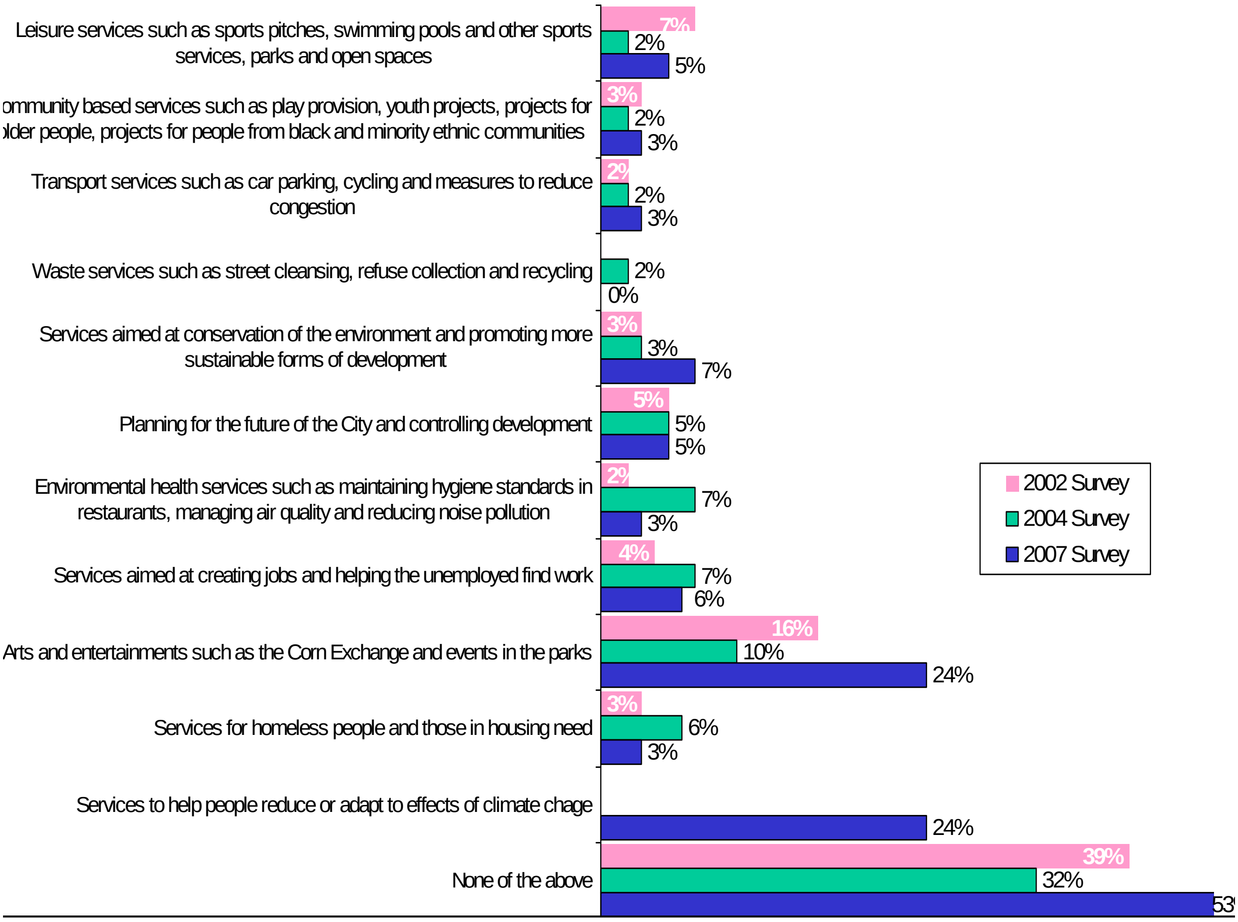
Service areas which are a priority for improvement if Council Tax is increased to improve services.

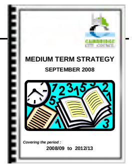
Note: Services relating to climate change did not feature in the previous 2 surveys.



Service areas which should be reduced if necessary to keep any Council Tax rise within inflation.

Note: Services relating to climate change did not feature in the previous 2 surveys.





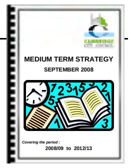
3. Service Priorities

Which services would respondents give more money to if they could influence how much was spent on each service. (Residents were asked to take into account how efficient they think each service is)

SERVICE	2002	2004	2007
Environment and Planning for the Future			
Removing abandoned vehicles	13%	4%	3%
Conservation of historic buildings	9%	2%	13%
Local land charges (searches and enquiries)	2%	1%	1%
Noise control	14%	5%	9%
Planning and control of development	15%	4%	21%
Public toilets	20%	4%	19%
Recycling	27%	34%	33%
Refuse collection	13%	15%	28%
Cemeteries and the crematorium	7%	1%	5%
Street cleaning	16%	16%	22%
Tree protection and planting	11%	7%	18%
Removal of graffiti or fly posters	N/a	3%	7%
Cutting the grass and planting on highway verges	N/a	5%	5%
Leisure and Culture			
Cambridge Corn Exchange (as participant or audience)	4%	2%	4%
Community centres	13%	2%	15%
Giving grants to support the local voluntary sector	N/a	1%	18%
Other arts and entertainment promotions in the City	7%	1%	4%
Parks and open spaces (including playgrounds)	18%	11%	24%
Sports facilities indoors and leisure centres	15%	9%	15%
Sports facilities outdoors	10%	8%	9%
Activities for children and young people	N/a	40%	30%
Safety and Transport			
Car parks	14%	5%	12%
CCTV	18%	38%	12%
Hygiene in restaurants and food shops	10%	1%	6%
Local Community Safety Initiatives	14%	32%	6%
Transport Services for elderly and disabled people	23%	3%	29%
Housing			
Council Housing	17%	13%	24%
Council Housing Waiting List	8%	3%	13%
Council Tax administration	4%	1%	2%
Housing Benefit administration	5%	1%	3%
Private Sector Housing Advice	3%	2%	2%
Supporting Homeless People	24%	2%	21%
Economic Development			
Creating and securing jobs (including training)	19%	4%	21%
The central market	8%	3%	7%
Tourism services (including information, tours and accommodation)	7%	1%	4%
Letting small commercial and industrial properties to local businesses	N/a	1%	7%

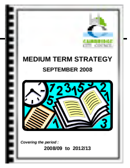
Which services would respondents give less money to if they were looking to reduce the overall Council budget.

SERVICE	2002	2004	2007
Environment and Planning for the Future			
Removing abandoned vehicles	6%	2%	3%
Conservation of historic buildings	8%	8%	8%
Local land charges (searches and enquiries)	10%	6%	12%
Noise control	5%	2%	3%
Planning and control of development	6%	3%	2%
Public toilets	4%	2%	2%
Recycling	3%	1%	1%
Refuse collection	3%	1%	1%
Cemeteries and the crematorium	6%	3%	5%
Street cleaning	4%	2%	1%
Tree protection and planting	9%	2%	9%
Removal of graffiti or fly posters	N/a	3%	7%
Cutting the grass and planting on highway verges	N/a	4%	9%
Leisure and Culture			
Cambridge Corn Exchange (as participant or audience)	15%	3%	29%
Community centres	4%	3%	4%
Giving grants to support the local voluntary sector	N/a	4%	8%
Other arts and entertainment promotions in the City	15%	3%	30%
Parks and open spaces (including playgrounds)	4%	2%	2%
Sports facilities indoors and leisure centres	8%	1%	6%
Sports facilities outdoors	8%	3%	7%
Activities for children and young people	N/a	2%	3%
Safety and Transport			
Car parks	5%	2%	10%
CCTV	6%	2%	24%
Hygiene in restaurants and food shops	6%	2%	4%
Local Community Safety Initiatives	6%	2%	8%
Transport Services for elderly and disabled people	3%	1%	1%
Housing			
Council Housing	4%	4%	3%
Council Housing Waiting List	5%	3%	3%
Council Tax administration	10%	4%	8%
Housing Benefit administration	6%	3%	6%
Private Sector Housing Advice	14%	5%	24%
Supporting Homeless People	7%	8%	4%
Economic Development			
Creating and securing jobs (including training)	5%	4%	5%
The central market	7%	4%	7%
Tourism services (including information, tours and accommodation)	14%	6%	19%
Letting small commercial and industrial properties to local businesses	N/a	4%	10%



Which services do respondents think the Council should not provide.

SERVICE	2002	2004	2007
Environment and Planning for the Future			
Removing abandoned vehicles	1%	2%	7%
Conservation of historic buildings	4%	4%	8%
Local land charges (searches and enquiries)	2%	4%	8%
Noise control	0%	1%	5%
Planning and control of development	1%	0%	1%
Public toilets	0%	1%	2%
Recycling	1%	0%	0%
Refuse collection	0%	0%	0%
Cemeteries and the crematorium	2%	1%	2%
Street cleaning	0%	0%	1%
Tree protection and planting	1%	0%	5%
Removal of graffiti or fly posters	N/a	1%	2%
Cutting the grass and planting on highway verges	N/a	1%	3%
Leisure and Culture			
Cambridge Corn Exchange (as participant or audience)	4%	3%	21%
Community centres	1%	2%	1%
Giving grants to support the local voluntary sector	N/a	2%	4%
Other arts and entertainment promotions in the City	4%	2%	17%
Parks and open spaces (including playgrounds)	0%	0%	0%
Sports facilities indoors and leisure centres	1%	1%	4%
Sports facilities outdoors	1%	1%	4%
Activities for children and young people	N/a	1%	2%
Safety and Transport			
Car parks	2%	2%	4%
CCTV	2%	2%	10%
Hygiene in restaurants and food shops	1%	3%	10%
Local Community Safety Initiatives	1%	2%	6%
Transport Services for elderly and disabled people	0%	2%	1%
Housing			
Council Housing	1%	1%	2%
Council Housing Waiting List	1%	1%	2%
Council Tax administration	1%	2%	3%
Housing Benefit administration	1%	2%	2%
Private Sector Housing Advice	5%	3%	25%
Supporting Homeless People	2%	6%	6%
Economic Development			
Creating and securing jobs (including training)	3%	1%	13%
The central market	2%	2%	6%
Tourism services (including information, tours and accommodation)	3%	4%	11%
Letting small commercial and industrial properties to local businesses	N/a	3%	15%



Would respondents be willing to pay a higher charge for any of the services to make sure the Council could continue to provide them or to provide them to a higher level.

SERVICE	2002	2004	2007
Environment and Planning for the Future			
Removing abandoned vehicles	4%	1%	2%
Conservation of historic buildings	4%	1%	6%
Local land charges (searches and enquiries)	2%	0%	1%
Noise control	6%	2%	5%
Planning and control of development	5%	1%	11%
Public toilets	9%	0%	9%
Recycling	15%	10%	38%
Refuse collection	8%	3%	34%
Cemeteries and the crematorium	4%	1%	5%
Street cleaning	7%	3%	14%
Tree protection and planting	6%	2%	9%
Removal of graffiti or fly posters	N/a	0%	4%
Cutting the grass and planting on highway verges	N/a	0%	3%
Leisure and Culture			
Cambridge Corn Exchange (as participant or audience)	2%	0%	4%
Community centres	4%	1%	8%
Giving grants to support the local voluntary sector	N/a	0%	7%
Other arts and entertainment promotions in the City	3%	0%	6%
Parks and open spaces (including playgrounds)	8%	1%	16%
Sports facilities indoors and leisure centres	7%	1%	11%
Sports facilities outdoors	5%	1%	9%
Activities for children and young people	N/a	25%	27%
Safety and Transport			
Car parks	6%	1%	6%
CCTV	7%	13%	7%
Hygiene in restaurants and food shops	3%	0%	4%
Local Community Safety Initiatives	5%	12%	5%
Transport services for elderly and disabled people	9%	1%	13%
Housing			
Council Housing	5%	6%	11%
Council Housing Waiting List	3%	1%	5%
Council Tax administration	1%	0%	2%
Housing Benefit administration	2%	0%	2%
Private Sector Housing Advice	1%	0%	1%
Supporting Homeless People	9%	1%	11%
Economic Development			
Creating and securing jobs (including training)	5%	1%	7%
The central market	3%	0%	5%
Tourism services (including information, tours and accommodation)	2%	0%	3%
Letting small commercial and industrial properties to local businesses	N/a	0%	3%

Appendix F

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%**

The next update from the County Research Group is scheduled to be received in September 2008.

Appendix G

Treasury Management Strategy Statement & Annual Investment Strategy 2008/09

1. Introduction

The Local Government Act 2003 and supporting regulations 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 (as required by Investment Guidance issued subsequent to the Act) (included as paragraph 8). 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 2008/09 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: -

a. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and

b. 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 2008/09 to 2010/11

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 2008/09 – 2010/11

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	**2006/07 actual (£ 000's)**	**2007/08 probable outturn (£ 000's)**	**2008/09 estimate (£ 000's)**	**2009/10 estimate (£ 000's)**	**2010/11 estimate (£ 000's)**
Capital Expenditure					
General Fund	10,690	9,671	11,373	4,968	3,617
HRA	12,020	18,939	19,071	11,498	12,067
TOTAL	22,710	28,610	30,444	16,466	15,684
Ratio of financing costs to net revenue stream					
General Fund	(17.91%)	(21.06%)	(14.34%)	(12.64%)	(13.01%)
HRA	(1.60%)	(1.69%)	(1.27%)	(1.04%)	(0.93%)
Net borrowing requirement	(73,589)	(73,756)	(64,775)	(62,954)	(60,820)
In year Capital Financing Requirement					
General Fund	0	0	0	0	0
HRA	0	0	0	0	0
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)				

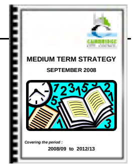
PRUDENTIAL INDICATOR **Specific Treasury Management Prudential Indicators**	**2006/07 actual (£ 000's)**	**2007/08 probable outturn (£ 000's)**	**2008/09 estimate (£ 000's)**	**2009/10 estimate (£ 000's)**	**2010/11 Estimate (£ 000's)**
Authorised limit for external debt					
Borrowing	10,000	10,000	10,000	10,000	10,000
other long term liabilities	0	0	0	0	0
TOTAL	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**
Operational boundary for external debt					
Borrowing	1,430	3,000	3,000	3,000	3,000
other long term liabilities	0	0	0	0	0
TOTAL	**1,430**	**3,000**	**3,000**	**3,000**	**3,000**
Upper limit for fixed interest rate exposure Net interest re fixed rate borrowing / investments	(4,000)	(4,400)	(3,700)	(3,500)	(3,000)
Upper limit for variable rate exposure Net interest re variable rate borrowing / investments	(50)	(300)	(300)	(300)	(300)
Upper limit for total principal sums invested for over 364 days (per maturity date)	5,000	5,000	5,000	5,000	5,000

Maturity structure of new fixed rate borrowing during 2006/07	**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 30/11/07 comprised:

		Principal (£m)	**Ave. rate (%)**
TOTAL DEBT		0	
TOTAL INVESTMENTS		**77.87**	6.00



5. Borrowing Requirement

	2006/07 actual (£ 000's)	2007/08 probable outturn (£ 000's)	2008/09 estimate (£ 000's)	2009/10 estimate (£ 000's)	2010/11 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

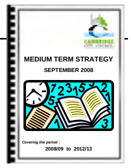
The Council has appointed Sector Treasury Services as treasury advisers to the Council and part of their service is to assist the Council to formulate a view on interest rates. Annex A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following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

Sector interest rate forecast – 1 February 2008

	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	Q/E4 2010	Q/E1 2011	Q/E2 2011
Bank Rate	5.25%	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5yr PWLB rate	4.55%	4.55%	4.50%	4.50%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.85%	4.85%
10yr PWLB rate	4.60%	4.55%	4.50%	4.50%	4.55%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.80%
25yr PWLB rate	4.55%	4.50%	4.50%	4.50%	4.50%	4.55%	4.60%	4.65%	4.70%	4.70%	4.75%	4.75%	4.75%	4.75%
50yr PWLB rate	4.50%	4.45%	4.45%	4.45%	4.45%	4.50%	4.55%	4.60%	4.60%	4.65%	4.65%	4.65%	4.65%	4.60%

Sector's current interest rate view on Bank Rate: -

- started on a downward trend from 5.75% to 5.50% in December 2007
- is to be followed by further cuts in Q1 2008 to 5.25%, to 5.00% in Q2 2008 and to 4.75% in Q3 2008
- will remain unchanged until an increase in Q4 2009 to 5.0%
- remain unchanged then for the rest of the forecast period
- there is downside risk to this forecast if inflation concerns subside and therefore opens the way for the MPC to be able to make further cuts in the Bank Rate.



Economic background

Introduction

- The sub prime crisis and the major downturn in the housing market in the US has prompted fears around the world of the potential impact on world banking systems and on world growth. This has led to a sharp downturn in economic sentiment at the start of 2008 which caused the U.S. Fed to take emergency action in January to counteract these hugely negative developments. These have led some forecasters to make a sharp downward re-assessment of forecast interest rates in 2008 and 2009.

UK

- GDP growth has been strong during 2007 and hit 3.3% year on year in Q3 and 2.9% in Q4 despite expectations of a significant slowdown in the pace of the economy. Growth is expected to cool to 2.0% in 2008.

- Higher than expected immigration from Eastern Europe has underpinned strong growth and dampened wage inflation.
- House prices started on the downswing in Q3 2007 and this is expected to continue into 2008.

- The combination of increases in Bank Rate and hence mortgage rates, short term mortgage fixes expiring and being renewed at higher rates, food prices rising at their fastest rate since 1993 and increases in petrol prices, have all put consumer spending power under major pressure.

- Banks have also tightened their lending criteria since the sub prime crisis started and that will also dampen consumer expenditure via credit cards and on buying houses through obtaining mortgages.

- Government expenditure will be held under a tight reign for the next few years, undermining one of the main props of strong growth during this decade.

- The MPC is very concerned at the build up of inflationary pressures especially the rise in the oil price to $90 – 100 per barrel (was $30 in 2003) and the consequent likely knock on effects on general prices. The prices of UK manufactured goods have risen at the fastest rate in 16 years in December 2007 – 5.0%. Food prices have also risen at their fastest rate for 14 years (7.4% annual increase) driven by strong demand from China and India. Consequently, the MPC is going to be much more cautious about cutting rates compared to the Fed in the face of these very visible inflationary pressures. In addition, UK growth was still strong in Q4 (despite expectations of a significant cooling off). The downward trend in Bank Rate is now expected to be faster than at first thought after the initial cut in December 2007 to 5.50% in view of the MPC minutes which showed a unanimous MPC vote for a cut and the consideration given to a half per cent cut. This demonstrated how concerned the MPC is at the potential impact of the credit crunch on the economies of the western world. However, the MPC's room for cutting rates is currently limited by concerns over inflationary pressures. If those pressures subside, then there is further downward risk to the Sector forecast which currently only allows for 0.25% cuts to reach 4.75% in Q3 2008.

International

- The US, UK and EU economies have all been on the upswing of the economic cycle during 2005 and 2006 and so interest rates were successively raised in order to cool their economies and to counter the build up of inflationary pressures.

- The US is ahead of both the UK and EU in the business cycle and started on the downswing of the economic cycle during 2007. The Fed. rate peaked at 5.25% and was first cut in September by 0.5% to 4.75%. This was a response to the rapidly deteriorating prospects for the economy in the face of the downturn in the housing market, the sub prime mortgage crisis and the ensuing liquidity crisis which started in August 2007 and has subsequently resulted in banks making some major write offs of losses on debt instruments containing sub prime mortgages. Banks have also tightened their lending criteria which has hit hard those consumers with poor credit standing.

- The Fed cut its rate again, to 4.5% in October 2007 and to 4.25% in December. . A steep plunge in equity markets around the world in January precipitated by widespread concerns as to recession in the US, the financial viability of bond insurers in the US as a result of the sub-prime crisis and the unwinding of huge unauthorised positions taken by a rogue trader at the French bank SocGen, triggered an emergency between meetings cut of 0.75% by the Fed followed by another cut of 0.50% at its regular meeting a few days later on 30 January.

- More cuts may be required to try to further stimulate the economy and to ameliorate the extent of the expected downturn. However, the speed and extent of these cuts may be inhibited by inflationary pressures arising from oil prices, the falling dollar increasing the costs of imports, etc. The US could be heading into stagflation in 2008 – a combination of inflation and a static economy (but the economy could even tip into recession if the housing downturn becomes severe enough).

- The major feature of the US economy is a steepening downturn in the housing market which is being undermined by an excess stock of unsold houses stoked by defaulting sub prime borrowers pushed into forced sales. 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. Petrol prices have trebled since 2003 and, with similar increases in the price of home heating oil, this will also depress consumer spending with knock on effects on house building, employment etc.

- The downturn in economic growth in the US in 2008 will depress world growth, (especially in the western economies), which will also suffer directly under the impact of high oil prices. However strong growth in China and India will partially counteract some of this negative pressure.

- EU growth has been strong during 2006 and 2007 but will be caught by the general downturn in world growth in 2008.

7. Borrowing Strategy

It is not anticipated that the Council will need to borrow for capital purposes during 2008/09.

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.

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 February 2006, Council approved a recommendation to allow up to £5million of 'core' investments (i.e. sums that are likely 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: Bank Rate started on a downward trend from 5.75% with the first cut to 5.50% in December 2007. This is forecast to continue with further cuts to 5.25% in Q1 2008, 5.00% in Q2 and 4.75% in Q3 2008. It is then expected to rise back to 5.0% in Q4 2009 and stabilise there for the foreseeable future.

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.

INTEREST RATE FORECASTS **Annex A**

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.

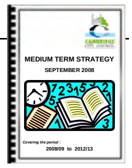
1. INDIVIDUAL FORECASTS

Sector interest rate forecast – 1 February 2008

	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	Q/E4 2010	Q/E1 2011	Q/E2 2011
Bank Rate	5.25%	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5yr PWLB rate	4.55%	4.55%	4.50%	4.50%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.85%	4.85%
10yr PWLB rate	4.60%	4.55%	4.50%	4.50%	4.55%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.80%
25yr PWLB rate	4.55%	4.50%	4.50%	4.50%	4.50%	4.55%	4.60%	4.65%	4.70%	4.70%	4.75%	4.75%	4.75%	4.75%
50yr PWLB rate	4.50%	4.45%	4.45%	4.45%	4.45%	4.50%	4.55%	4.60%	4.60%	4.65%	4.65%	4.65%	4.65%	4.60%

Capital Economics interest rate forecast – 12 December 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
Bank rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%	4.00%	4.00%
5yr PWLB rate	4.65%	4.45%	4.35%	4.05%	3.95%	4.05%	4.25%	4.35%	4.75%
10yr PWLB rate	4.65%	4.45%	4.25%	4.15%	4.15%	4.25%	4.45%	4.65%	4.85%
25yr PWLB rate	4.65%	4.55%	4.45%	4.45%	4.35%	4.45%	4.55%	4.75%	4.95%
50yr PWLB rate	4.55%	4.55%	4.45%	4.35%	4.25%	4.35%	4.55%	4.65%	4.75%



UBS interest rate forecast (for quarter ends) – 25 January 2008

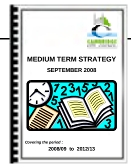
	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009
Bank Rate	5.25%	5.00%	4.75%	4.25%	4.25%	4.25%	4.25%	4.25%
10yr PWLB rate	4.65%	4.60%	4.55%	4.55%	4.55%	4.55%	4.65%	4.75%
25yr PWLB rate	4.50%	4.50%	4.50%	4.45%	4.45%	4.45%	4.55%	4.65%
50yr PWLB rate	4.43%	4.40%	4.45%	4.45%	4.50%	4.55%	4.65%	4.75%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – January 2008 summary of forecasts of 24 City and 13 academic analysts for Q4 2007 and 2008. (2009 – 2011 are based on 21 forecasts)

BANK RATE FORECASTS		quarter ended		annual average Bank Rate		
	actual	Q4 2007	Q4 2008	ave. 2009	ave. 2010	ave. 2011
Median	5.50%	5.50%	4.88%	5.20%	5.24%	5.27%
Highest	5.50%	5.75%	6.25%	6.25%	6.25%	6.25%
Lowest	5.50%	5.00%	4.25%	4.80%	4.50%	4.50%

	bank rate	Quarter ended		annual average bank rate		
	actual	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%



Minimum Revenue Provision (MRP) : Changes to Regulations

1. Introduction

1.1. There have been changes (March 2008) to the regulations concerning the requirement to set aside, from revenue account, a sum (known as the "minimum revenue provision (MRP)" to repay capital debt (i.e. capital expenditure financed by borrowing or credit arrangements) and the options now available for calculating such sum.

1.2. Members should note that the options discussed below will only become relevant to this Council once it looses it's debt-free status due to General Fund borrowing. No one particular option is favoured at this time; options will be revisited and a further report will be provided if and when General Fund borrowing becomes appropriate.

2. Background

2.1. The requirement for indebted Councils to set aside a MRP has been a feature of local authority accounting since 1 April 1990. In addition, the method of calculating MRP has been prescribed in legislation. In basic terms, and since 1 April 2004, MRP equated to 4% of a Council's Capital Financing Requirement (CFR) at 1 April each year (plus or minus some technical accounting adjustments).

(Note: The CFR is a calculation, required under the CIPFA Prudential Code, which results in a figure deemed to be representative of outstanding capital debt. This figure can be negative, in which case no MRP is required.)

2.2. It should be noted that there is no MRP liability in respect of HRA debt. This is because HRA debt is dealt with under separate legislation. In effect, therefore, changes to MRP will be determined by changes to General Fund debt only.

2.3. Cambridge City Council, being debt free and with a negative CFR, does not, currently, have to provide for a MRP.

3. Revised Legislation

3.1. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 has radically simplified the rules surrounding the calculation of MRP. An authority's MRP liability is now governed by statutory guidance rather than through regulation.

3.2. In addition, a general duty has been placed upon local authorities to make an amount of MRP that it considers to be "prudent", with responsibility placed upon full Council to approve an annual MRP policy statement.

4. Annual MRP Statement

4.1 The Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full council. The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year. If it is ever proposed to vary the terms of the original statement during the year a revised statement should be put to the council at that time.

5. Meaning of "Prudent Provision"

5.1. The Secretary of State recommends that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

6. Options for Prudent Provision

6.1. Option 1: Regulatory Method

6.1.1. MRP continues to be determined in accordance with the former regulations and takes account of the various technical accounting adjustments allowed under such regulations. However, this method may only be used in relation to capital expenditure that forms part of Government-supported borrowing.

6.2 Option 2: CFR method

6.2.1 MRP is equal to 4% of the non-housing CFR at the end of the preceding financial year. This is a technically much simpler alternative to Option 1 but again, this method can only be used in relation to capital expenditure that forms part of Government-supported borrowing.

6.3 Option 3: Asset Life Method

6.3.1 MRP is determined by reference to the life of the asset. This can be done in two ways: equal instalment method or annuity method. The latter method may be more appropriate to an asset where the benefits from it are expected to increase in later years.

6.4 Option 4: Depreciation Method

6.4.1 MRP is calculated in accordance with the standard rules for depreciation accounting and continues until the total provision made is equal to the original amount of the debt; it may then cease.

7 MRP commencement (Options 3 & 4)

7.1 When borrowing to provide an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may postpone beginning to make MRP until the financial year following the one in which the asset becomes operational.

8 Finance leases

8.1 The MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability.

9 Special conditions

9.1 The MRP for certain capitalised expenditure financed by borrowing or credit arrangements has to be calculated using Option 3. These are:

- Where the Secretary of State makes a direction under section 16(2)(b) that expenditure should be treated as capital expenditure.
- Expenditure on computer programs

- Loans & grants towards capital expenditure by third parties
- Repayment of grants and loans for capital expenditure
- Acquisition of share or loan capital
- Expenditure on works to assets not owned by the authority
- Expenditure on assets for use by others
- Payment of levy on large scale voluntary transfers (LSVTs) of dwellings.

The guidance also gives maximum asset lives to each of the above for use in the calculation of MRP under Option 3.

Appendix G

ANNUAL TREASURY REPORT 2007/08

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. 2007/08.

2.0 The Council's Strategy for 2007/08

Interest rates

Short-term interest rates

Base Rate was expected to peak at 5.5% in Q1 2007 before falling to 5.25% in Q3 2007 and to 5.0% in Q4 2007. It was then expected to remain at 5.0% for the remainder of the financial year. This was based upon the prospect for interest rates given to the Council, in January 2007, by its external treasury advisers (Sector Treasury Services Ltd).

Sector saw robust growth in UK GDP, moving up from 2.2% in 2007 to 2.5% in 2008. This was against a background of a modest recovery in consumer spending; a more robust than expected housing market, with house price inflation of over 8%; higher than expected immigration from Eastern Europe strengthening growth and dampening wage inflation and CPI being at target in two years. Risks to the upside were house prices continuing to rise, wage pressures rising in response to inflationary pressures and higher utility prices.

The U.S. Fed Rate was expected to have peaked at 5.25% although there remained concern over the steepening downturn in the housing market and the prospects of reduced consumer spending affecting the wider US economy. In the Euro area, growth was expected to slow moderately in 2007 due to weaker US and global demand.

Longer-term interest rates

Long-term PWLB rates (50 years) were forecast to remain static around 4.25% for the whole of the year, whereas the 25 year rate was expected to remain flat at around 4.50%.

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 2007/08

Interest rates

Short-term interest rates

Bank Rate started 2007/08 at 5.25%, with expectations that there would be further increases in rates to 5.5%. This was reflected in a positive interbank money market curve. A further increase in rates to 5.5% duly occurred on 10th May 2007 but not before the Governor of the Bank of England had written a letter to the Chancellor in April explaining why CPI had risen to 1% or more above the official CPI inflation target of 2%.

The Bank of England Inflation Report of May 2007 showed inflation would be above target at the two year horizon. Another interest rate rise, to 5.75%, occurred on 5th July with the markets expecting further increases. One year interbank was priced at over 6%, GDP growth was continuing to strengthen and the housing market was still robust. The August inflation report showed bank rate needing to rise to 6% to keep inflation at target in two years time.

However, August was the peak in interest rates as the ‘credit crunch’ hit the markets and the global economy. The Federal Reserve Bank injected $38bn of liquidity into the US markets on 9th August. The ECB followed suit but the Bank of England chose only to make available cash at a penal rate of 1% above bank rate. On 17th August the Fed cut rates by 50 bp to 5.25% and did so again on 18th September.

The MPC declined to cut bank rate at its October meeting, being concerned about the inflation outlook and the rising price of oil, although the CPI had, in fact, dropped to 1.8% in September. 3 month LIBID still remained well above bank rate.

On 31st October the Federal Reserve cut rates again to 4.50% and the following day added $41bn of reserves in attempt to free up the markets. The MPC eventually cut bank rate on 6th December to 5.50% as concerns about the economy and the credit crunch mounted. On 11th December the Fed cut rates again by 25 bp.

2008 was ushered in with major fears about the global economy. Stock markets fell sharply and government bond yields fell. The Fed cut rates again on 22nd January, this time by a massive 0.75bp to 3.5% and once more on 30th January to 3%. The MPC followed suit in February, cutting bank rate by 25bp to 5.25%.

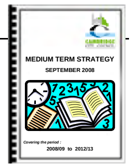
The UK budget brought increased debt issuance but little else, pushing gilt yields up sharply and driving PWLB rates upwards. The year ended with the money markets anxious and nervous and 3 month cash 75bp above bank rate.

Longer-term interest rates

The PWLB 45-50 year rate started the year at 4.45% and fell to a low of 4.38% in March 2008. The high point, of which there were several for the 45-50 year rate, was 4.90% before finishing the year at 4.42%. The volatility in yields was a direct reflection of the massive turnaround in interest rate sentiment brought about by the sub-prime crisis in the US.

Borrowing

The Council did not have to borrow in 2007/08 and remains ‘debt free’.



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 3 years, dependent upon the Council's cash flows, its view on interest rates and the interest rates on offer.

The change in direction of interest rates, from the original expectation of rates falling to 5.0% to one where rates rose to 5.75%, allowed the Council to invest some of its portfolio at rates higher than forecast.

As in past years, cash flow remained 'healthy' throughout 2007/08. The total value of surplus funds invested during this time amounted to £982.1m, and the total value of investments that were repaid was £987.65m, resulting in a net decrease in investments of £5.24m 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.

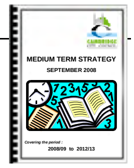
The table below shows comparative Investment Outturn for 2007/08 against 2006/07.

Investment Type	**2007/2008**			**2006/2007**		
	Average Investments	Rate of Return	Benchmark Return	Average Investments	Rate of Return	Benchmark Return
1. Internally Managed Funds						
Fixed Short-Term (<365 days)	£78.61m	5.88%	5.90%	£75.55m	4.83%	4.82%
Callable Deposits	-	-	5.54%	£2.55m	4.52%	4.82%
Call/Overnight Accounts	£2.26m	5.32%	5.68%	£2.55m	4.58%	4.82%
Money Market Funds	-	-	5.74%	-	-	4.82%
Fixed Long-Term (>365 days)	-	-	5.65%	-	-	4.82%
2. Externally Managed Funds						
Managed Funds	-	-	5.43%	-	-	4.82%
3. Overall Investment Return						
Total - All Investments	**£80.88m**	**5.86%**	**5.80%**	**£80.64m**	**4.81%**	**4.82%**

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

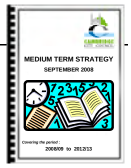
PRUDENTIAL INDICATORS

	Actual 2006/07 £'000	Original 2007/08 £'000	Revised 2007/08 £'000	Actual 2007/08 £'000	Notes 1.
Capital expenditure					
- General Fund	10,690	13,564	9,671	5,983	
- HRA	12,020	17,992	18,939	13,562	
Total	22,710	31,556	28,610	19,545	
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	-17.91%	-16.68%	-21.06%	-21.37%	2.
- HRA	-1.60%	-1.48%	-1.69%	-1.79%	
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 Requirement	-73,589	-61,411	-73,756	-69,779	2.
Authorised limit					
for borrowing	10,000	10,000	10,000	10,000	
for other long term liabilities	0	0	0	0	
Total	10,000	10,000	10,000	10,000	
Operational boundary					
for borrowing	1,430	3,000	3,000	3,000	
for other long term liabilities	0	0	0	0	
Total	1,430	3,000	3,000	3,000	
Upper limits on fixed interest rate and variable interest rate exposures					
Fixed rate	-4,000	-4,000	-4,400	-4,618	2.
Variable rate	-50	-50	-50	-78	
Upper limit for total principal sums invested for over 364 days	5,000	5,000	5,000	5,000	

Notes:

1. ‘Original’ refers to the Council’s Treasury Management Strategy report (TMSR) of January 2007 and ‘Revised’ to the TMSR of January 2008.

2. Additional interest receipts and a higher level of investments, were the causes of the variances to these Prudential Indicators (‘original’ v. ‘actual’).



Appendix H

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

AIB Group (UK) Plc	United Kingdom
Banco Popolare	Foreign Bank (Italy)
Ulster Bank Ireland Ltd	Foreign Bank (Rep of Ireland)
Kookmin Bank	Foreign Bank (South Korea)
Shinhan Bank	Foreign Bank (South Korea)
Wells Fargo Bank	Foreign Bank (United States)

Deletions

Cheshire Building Society	UK Building Society
Derbyshire Building Society	UK Building Society
Bradford & Bingley	United Kingdom
Egg Banking Plc	United Kingdom
Kaupthing Singer & Friedlander Ltd	United Kingdom
IXIS Corporate & Investment Bank	Foreign Bank (France)
DekaBank Deutsche Girozentrale	Foreign Bank (Germany)
DePfa Deutsche Pfandbriefbank	Foreign Bank (Germany)
Landesbank Rheinland-Pflaz Girozentrale	Foreign Bank (Germany)
Landwirtschaftliche Rentenbank	Foreign Bank (Germany)
Glitnir	Foreign Bank (Iceland)
Kaupthing Bank hf	Foreign Bank (Iceland)
Irish Nationwide Building Society	Foreign Bank (Rep of Ireland)

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
Coventry Building Society	UK Building Society
Leeds Building Society	UK Building Society
Nationwide Building Society	UK Building Society
Newcastle Building Society	UK Building Society
Norwich & Peterborough Building Society	UK Building Society
Principality Building Society	UK Building Society
Skipton Building Society	UK Building Society
West Bromwich Building Society	UK Building Society

Yorkshire Building Society	UK Building Society

UK Banks

Abbey plc	United Kingdom
AIB Group (UK) Plc	**United Kingdom**
Alliance & Leicester	United Kingdom
Bank of Scotland Plc	United Kingdom
Barclays Bank plc	United Kingdom
Butterfield Bank (UK) Limited	United Kingdom
Clydesdale Bank	United Kingdom
Co-operative Bank	United Kingdom
Crown Agents Financial Services	United Kingdom
Gulf International Bank (UK) Ltd	United Kingdom
Heritable Bank	United Kingdom
HSBC Bank Plc	United Kingdom
Lloyds TSB Bank	United Kingdom
MBNA Europe Bank Ltd	United Kingdom
Merrill Lynch International Bank Ltd	United Kingdom
National Westminster Bank	United Kingdom
Royal Bank of Scotland plc (The)	United Kingdom
Standard Chartered Bank	United Kingdom
Ulster Bank Ltd	United Kingdom

Foreign Banks

Australia & New Zealand Banking Group	Australia
Commonwealth Bank of Australia	Australia
National Australia Bank	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
Bank of China	China
Danske Bank	Denmark
Nordea Bank Finland	Finland
Banque Palatine	France
BNP Paribas	France
CALYON	France
Credit Agricole	France
Credit Industriel et Commercial (CIC Group)	France
Dexia Credit Local	France
Natixis	France
Societe Generale (SG)	France
Bayerische Hypo-und Vereinsbank	Germany

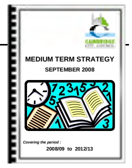
Bayerische Landesbank Girozentrale	Germany
Commerzbank	Germany
Deutsche Bank AG	Germany
Deutsche Postbank AG	Germany
Dresdner Bank, AG	Germany
DZ Bank AG	Germany
Eurohypo AG	Germany
HSH Nordbank AG	Germany
Hypothekenbank in Essen AG	Germany
Landesbank Baden-Wuerttemberg	Germany
Landesbank Berlin	Germany
Norddeutsche Landesbank Girozentrale	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
Landsbanki Islands hf	Iceland
Banca Monte dei Paschi di Siena	Italy
Banca Popolare	**Italy**
Banca Popolare di Milano	Italy
Intesa Sanpaolo Spa	Italy
UniCredito Italiano	Italy
Bank of Tokyo - Mitsubishi UFJ Ltd	Japan
Chiba Bank	Japan
Mitsubishi UFJ Trust and Banking Corporation)	Japan
Mizuho Corporate Bank Ltd	Japan
Sumitomo Mitsui Banking Corporation Europe	Japan
Sumitomo Trust & Banking Company	Japan
National Bank of Kuwait	Kuwait
Dexia Banque Internationale a Luxembourg	Luxembourg
Fortis Banque Luxembourg	Luxembourg
ABN AMRO Bank N.V.	Netherlands
Bank Netherlandse 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
Ulster Bank Ireland Ltd	**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
Kookmin Bank	**South Korea**
Shinhan Bank	**South Korea**
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
Wells Fargo Bank	**United States**

Local Authorities - All UK Local Authorities

Police Authorities - All UK Police Authorities

Nationalised Industries - All UK Nationalised Industries

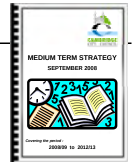


Appendix I

Budget Assumptions

The main assumptions included in the budget forecast are :-

Ref.	Assumption
(1)	Base – 2008/09 Approved Budget, as amended, with known changes for 2009/10.
(2)	General inflation on expenditure - included at 4.0% *(RPIX – April 2008)*
(3)	Increased central provisions have been made for fuel, electricity and gas based on current knowledge of these markets
(4)	Employee budgets include: - cost of pay award allowance 2.50%* - allowance for incremental progression 2.20% total allowance for pay and increments 4.70% - Allowance for incremental progression has been included pending any detailed budget adjustments to reflect performance results. **Award pending*
(5)	Employee budgets - assume an employee turnover saving of 3.0% of gross pay budget
(6)	Service Level Agreements – calculated based on the impact of the inflation allowances on providing the services (i.e. excluding capital charges, etc.) - SLAs, typically 4.50% - Admin. Buildings, typically 3.40%
(7)	Property Rental income – based on projections from the portfolio, reflecting actual incidence of rent reviews. Overall effect is equal to 2.79% (1.21% under the assumed level of inflation).
(8)	Income and Charges – general assumption of 4.0% built into base, but reviews of all charges required by committees.
(9)	Interest rate – based on latest market projections (on average 5.19% for 2009/10)
(10)	Major contracts and agreements, in term are rolled forward based on the specified inflation indices in the contract or agreement.
(11)	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 J

Unavoidable Spending Pressures

(a) General Fund

General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
Previously Approved :						
Employers Pension contribution	0	0	513,030	513,030	513,030	Balance of provision required due to final actuarial report for 2007
Lion Yard - Rent Income	0	0	0	0	(156,790)	Balance of net change in rents projected after contribution to capital
C Tax Income earmarked for Growth Spend	110,010	290,230	602,700	938,990	1,250,540	Earmarked Provision
Growth delivery	11,360	11,360	11,360	11,360	11,360	
Growth – additional cost of extending posts	43,600	65,330	185,700	0	0	
New items 2009/10 :						
Latest Pay Offer 2008/09 additional 0.45%	150,000	150,000	150,000	150,000	150,000	Further estimated funding shortfall based on data to May 2008
Property Rent variances from inflation at 4%	0	136,290	136,290	136,290	136,290	
Concessionary Fares	620,000	620,000	620,000	620,000	620,000	
External Interest	(300,000)	(200,000)	(200,000)	(200,000)	0	
Land Charges - reduction in fee income	80,000	80,000	80,000	80,000	80,000	Impact of the market downturn and Home Information packs
Additional Property rent from The Fountain Inn	(36,970)	0	0	0	0	Backdated rent review income
C Hinton Electricity over-payment conveniences	(60,000)	0	0	0	0	

General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
Elections not held	0	(70,000)	0	0	0	
Electricity and Gas price increases	90,000	120,000	120,000	120,000	120,000	
Hobson / Mandela Business Rates	(259,610)	(80,000)	(80,000)	(80,000)	(80,000)	
Fuel (mainly City Services vehicles)	143,000	143,000	143,000	143,000	143,000	Additional costs being incurred
Discretionary Housing Payment (DHP) Expenditure	35,000	35,000	35,000	35,000	35,000	Increase in payments mainly due to lower benefits payments resulting from recent Rent Office (locality review) changes
Maternity Fund contribution	50,000	0	0	0	0	
Replace stolen memorials	10,000	0	0	0	0	
HPDG funding	(216,400)	0	0	0	0	Fund growth posts for one year from HPDG revenue grant
Lion Yard Additional Rent	0	0	(55,000)	(55,000)	(55,000)	Additional income from phase 1+ development
Total Net Effect	**469,990**	**1,301,210**	**2,262,080**	**2,412,670**	**2,767,430**	

(b) Housing Revenue Account

Issue	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	*Notes / Justification*
Employers Pension Contribution	(46,380)	(85,030)	(123,680)	(123,680)	(123,680)	*Based on the 2007 Actuarial valuation*
Total Net Effect	**(46,380)**	**(85,030)**	**(123,680)**	**(123,680)**	**(123,680)**	

Appendix K

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

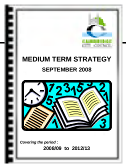
Ref.	Area of Uncertainty
(1)	Rating Revaluation Appeals • The Council has registered appeals with the Valuation Office regarding a number of its properties. If the appeals are successful, the ongoing business rates payable each year will be reduced and there will also be a lump sum repayment for overpayment since the original proposed rateable value was first used. The 2005 Valuation Office list is more accurate than previous lists and so there are fewer appeals than with previous lists. • There is likely to be a significant saving for Mandela House and Hobson House based on the provisional assessment. The car parks will be assessed and they may produce some savings
(2)	External Contracts • 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.
(3)	Recruitment of Professional Staff • The Council is continuing to have difficulty in recruiting appropriately qualified professional staff in areas such as Planning, Legal and Procurement. This in turn is putting pressure on the individual services' budgets in respect of higher than anticipated temporary staff and recruitment costs. Services are now prioritising their workload to ensure that only critical tasks are undertaken until such time as the staff can be appointed.
(4)	VAT: Partial Exemption Calculation • 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. A possible relaxation in the local authority partial exemption rules is currently under discussion by Government Ministers and details are expected to be announced soon. If the threshold is increased or in some other way removed altogether, then it will give the Council more scope to recover and retain sums of VAT which previously it may have had to repay to Customs. This would be especially relevant to the forthcoming mercury abatement works at the crematorium which, currently, are likely to cause the Council to exceed its threshold.
(5)	Capital Issues there is uncertainty regarding a number of capital related issues. These include: • adequacy of Repairs and Renewal Funds

Ref.	Area of Uncertainty
	• use of Section 106 funds
(6)	Regional Growth • 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 recent trends in the housing market indicate a slowdown in major developments which in turn will impact on required resources.
(7)	Joint Working and Services Funded Jointly with Other Organisations • the future funding plans and decisions by partner organisations in such circumstances can result in pressures for the City Council • 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.
(8)	Electricity & Gas prices • Energy Markets continue to be very volatile but with an evident upwards price trend over the short to medium term. Forecasts of increases over the next 1-3 years suggest increases somewhere between 30-60% from current values before reaching a peak and sustaining at that level in the longer term. The Council's gas contract and 'sub-100kw' sites electricity contracts are both due for renewal in August 2009. The '100kw plus sites' electricity contract is due for renewal in October 2008 and is currently being procured.
(9)	External Legal fees • 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.
(10)	Customer Access Strategy • the ongoing implementation 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. The full year savings effect will not be recognised until 2010/11

(b) General Fund

Ref.	Portfolio	Area of Uncertainty
(1)	Strategy & Resources	General Fund / Housing Revenue Account Transfers • there is an ongoing review into the basis for the transfers relating to services shared by the whole community. 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.
(2)		Council Tax Collection Fund deficit / surplus contributions • this has a one-off effect, and is assessed in January each year. • projections for 2008/09 have been provisionally included in the Medium Term Strategy and will be reassessed as part of the budget process.
(3)		Growth Areas Delivery Grant • The amount of future funding involved is unclear at the moment, however there is potential for a significant contribution to the Council's asset base in the medium term.
(4)		Rating Legislation • 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.
(5)		Travellers • 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. A site has yet to be identified and a cross party steering group has been set up to review local criteria and a wider land search.

Ref.	Portfolio	Area of Uncertainty
(6)		City Centre Management and Tourism • the review of City Centre Management and Tourism was considered at the June 2008 Strategy & Resources Scrutiny Committee. It was proposed that City Centre Management and Tourism were transferred to a company limited by guarantee by April 2010 in a two stages. The success of this is subject to appropriate levels of ongoing external funding being achieved.
(7)		Local Land Charges • income will vary dependant on activity in the housing market, the recent housing downturn has thus brought about a significant reduction in searches. The introduction of Home Information packs has led to a change in the way in which searches are commissioned, with much greater use of personal search companies, some of which have moved into the home information pack market.
(8)		Electoral Administration • currently we do not budget for by-elections. If there is an unexpected by election costs of £6,000 would be incurred.
(9)		Guildhall Working Party • A report and project appraisal was taken to Committee in November 2006. The Council obtained planning and listed building for a scheme and also undertook a marketing exercise. This has created the opportunity for further commercial development and a report is going to Committee in September 2008. If approved, more detailed plans will be prepared, revised planning and listed building sought with the subsequent tendering for a building contract. The proposed tenant for the restaurant/café was selected in June 2007 and an agreement for lease entered into. The assumptions included in the budget may need to be revisited in the future depending upon the outcomes of negotiations and estimated costs.
(10)		Office Accommodation Review • work is in progress to review options across the Council's office accommodation following the opening of the new Customer Service Centre and additional staffing arising from the growth agenda.

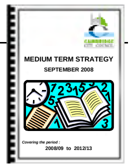


Ref.	Portfolio	Area of Uncertainty
(11)		Insurance re-tender • the Council's five year agreement for Insurance Services comes to an end in October 2008. The outcome of the current tendering exercise is uncertain and dependant on a number of factors including claims history, risk management and the present state of the insurance market.
(12)		Property Disposals - a number of asset disposals are likely during the MTS period, including :
(13)		• Land at Arbury Camp – this is the Council's residual parcel of market housing land. A new planning application is required with a conditional contract likely to be entered into in 2008/09 and completion in 2009/10.
(14)		• Various plots of HRA land across the City are potentially going to be sold or leased to registered social landlords. These will either generate future capital receipts or no capital receipt but nomination rights or a combination of both.
(15)		• Triangle site at Kings Hedges Road – the residue of the Council's ownership in Northern Fringe West. An Option to Purchase is likely to be completed in 2008/09 with a subsequent disposal of the land in 2009/10 or 2010/11.
(16)		• Land at Clay Farm – the Council owns 16 acres or so and a collaboration agreement is being negotiated with the adjoining landowner and developer. The site is identified for an exemplar sustainability development and a reduced capital receipt will be received to reflect sustainability requirements above existing legislative standards.
(17)		• Following a review of sheltered housing in the City, two schemes are being disposed of. The first is to be sold with a likely capital receipt in late 2008/09 or early 2009/10 depending upon planning consent. The second to be transferred by long lease to a registered social landlord to enable redevelopment with nomination rights for the Council. The second scheme to be to higher sustainability code than required by existing legislative standards and should complete late 2008/09 or early 2009/10.
(18)		Rent & Service Charge projections • initial projections of rent and service charges highlight a potential increase in income in 2008/09 and future years.

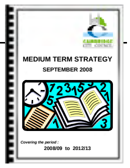
Ref.	Portfolio	Area of Uncertainty
(19)		Legal • the development of procurement initiatives within the Council could generate additional resource requirements for legal support to projects. Similarly increased Freedom of Information requests would put pressure on existing staffing resources.
(20)	Environment & Planning (Climate Change & Growth)	Concessionary fare scheme • the first year of the national concessionary fares scheme has put great pressure on Council budgets with operator reimbursement exceeding funding from national Government. At this early stage, it has not yet been possible to quantify the impact of either novelty or seasonality. The scheme is reviewed in detail in Section 8.
(21)		Housing and Planning Delivery Grant 2008/09 • the Government published the provisional allocations of the HPDG on 16 July 2008 together with the detail allocation mechanism for the current comprehensive spending review (2008/09 - 2010/11). This is further detailed in Section 9.
(22)		Development Control Fees • The Government is holding discussions in 2008/09 with the Local Government Association and other stakeholders on how the planning system should be resourced in future. Current recommendations for England only would raise an additional £65m in planning fees and to increase levels of fees such that they largely achieve recovery of costs.
(23)		Parking Services • 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.

Ref.	Portfolio	Area of Uncertainty
		• 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.
		• Other issues impacting on Parking services include : - the strategy chosen to extend local authority parking enforcement (LAPE) to other districts in Cambridgeshire - partnership discussion surrounding the use of LAPE surpluses where they arise - the transfer of CCTV and Shopmobility services into Parking Services' management control. - disruption to customers from improvement and refurbishment works - major changes to retail activity in the city centre - traffic management and transport planning strategies, particularly road pricing.
(24)		Economic Development & Tourism • it is anticipated that the new City Centre Management and Tourism Partnership would be set up as a an independent organisation from 1st April 2009. It is not yet possible to quantify the impact on revenue budgets.
(25)		Integrated Transport Strategy • the bid by the County for major Government funding from the Transport Innovation Fund has been withdrawn. A new county transport commission will investigate key issues included in the County Council's £500 million bid which contained proposals for peak period congestion charging in and around Cambridge, subsidised bus fares, a new railway station, park and ride facilities and an extensive network of cycle paths. The Commission will report by July 2009.

Ref.	Portfolio	Area of Uncertainty
(26)		Climate Change Bill The Climate Change Bill contains provisions that will set a legally binding target for reducing UK carbon dioxide emission by at least 26 per cent by 2020 and at least 60 per cent by 2050, compared to 1990 levels. • Requires the Government to publish five yearly carbon budgets as from 2008 • Creates a Committee on Climate Change to advise the Government on the levels of carbon budgets to be set, the balance between domestic emissions reductions and the use of carbon credits, and whether the 2050 target should be increased • Places a duty on the Government to assess the risk to the UK from the impacts of climate change • Provides powers to establish trading schemes for the purpose of limiting greenhouse gas • Confers powers to create waste reduction pilot schemes • Amends the provisions of the Energy Act 2004 on renewable transport fuel obligations. It is not possible to quantify the full revenue impact at this time.
(27)	Environment and Planning (Environmental & Waste)	Legislation will require new or enhanced enforcement regimes to be implemented, including: • **Air Quality Action Plan** - policy and decision making joined up, County link LTP. We will need to ensure that any planned activities for Growth are aligned with our Air Quality Action Plan. There may well be financial implications, however these can only be assessed on a case-by-case basis. The Scientific team are building substantial information on Air Quality within the city and will aid any future decision-making
(28)		• **Contaminated Land Strategy** - The strategy is currently being revised and may lead to some sites being re-categorised according to contamination and risk. Some issues may come to light when looking at sites owned by the Council that may require remediation with associated cost implications. These costs may be mitigated by grants under the Contaminated Land Capital Projects Programme by DEFRA but is unlikely to cover the full costs or the initial investigation costs.
(29)		• National Noise Strategy is not yet established but under national discussion. A potential piece of work for the City for the future, depending upon guidance from DEFRA. If necessary then this will need to be out sourced and undertaken by consultants.



Ref.	Portfolio	Area of Uncertainty
(30)		• **Joint Services working** is an issue for the whole authority. Potential to look at areas of joint working with other Councils in a number of areas and will require a great deal of work to deliver efficiencies. This will require political support and would be something to plan for in 3 years time. There is a national group set up to look at better regulation and the outcomes of their objectives has yet to be produced.
(31)		• **Lone Worker Safety** and actions from the working group to improve safety. Progress being made on the Lone Worker project in ES and if successful could have financial implications for a number of teams if they chose the new system.
(32)		• **Health** - with the increase in partnership working with the PCT and development of the Joint Improvement to Health Plan. There will be a greater emphasis on ensuring actions contained within the plan, which are also linked to the National Indicators are prioritised accordingly.
(33)		• **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
(34)		• **Draft Regulatory and Enforcement Sanctions Bill 2007** – this takes forward some of the recommendations included n 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.



Ref.	Portfolio	Area of Uncertainty
(35)		• **Pitt Review on Flooding.** This review has produced over ninety recommendations and looks at Local Authorities at taking on a more Leadership role. Some of the significant recommendations include: • Extend eligibility of home grants to include flooding • Additional "door knocking arrangement" need to be put in place - utilisation of the City Rangers service to be confirmed • Call centre operations (call re-direction) - need to confirm this action / draft out "script" • Health and well-being support to the public - need to confirm if it extends beyond rest centres • Plan training and exercise • Make arrangements to bear the cost of Recovery in all but the most exceptional emergencies
(36)		Landfill Tax • 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.
Additional Item		Refuse Collection Vehicle There is provision for Purchase of Refuse Collection Vehicle for flats included in the MTS document Appendix P - Capital Plan, scheme SC387. The operational requirements and associated revenue implications from the use of the vehicle are to be reviewed by the Cambridge Urban Growth Group (CUGG) and a report will be presented to the Strategy & Resources Scrutiny Committee, within any appropriate recommendations, in November 2008. Current indications are that the vehicle may be required to be operational in 2009/10. The full-year revenue effects of running this vehicle are likely to be in the order of £140,000. It is currently envisaged that revenue funding will need to be provided from the sum of additional Council Tax income earmarked for growth (as assumed in the General Fund Projection, Appendix L.
(37)	Community Services (Housing)	Home Aid • uncertainty exists surrounding the level of funding for the Home Aid service in future years, as the countywide service is currently subject to a fundamental review.

Ref.	Portfolio	Area of Uncertainty
(38)		Growth Agenda • 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.
(39)	Community Services (Arts & Recreation)	Free Swimming • the Government initiative, announced on 29 July, to provide free swimming to those 60 and over or 16 and under has yet to be fully investigated. Ring fenced funding will be available for 2009/10 and 2010/11 but may not meet the full cost of service provision. • the uptake of free swimming for those aged 60 and over could also adversely impact on the cost to the Council of concessionary fares as Parkside would be the pool of choice for many residents of South Cambridgeshire
(40)		Parkside Pool • the outcome of legal assessments regarding the defects is not yet established, there could be financial implications arising from this.
(41)		Cambridge Card • 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.
(42)		Olympics • 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.
(43)		Arts and Entertainments • 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.

Ref.	Portfolio	Area of Uncertainty
(44)	Community Development & Health	Ongoing revenue funding of Community Development facilities • 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.
(45)		**Safeguarding children and vulnerable adults** There is significant legislation and guidance requiring both statutory and voluntary agencies to develop robust policies and procedures to safeguard and promote the welfare of children, young people and vulnerable adults and to work in partnerships to develop consistent, joined up and effective practice (including The Children Act 2004, DCFS Guidance, POVA, Safeguarding Vulnerable Groups Act 2006). Policies are currently being implemented although cost implications cannot be quantified at this time.

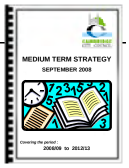
(c) Housing Revenue Account

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Revenue Account	Review of the HRA Subsidy system and Self-Financing for the HRA • the outcome from these exercises is due to be reported to Ministers in Spring 2009 setting out options for the subsidy system, including rents policy. This will be used to inform the next Spending Review. The earliest likely change for the HRA would be in 2010/11, although lead times for any significant changes would suggest a later start date.
(2)		Right to Buy Sales • the number of sales dropped again in 2007/08. Early indications in 2008/09 suggest that sales are likely to reduce even further. The implications of this for revenue are positive, in that additional rental income can be assumed for the longer term.

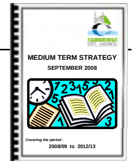
Ref.	Portfolio	Area of Uncertainty
(3)		Day to Day Repairs and Voids • increases in inflation in the building industry, coupled with a greater demand for day to day and void repairs as highlighted by decent homes surveyors in the housing stock, are putting considerable demand on the budget. Additional resources will be required, if the current level of expectation is to be satisfied.
(4)		Independent Living Service • 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.
(5)		Maintenance of Aids and Adaptations 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.
(6)		Growth Agenda • 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.

(d) Capital

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Capital	Older Persons Housing Strategy The Council's response to the housing needs of older people is being reviewed this year in the context of the ageing population of the City. The Council is already committed to a programme to modernise its own sheltered housing schemes and the programme is underway, for example, the recent refurbishment of Mansell Court. We know that the availability of revenue funding for services for older people through the Supporting Programme will continue to come under pressure. It is also the intention to review the housing capital programme to ensure that the aims of the sheltered housing modernisation programme can be fulfilled with the programme partly dependent on the sale values of schemes earmarked for disposal, and with build costs likely to continue to outstrip inflation.
(2)		Achievement of Decent Homes • 88% of the stock is currently decent however additional properties become non-decent during the year. • The introduction of the Housing Health and Safety Rating System has produced some additional investment requirements in the short term in order to meet Decent Homes (approx £0.4m). This is because the methodology for assessing decency is now different and the scope wider we still however anticipate completing decent homes. • Our target is 395 non-decent properties at the end of this financial year (08-9) and nil end of next.
(3)		Housing Health and Safety rating system. • 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 and ancillary buildings.



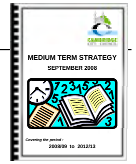
Ref.	Portfolio	Area of Uncertainty
(4)		Sulphate Attacks • sulphate attack has been identified in a number of council dwellings, resulting in the possible need to invest an additional £3m over the next ten years to undertake the remedial works. There is the potential for similar sulphate attacks in the structures of a number of other council dwellings, which could result in the need for significant additional investment to undertake these works.
(5)		Energy Audits • Social Housing Energy certificates EPC will be required for all Local Authority and private landlords buildings in England and Wales from October 2008. 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.
(6)		Right to Buy Sales • The number of sales dropped dramatically in 2007/08. Early indications in 2007/08 suggest that sales are likely to continue to fall. The negative implications of this fall in available capital resources have been built into the Housing Investment Plan.



Appendix L

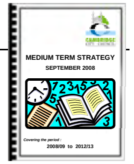
General Fund - Projection - 2008/09 to 2012/13

	General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
	Net Spending (Cttee Totals)	19,730,990	21,028,340	20,075,820	19,907,770	20,211,570	Inflated base budgets (includes savings, inflation and PPF effects from prior years)
less	**Capital Adjustment Account**	583,180	583,180	583,180	583,180	583,180	Replaced Asset Management Revenue Account, AMRA.
less	**Minimum Revenue Provision Adjustment**	(2,999,680)	(2,999,680)	(2,999,680)	(2,999,680)	(2,999,680)	
		17,314,490	18,611,840	17,659,320	17,491,270	17,795,070	
less	**Contribution to :**						
	Capital Plan	7,932,040	2,766,530	3,184,000	1,380,000	1,380,000	Revenue contribution to fund capital spending
		25,246,530	21,378,370	20,843,320	18,871,270	19,175,070	
add	**Anticipated changes**						
	Previously Approved:						
	Employers Pension contribution	0	0	903,910	903,910	903,910	Balance of provision required due to actuarial review as at 31 March 2004
	Lion Yard - Rent Income	0	0	0	0	(278,670)	Balance of net change in rents projected after contribution to capital
	C Tax Income earmarked for Growth Spend	110,010	290,230	602,700	938,990	1,250,540	Earmarked Provision
	Growth delivery	11,360	11,360	11,360	11,360	11,360	
	Growth - Additional Cost of extending posts.	43,600	65,330	185,700	0	0	Additional Cost of extending the existing posts currently funded until March 2011, based on the report to Strategy & Resources 25 June 2007. Included to 2010/11 only.
	Lion Yard rent income	0	0	0	0	121,180	Reworked for capital and rent projections
	Pensions Adjustment	0	0	(390,880)	(390,880)	(390,880)	Contribution adjustment following actuarial review as at 31 March 2007



General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
New for 2009/10						
Latest Pay Offer 2008/09 additional 0.45%	150,000	150,000	150,000	150,000	150,000	
Property Rent variances from inflation at 4%	0	136,290	136,290	136,290	136,290	
Concessionary Fares	620,000	620,000	620,000	620,000	620,000	Further estimated funding shortfall based on data to May 2008
External Interest	(300,000)	(200,000)	(200,000)	(200,000)	0	
Land Charges - reduction in fee income	80,000	80,000	80,000	80,000	80,000	Impact of the market downturn and Home Information packs
Additional Property rent from The Fountain Inn	(36,970)	0	0	0	0	Backdated rent review income
C Hinton Electricity over-payment conveniences	(60,000)	0	0	0	0	
Elections not held	0	(70,000)	0	0	0	
Electricity and Gas price increases	90,000	120,000	120,000	120,000	120,000	
Hobson / Mandela Business Rates	(259,610)	(80,000)	(80,000)	(80,000)	(80,000)	
Fuel (mainly City Services vehicles)	143,000	143,000	143,000	143,000	143,000	
Discretionary Housing Payment (DHP) Expenditure	35,000	35,000	35,000	35,000	35,000	Increase in payments mainly due to lower benefits payments resulting from recent Rent Office (locality review) changes
Maternity Fund contribution	50,000	0	0	0	0	Additional costs being incurred
Replace stolen memorials	10,000	0	0	0	0	
HPDG funding	(216,400)	0	0	0	0	Fund growth posts for one year from HPDG revenue grant
Lion Yard Additional Rent	0	0	(55,000)	(55,000)	(55,000)	Additional income from phase 1+ development
	25,716,520	22,679,580	23,105,400	21,283,940	21,941,800	

	General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
add	**Priority Policy Fund (PPF)**						
	- PPF available for Budget Year	-	200,000				
	- Future Years PPF Provision	-	-	500,000	500,000	500,000	
		25,716,520	22,879,580	23,605,400	21,783,940	22,441,800	
less	**Net savings Requirement**	-	(1,235,000)	(1,525,000)	(1,000,000)	(1,000,000)	New savings required in each budget year
	Total Net Spending Requirement	**25,716,520**	**21,644,580**	**22,080,400**	**20,783,940**	**21,441,800**	

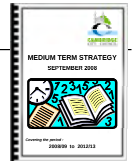


General Fund - Funding Statement - 2008/09 to 2012/13

	General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
	Total Net Spending Requirement	**25,716,520**	**21,644,580**	**22,080,400**	**20,783,940**	**21,441,800**	
less	**External Support**						
	- Formula Grant	(12,314,910)	(12,376,480)	(12,438,370)	(12,500,560)	(12,563,060)	Formula Grant (RSG and NNDR Pool share)
	- LABGI	0					Details of new (reduced) scheme to be introduced from 2009/10 not known
		13,401,610	9,268,100	9,642,030	8,283,380	8,878,740	
less	**Collection Fund (Surplus) / Deficit**						
	- Council Tax Collection Fund	5,740	28,300	0	0	0	Based on latest review of Collection Funds
		13,407,350	9,296,400	9,642,030	8,283,380	8,878,740	
less	**Income from Council Tax**	(6,121,810)	(6,609,930)	(7,254,590)	(7,955,530)	(8,667,320)	
	Contribution (To) / From Reserves	7,285,540	2,686,470	2,387,440	327,850	211,420	

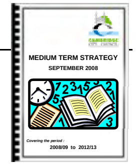
Memo Items :

	2008/09	2009/10	2010/11	2011/12	2012/13
Council Tax					
- Taxbase	39,366	40,674	42,719	44,830	46,737
- Council Tax at Band 'D'	£155.51	£162.51	£169.82	£177.46	£185.45
- Implied annual Council Tax increase	-	4.50%	4.50%	4.50%	4.50%



General Fund - Reserves Projection - 2008/09 to 2012/13

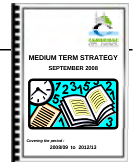
	General Fund category	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	2011/12 (£'s)	2012/13 (£'s)	Comments / Notes
	Balance as at 1 April (b/f)	13,960,680	5,632,350	3,425,900	1,500,000	1,961,070	
less	Contribution (to) / from General Fund	(7,285,540)	(2,686,470)	(2,387,440)	(327,850)	(211,420)	
less	Temporary use of reserves / funding / payback:						Net use of Reserves / Funding for Cash Flow purposes
	Customer Access	(972,410)	541,860	655,050	655,050	655,050	Payback by 2014/15
	Guildhall Working Party - Option 1	(40,380)	(71,840)	(203,510)	123,870	148,940	Payback by 2017/18
	Memorials	(30,000)	10,000	10,000	10,000	10,000	Payback by 2017/18
	Balance as at 31 March (c/f)	5,632,350	3,425,900	1,500,000	1,961,070	2,563,640	



Appendix M

HRA Summary Forecast - 2008/09 to 2012/13

Description	2008/09 0	2009/10 0	2010/11 0	2011/12 0	2012/13 0
Supervision & Management - General	4,973	5,081	5,347	5,473	5,604
Customer Access Strategy / EDRMS	698	(63)	(92)	(87)	(82)
Supervision & Management - Special	1,964	2,055	2,150	2,250	2,354
Repairs & Maintenance	5,701	5,754	6,043	6,357	6,639
HRA Subsidy (including MRA)	11,796	11,994	13,285	14,938	16,559
Depreciation - transferred to Major Repairs Res.	7,591	7,591	7,591	7,591	7,591
Other Expenditure	363	381	400	419	440
Total Expenditure	**33,086**	**32,793**	**34,724**	**36,941**	**39,105**
Rental Income	(28,153)	(29,935)	(31,648)	(33,868)	(35,734)
Service Charges	(1,882)	(1,956)	(2,034)	(2,114)	(2,198)
Other Income	(561)	(574)	(589)	(603)	(619)
Total Income	**(30,596)**	**(32,465)**	**(34,271)**	**(36,585)**	**(38,551)**
Net Cost of Services	**2,490**	**328**	**453**	**356**	**554**



Description	2008/09 0	2009/10 0	2010/11 0	2011/12 0	2012/13 0
Net Cost of Services b/f	**2,490**	**328**	**453**	**356**	**554**
AMRA					
Loan Interest	50	45	45	45	45
Interest Receivable	(499)	(446)	(415)	(389)	(353)
Mortgage Interest Receipts	(6)	(5)	(4)	(3)	(2)
Redemption Premium charged to Revenue	545	546	546	346	301
Net Operating Expenditure	**2,580**	**468**	**625**	**355**	**545**
Appropriations					
Depreciation Adjustment	(2,705)	(2,616)	(2,525)	(2,404)	(2,271)
Direct Revenue Financing of Capital	1,378	2,893	2,656	2,817	2,507
FRS17 Adjustment	(234)	(245)	(256)	(268)	(281)
(Surplus) / Deficit for Year	**1,019**	**500**	**500**	**500**	**500**
Balance b/f	**(6,591)**	**(5,572)**	**(5,072)**	**(4,572)**	**(4,072)**
Total Balance c/f	**(5,572)**	**(5,072)**	**(4,572)**	**(4,072)**	**(3,572)**

Appendix N

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: to 2010/11

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.

PR4 SUSTAINABLE CITY PROGRAMME

Approved Timescale: to 2010/11

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.

PR6 SAFER CITY PROGRAMME

Approved Timescale: 1996/97 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.

PR7 CYCLEWAYS

Approved Timescale: to 2010/11

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.

PR10 ENVIRONMENTAL IMPROVEMENTS PROGRAMME

Approved Timescale: to 2010/11

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.

PR14 ENVIRONMENTAL SAFETY FUND

Approved Timescale: 2001/02 to 2008/09

Lead Officer: D Roberts

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 2008/09

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 £4k remaining to be spent in 2008/09.

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.

PR17 CITY SERVICES VEHICLE REPLACEMENT

Approved Timescale: Ongoing

Lead Officer: T Ainley

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.

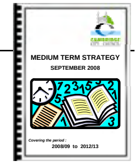
PR20 ICT INFRASTRUCTURE REPLACEMENT AND UPGRADE

Approved Timescale: Ongoing

Lead Officer: J Nightingale

Remit :

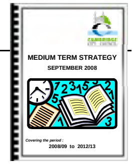
This reflects the scheduled replacement and upgrade works required to maintain the Council's ICT infrastructure. The programmed works are covered by the specific earmarked repair and renewal funds, operated by the Council.



Appendix O

Capital Funding Availability Projection - 2008/09 to 2012/13

Funding		Financial Year				
Source	Type	2008/09 £'s	2009/10 £'s	2010/11 £'s	2011/12 £'s	2012/13 £'s
External Support	**Specified Capital Grants (SCG)**	(3,384,000)	(230,000)	(230,000)	(230,000)	(230,000)
	Deferred Capital Contributions eg Lottery Grant	(84,000)	(3,000)	0	0	
	Other Sources	(2,341,000)	(446,000)	(155,000)	(50,000)	0
	Major Repairs Allowance (MRA)	(4,886,000)	(4,830,000)	(4,786,000)	(4,770,000)	(4,761,000)
	Section 106	(3,503,000)	(251,000)	(20,000)	0	0
	TOTAL - External Support	**(14,198,000)**	**(5,760,000)**	**(5,191,000)**	**(5,050,000)**	**(4,991,000)**
City Council	**Usable Capital Receipts**	(2,709,000)	(2,205,000)	(1,103,000)	(601,000)	(533,000)
	HRA Capital Balances	(9,348,000)	(2,785,000)	(3,794,000)	(1,774,000)	(1,749,000)
	Direct Revenue Financing (DRF) - HRA	(1,378,000)	(2,893,000)	(2,656,000)	(2,817,000)	(2,507,000)
	Direct Revenue Financing (DRF) - GF Services	(123,500)	(60,000)	(60,000)	0	0
	Direct Revenue Financing (DRF) - Use of Reserves	(7,932,040)	(2,766,530)	(3,184,000)	(1,380,000)	(1,380,000)
	Repair & Renewals Fund	(2,784,300)	(647,500)	(792,000)	(96,000)	(100,000)
	Earmarked Reserves	(380,000)	(56,000)	0	0	0
	Earmarked Reserves – Technology Investment Fund	(479,200)	(19,000)	0	0	0
	Direct Revenue Financing (DRF) – Temporary Use of Reserves	(140,000)	0	0	0	0
	Other Sources	(1,012,950)	(1,416,160)	(115,670)	0	0
	TOTAL - City Council	**(26,286,990)**	**(12,848,190)**	**(11,704,670)**	**(6,668,000)**	**(6,269,000)**
	Total Available Finance	**(40,484,990)**	**(18,608,190)**	**(16,895,670)**	**(11,718,000)**	**(11,260,000)**



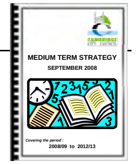
Appendix P

Capital Plan Approved Items

Capital Plan – Approved Items											
			Budget					All figures in £'000s			
Description	**Capital Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
CATEGORY TOTALS										
Approved Programmes	4,627	11,720	28,820	12,974	13,629	10,383	9,880	59,220	1	
Approved Schemes	30,793	12,185	11,665	5,462	2,652	10	0	31,938	338	
TOTAL CAPITAL PLAN	**35,420**	**23,905**	**40,485**	**18,436**	**16,281**	**10,393**	**9,880**	**91,158**	**339**	

Capital Plan – Approved Items

					Budget					All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
Capital Programmes												
PR001	Housing Capital Investment Programme	J Hovells		0	21,822	11,498	12,067	10,192	9,780	43,537	0	Detailed review of schemes is undertaken by Housing Committee.
PR001a	Housing Capital Investment Programme S106 Funded	J Hovells		0	1,890	0	0	0	0	0	0	Programme of Section 106 spend on affordable housing
PR003	City Centre Management Programme	E Thornton	174	225	51	30	30	0	0	285	0	Since approved at Council 2008 - Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR004	Sustainable City Programme	S Pidgeon	290	363	32	30	30	0	0	426	3	Since approved at Council 2008 - Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR006	Safer City Programme	P Griffin	302	400	92	50	0	0	0	451	1	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		849	601	150	150	50	0	1,200	1	Since approved at Council 2008 - Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR009	Joint-Use Sports Facilities	D Kaye		237	226	0	0	0	0	464	227	Apprvd 31/01/00 C/Bd. Funded from u/o/r. Proj appsl 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 appsl to July Ctte.

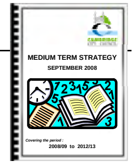


Capital Plan – Approved Items

					Budget					All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
Capital Programmes												
PR010	Environmental Improvements Programme	D Foley-Norman		763	105	105	105	0	0	1,078	105	Scheme apprvd 8/5/00 City Board,was shown as SC90. Additional £150k pa apprvd at City Board 29/1/01.Funding for prog timescales revised to run through until 10/11.Resources for 11/12 trf'd to avail funding as apprvd at Full Council 21/02/08
PR010a	Environmental Improvements Programme - North Area	D Foley-Norman		208	272	124	124	0	0	460	4	Budget now allocated to area committees. Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR010b	Environmental Improvements Programme - South Area	D Foley-Norman		55	241	84	84	0	0	242	19	Budget now allocated to area committees. Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR010c	Environmental Improvements Programme - West/Central Area	D Foley-Norman		118	236	91	91	0	0	302	2	Budget now allocated to area committees. Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR010d	Environmental Improvements Programme - East Area	D Foley-Norman		75	377	121	121	0	0	319	2	Budget now allocated to area committees. Funding for programme timescales revised to run through until 2010/11, resources for 2011/12 transferred to available funding as approved at Full Council 21/02/08.
PR012	Road Safety Schemes - Traffic Calming	J Isherwood		741	12	0	0	0	0	741	0	Scheme apprvd 8/5/00 City Bd. Addtnl £100k pa apprvd at City Brd 29/1/01. Foster Rd & Paget Rd, Radegund Rd, Bateman St, and Norfolk Street. Funding transferred to Env. Improvement Programme from 06/07.

Capital Plan – Approved Items

					Budget					All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
Capital Programmes												
PR013	Road Safety Schemes - Crossings	J Isherwood		536	0	0	0	0	0	536	0	Sch apprvd 8/5/00 City Bd. Addl £45k pa apprvd at City Bd 29/1/01. Addl £30k pa drf. Q/Ediths Way, Tvrshm Drift, C/H High St & Crltn Way, KH Rd, Barton Rd & Storeys Way. £26,339 S106 rec'd. Budget from 06/07 trans to Env Improvemts Prog.
PR014	Environmental Safety Fund	D Foley-Norman		74	66	0	0	0	0	74	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	25	20	4	0	0	0	0	20	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		1,384	632	38	38	0	0	1,503	43	Since approved at Council 2008 - Additional £6k for Rainwater Harvesting funded from reserves & £110,900k for additional expenditure on Chesterton Road Public Conveniences funded from £69,400 Reserves, £40,000 Reserves & £1,500 Other
PR017	City Services - Vehicle Replacement Programme	T Ainley		4,783	547	0	0	0	0	5,003	230	Apprvd C/Bd 29/01/01 funded from R&R. Further apprvls 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	250	144	66	55	55	55	0	310	1	Approval at Strategy Scrutiny 26/1/04. Four year prog to 2007/08. Funded from use of reserves. Further funding approved Scrutiny 10.1.06 to 2011/12 funded from Reserves. Addl £30k per annum funded from Reserves, apprvd at Council 21/02/08.



Capital Plan – Approved Items

							Budget			All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
Capital Programmes												
PR019	Car Parks Infrastructure and Equipment Replacement Programme	P Necus	1,748	120	1,070	303	255	0	0	670	-8	R&R Programme approved MTS 2006. Schemes 292, 298, 299, 302, 303, 304, & 305 transferred to Programme.
PR020	ICT Infrastructure Programme	J Nightingale	380	110	110	60	100	0	0	279	9	Programme of £960k over 5 years from 2006/07 funded from R&R approved MTS July 2006. £580 transferred to specific projects Nov 06.
PR020	Corporate Firewall Replacement (ICT Infrastructure Programme)	J Nightingale	63	61	0	0	0	0	0	61	0	Project within ICT Programme. Appraisal approved CS&R 14.11.06. £63k.
PR020	Desktop Standardisation (ICT Infrastructure Programme)	J Nightingale	176	173	3	0	0	0	0	173	0	Project within ICT Programme. Appraisal approved CS&R 14.11.06. £176k.
PR020	Netware Upgrade (ICT Infrastructure Programme)	J Nightingale	341	281	60	0	0	0	0	281	0	Project within ICT Programme. Appraisal approved CS&R 14.11.06. £341k.
PR022	Local Nature Conservation	G Belcher	30	0	10	10	10	0	0	20	0	Approved at Council 21/02/08. Funded from Reserves.
PR023	Admin Buildings Asset Replacement Programme	J Stocker	427	0	212	80	75	60	30	264	19	Approved at Council 21/02/08. Funded from R&R.
PR024	Commercial Properties Asset Replacement Programme	D Prinsep	421	0	45	75	275	26	70	446	0	Approved at Council 21/02/08. Funded from R&R.
PR025	New Town Community Development Capital Grants Programme	K Hay		0	40	70	20	0	0	90	0	Project Appraisal approved at Community Services Scrutiny Cttee 24 July 2008. Funded from S106
	Total – Capital Programmes		**4,627**	**11,720**	**28,820**	**12,974**	**13,629**	**10,383**	**9,880**	**59,220**	**658**	

Capital Plan – Approved Items

					Budget					All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
SC033B	CCTV Street Lighting	G Richardson	47	7	40	0	0	0	0	7	0	Held in reserve for implementation of lighting strategy in association with the County Council. Additional £6k external contribution received.
SC062	Stairwell Mirrors in all Car Parks	P Necus	15	10	0	0	0	0	0	10	0	City Board 1/2/99 approval. Costs less than originally anticipated.
SC067	Replacement and Upgrade of PS2000	D Simpson	177	165	12	0	0	0	0	166	1	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	23	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
SC073	New Information Boards	A Wilson	15	0	15	0	0	0	0	0	0	Approved City Board 29/3/99. Funded from use of reserves. Design work in progress.
SC078	Corn Exchange St John's Bar Disabled Access	G Saxby	114	119	0	0	0	0	0	119	0	Approved 31/1/00 City Board. Funded from use of reserves. Additional £30k approved at City Board 10/7/00, £20k reserves, £10k R&R.
SC085	CCTV Park Street/Queen Anne Terrace Car Parks	P Necus	241	242	0	0	0	0	0	242	0	Approved 31/1/00 City Board. Home Office funding £220,220. Balance to be met from use of reserves. Installed and in operation.
SC092	Refuse Collection Vehicles	G Watts	270	122	0	0	0	0	0	122	0	Approved at City Board 10/7/00. Funded from use of reserves. Additional £130k for extra refuse collection vehicle approved at City Board 29/1/01.
SC097	Corn Exchange Box Office Refurbishment	G Saxby	20	24	0	0	0	0	0	24	0	Approved at City Board 27/11/00. Funded from R&R.

Capital Plan – Approved Items

					Budget					**All figures in £'000s**		
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SC105	East Chesterton Community Centre	K Hay	1,702	1,689	0	0	0	0	0	1,689	0	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 ctte 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	106	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	0	0	Approved at City Board 29/1/01. Funded from reserves. Further investigation needed after outcome of BVFSR approved.
SC113	Recycling Vehicles	G Watts	253	269	0	0	0	0	0	269	0	2 new vehicles approved at City Board 29/1/01. Funded from use of reserves. Additional vehicle approved at City Board 11/02/02. Also funded from reserves.
SC116	New Lift to replace Schindler Lift at Lion Yard	P Necus	30	26	0	0	0	0	0	26	0	Approved at City Board 29/1/01. Funded from R&R.
SC121	Sports Development	I Ross	332	323	9	0	0	0	0	323	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. Addl £39k funding from Sport England Nov 06.
SC123	CCTV - Arbury Court	A Latchem	110	110	0	0	0	0	0	110	0	Partly funded from Home Office grant (£72k), balance from HRA-DRF.
SC131F	Access to Buildings - Improvements (Abbey Pool)	I Ross	6	8	0	0	0	0	0	8	0	Allocation of DDA funding.

Capital Plan – Approved Items

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SC131I	Access to Buildings - Year 2 & 3 - Conveniences on Recreation Grounds	I Ross	76	73	0	0	0	0	0	73	0	Allocation of DDA funding.
SC131J	Access to Buildings - Improvements Year 2 & 3 (Car Parks)	S Simmonett	76	4	0	0	0	0	0	4	0	Allocation of DDA funding. £35k transferred to SC211.
SC137	Refurbishment of the Corn Exchange Foyer	G Saxby	97	100	0	0	0	0	0	100	0	Approved at City Board 11/02/02. £50K funded from use of reserves. Increased costs met from £8k revenue and £39k R&R. Project appraisal to Strategy Scutiny Committee July 2002.
SC138	Cycling and Walking Strategy	C Rankin	53	2	0	0	0	0	0	2	0	Approved at City Board 11/02/02. Funded from use of reserves. Strategy adopted in July 2002. Strategy Scrutiny 28/1/03 agreed tfr of £50k to Cycleways (PR07). Additional £3k S106 funding. Additional £2k S106 funding.
SC153	Bermuda Terrace Community Room	A Latchem	20	21	0	0	0	0	0	21	0	£20k transferred from PR05 Neighbourhood Community Plan.
SC159	Midsummer Common - Access & Path Re-enforcement	I Ross	55	53	2	0	0	0	0	53	0	Funded from S106 scheme.
SC163	Compulsory Purchase Orders (CPOs)	Y O'Donnell	1,336	11	400	400	400	0	0	811	0	£200k approved at City Board 9/7/01. £435k approved at Strategy Scrutiny 28/01/03. Funded from Usable Capital Recipts
SC166	Improvements to Shop Front Forecourts	D Prinsep	141	133	8	0	0	0	0	133	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.

Capital Plan – Approved Items

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SC167	Recycling/Waste Minimisation Initiatives	J Robertson	12	9	3	0	0	0	0	9	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 Ctte 1/7/03.
SC176	Replacement of Customer Lift at Queen Anne Terrace Car Park	S Simmonett	42	42	0	0	0	0	0	42	0	Scheme subject to approval at Full Council 10/4/03. Funded from R&R.
SC177	Mobile CCTV Cameras	M Beaumont	146	153	28	0	0	0	0	153	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	0	0	0	0	0	76	2	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	0	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee.
SC190	Grand Arcade Lift Refurbishment & Repair (Lion Yard Car Park)	S Simmonett	28	28	0	0	0	0	0	28	0	Approved Urgent Action 20 Oct 2003. Funded R&R £14k, Insurance Fund £14k.
SC192	Development Land on the North Side of Kings Hedges Road	D Prinsep	4,082	2,295	2,716	0	0	0	0	2,295	0	Apprd Strategy Scrutiny 17/11/03 funded from Property Improvemt Strategy Fund. Stamp duty land tax apprd Strategy Scrutiny 26/1/04 funded from Property Strategy Fund. Capital rec £2155k to purch land. MTS apprd £1841 from Cap Receipt.
SC196	CCTV Control Room Upgrade & Equipment Replacement	M Beaumont	366	231	135	0	0	0	0	235	4	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.

Capital Plan – Approved Items

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SC202	Fison Road Youth Centre	I Ross	19	7	12	0	0	0	0	7	0	Funded from S106.
SC205	Stourbridge Common Play Area	M Mehta	45	44	0	0	0	0	0	44	0	Funded from S106. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04 - £45k from S106.
SC206	Kings Hedges Learner Pool	I Ross	462	475	0	0	0	0	0	475	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.
SC209	Christs Piece Play Area Refurbishment	A French	65	64	8	0	0	0	0	65	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	48	20	0	0	0	0	49	1	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	0	0	0	0	0	42	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	3	0	Funded from S106
SC216	Nightingale Avenue - MUGA	I Ross	60	0	60	0	0	0	0	0	0	Funded from S106. Project appraisal approved 6.7.06 £60k.
SC217	Nuns Way - Safer Routes	P Bishop	8	1	0	0	0	0	0	1	0	Funded from S106 (approx £8k)
SC221a	Lion Yard - Contribution to Works – Phase 1	D Prinsep	3,610	0	855	1,592	821	0	0	3,268	4	Since approved at Council 2008 - Project reprofiled and contribution to Phase 2 approved at Full Council 21/02/08

Capital Plan – Approved Items

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SC221b	Lion Yard - Contribution to Works – Phase 1+	D Prinsep	641	0	0	641	0	0	0	641	0	Approved at Full Council 21/02/08 (See SC221a).
SC221c	Lion Yard - Contribution to Works - Phase 2	D Prinsep	342	0	0	0	458	0	0	458	0	Subject to Approval of 2008/09 MTS at Full Council
SC225	Bishops Mill - Motorise & Automate Sluice	D Prinsep	100	99	2	0	0	0	0	102	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	170	84	0	0	0	0	183	13	Approved Scrutiny 18.11.04. S106 funded.
SC228	St Albans RG Multisport Area	I Ross	51	51	0	0	0	0	0	51	0	S106 funded
SC229	Lammas Land / Coe Fen / Snobs Brook dredging & piling	I Ross	40	30	0	0	0	0	0	30	0	S106 funded
SC230	Buchan Street Neighbourhood Centre	K Hay	149	163	0	0	0	0	0	163	0	Apprved scrutiny 18.11.04. £70k funded from S106, £79k from Reserves.
SC231	East Barnwell Community Centre	K Hay	130	0	0	0	0	0	0	0	0	Approved scrutiny 18.11.04. £60 external, £70 S106 funded
SC232	Arbury Community Centre	K Hay	155	30	125	0	0	0	0	30	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	A Wilson	31	4	29	0	0	0	0	5	1	Approved at Env Scrutiny 16.11.04. S106 funded. Moved from Bereavement to Active Comms 01.04.08
SC236	Trumpington Rec Tennis Court	I Ross	40	40	0	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	765	10	0	0	0	0	765	0	Funded from S106, lottery etc
SC238	St Albans Rec - Notice Board	T Ray	1	1	0	0	0	0	0	1	0	Funded from S106
SC240	Barnwell West Nature Reserve	G Richardson	15	2	13	0	0	0	0	2	0	S106 funded
SC241	Barnwell East Nature Reserve	G Richardson	8	5	3	0	0	0	0	5	0	S106 funded

Capital Plan – Approved Items

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					Budget					All figures in £'000s		
SC243	Shelley Row play area	M Mehta	15	15	0	0	0	0	0	15	0	Funded S106
SC245	Lighting and decorating works at Grafton East Car Park	P Necus	25	21	3	0	0	0	0	21	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from R&R.
SC246	Credit Card readers & installations within Car Parks	P Necus	25	15	10	0	0	0	0	15	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	0	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	0	0	0	0	0	28	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC254	Streetscene/City Ranger/Enforcement Service - Provision of GIS software and associated hardware	J Wilson	12	11	0	0	0	0	0	11	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF..
SC255	Destination Management System for Cambridge	F McGhee	28	27	1	0	0	0	0	27	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC265	Freedom of Information Paribus Info Asset Register Project	J Nightingale	22	17	4	0	0	0	0	21	4	Approved Council 24/2/05 TIF Funded
SC266	CHVC Access	I Ross	7	18	0	0	0	0	0	18	0	Funded from Reserves
SC268	Dudley Road Tree Planting & Path	A French	15	5	0	0	0	0	0	5	0	S106 funded
SC269	Fanshawe Road Allotments Water Installation	M Mehta	5	5	0	0	0	0	0	5	0	S106 funded
SC281	EFS Relocation Cherry Hinton Hall Cottage	S Payne	44	56	0	0	0	0	0	56	0	Approved under urgent action. Funded from R&R
SC282	Kettle's Yard	N Cutting	40	0	40	0	0	0	0	0	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	0	0	Approved at July Committee £20k funded from S106.

Capital Plan – Approved Items

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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.
SC289	Storage receptacles for residents with white sack refuse	J Robertson	12	0	12	0	0	0	0	0	0	Approved at Scrutiny 10.1.06 £11.5k funded from Other Sources
SC290	Travellers Emergency Stopping Place	A Carter	300	0	300	0	0	0	0	0	0	Approved at Scrutiny 19.1.06 £300k funded from Other Sources.
SC291	Choice Based Lettings - IT system costs	A Carter	37	9	28	0	0	0	0	9	0	Approved at Scrutiny 19.1.06 funded £33k from R&R, £4k from Reserves.
SC308	Security at Sheep's Green Pool	I Ross	15	10	0	0	0	0	0	10	0	Approved at Scrutiny 19.1.06 £15k funded from Reserves
SC312	Automated Energy Monitoring System	J Stocker	35	12	23	0	0	0	0	12	0	Approved at Scrutiny 17.1.06 £35k funded from Reserves.
SC315	Purchase of Land abutting Cambridge Crematorium	T Lawrence	84	0	84	0	0	0	0	0	0	Approved at Scrutiny 17.1.06 £84k funded from Reserves.
SC316	Parkside Swimming Pool boilers	I Ross	200	234	0	0	0	0	0	234	0	Approved at Scrutiny 19.1.06 £200k funded from Reserves.
SC320	Histon Road Recreation Ground: Kick About Area	I Ross	12	0	0	0	0	0	0	0	0	Funded from S106.
SC323	Kings Hedges Recreation Ground - Youth Shelter	I Ross	8	0	0	0	0	0	0	0	0	S106 funded
SC324	Guildhall First Floor Access Improvements (Disabled Toilet)	J Stocker	18	13	5	0	0	0	0	15	2	Approved MTS July 06 £18k funded from Use of Reserves.
SC327	Recycling Vehicle	J Robertson	145	132	0	0	0	0	0	132	0	£145k approved MTS 06/07 £115 from WPEG, £30k UOR
SC328	Customer Access - BPR & Procurement	F Barratt	369	317	53	0	0	0	0	358	41	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. Further £160k from UOR MTS 07.

Capital Plan – Approved Items

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SC329	Corporate Document Management (DIP & EDRM)	J Nightingale	978	188	299	147	344	0	0	681	2	Included in MTS July 2006. Funding from HRA £147k, Efficiency Fund £71k, E/R £427, UOR £288k.
SC331	Kings Hedges Rec Ground - Trim Train	T Ray	6	8	0	0	0	0	0	8	0	S106 funded
SC333	Priority Wards Project	A Roberts	42	41	1	0	0	0	0	41	0	Funded from Community Safety Partnership
SC334	King George V Rec Ground Pavilion Refurbishment (Subject to appraisal)	K Hay	258	28	282	0	0	0	0	29	1	Approved July 06 Scrutiny subject to appraisal. £150k funded from S106. Further £107k funding agreed following project appraisal CD&L 16.11.06.
SC335	Customer Access Strategy - IT Workstream	T Allen	788	281	495	0	0	0	0	373	92	CAS approved MTS July 06. See SC328.
SC336	Customer Access Strategy - Accommodation Design and Refurbishment	J Stocker	939	816	122	0	0	0	0	936	120	CAS approved MTS July 06. See SC328.
SC337	Customer Access Strategy - Telecommunications	J Nightingale	190	173	18	0	0	0	0	173	0	CAS approved MTS July 06. See SC328.
SC338	Customer Access Strategy - Web Development	A Perry	35	13	22	0	0	0	0	17	4	CAS approved MTS July 06. See SC328.
SC341	Legal Case Management System	S Pugh	30	35	10	0	0	0	0	39	4	Approved CS&R committee 14.11.06 £30k from R&R.
SC342	Guildhall Working Party Project	D Prinsep	613	15	371	794	0	0	0	1,180	13	Approved CS&R Committee 14.11.06 £600k from Use of Reserves and £13k Other. Further funding subject to Approval of MTS 2008/09 at Full Council
SC343	Cambridge Southern Fringe - Land at Clay Farm	D Prinsep	25	25	10	0	0	0	0	27	2	Approved CS&R committee 14.11.06 £25 from Property Strategy Fund.
SC344	St Matthew's Piece Legal Fees	D Prinsep	20	0	20	0	0	0	0	0	0	Approved CS&R committee 14.11.06 £20k from Property Strategy Fund.
SC345	Dec Youth Bus	K Hay	134	122	0	0	0	0	0	122	0	£120k approved Scrutiny Committee 6.7.06 funded from S106. Further £14k approved from S106 following project appraisal Scrutiny Committee 16.11.06.

Capital Plan – Approved Items

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SC346	Equipment for Eastern Gate Court Community Centre	K Hay	90	0	90	0	0	0	0	0	0	£90k approved at Scrutiny Committee 6.7.06 funded from S106.
SC347	Histon Road - Refurbishment of play area	T Ray	75	46	28	0	0	0	0	46	0	Funded from S106 - Non Key Decision Nov 06
SC348	Allotment Improvements	T Ray	29	6	24	0	0	0	0	6	0	£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	0	0	Approved Jan 07 Committee. £30k funded from R&R.
SC350	Improvements to pump out facility at Jesus Green	D Kaye	60	49	12	0	0	0	0	50	1	Approved at January 07 Committee. £20 funded from R&R, £40 from Use of Reserves.
SC351	Memorial Choice	T Lawrence	100	20	90	0	0	0	0	20	0	£100k from Use of Reserves approved at January 07 Committee.
SC353	Grafton East Car Park refurbishment	P Necus	2,400	94	2,306	0	0	0	0	106	12	Phase 1 approved Scrutiny Committee 16.1.07 £140k from R&R, £10k UOR. Phase 2 transferred from Hold List MTS 2007 - further £2,250k from UOR.
SC354	Guildhall Power Circuits Renewal	J Stocker	60	0	40	20	0	0	0	20	0	Approved at Council 14.2.07 £60 funded from UOR.k
SC355	Upgrade Heating Controls in Mandela House and Hobson House	J Stocker	5	0	5	0	0	0	0	0	0	Approved at Council 14.2.07 £5k funded from reserves.
SC356	Cambridge Northern Fringe East - Development Appraisal	D Prinsep	20	0	20	0	0	0	0	0	0	£20k approved at Council 14.2.07, funded by the Property Strategy Fund.
SC357	Improvement to Audio Visual Equipment - Committee Rooms & Council Chamber	J Nightingale	20	1	19	0	0	0	0	1	0	£20k approved at Council 14.2.07 funded from TIF.
SC360	Hobson House - Refurbishment of Rear Building	J Stocker	25	13	12	0	0	0	0	13	0	£25k approved at Council 14.2.07 funded from UOR.
SC361	Disabled Access and Facilities - Guildhall Halls	G Saxby	80	0	80	0	0	0	0	0	0	£80k approved at Council 14.2.07 funded from UOR.
SC362	Lighting and Power in Committee Rooms	J Stocker	15	0	15	0	0	0	0	0	0	£15k approved at Council 14.2.07 funded from UOR.

Capital Plan – Approved Items

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SC364	Cleaning Machine for Grand Arcade (Lion Yard Car Park)	P Necus	28	28	0	0	0	0	0	28	0	£28k approved by Council 14.2.07 funded from LAPE surplus.
SC365	GIS Phase 1	M Greensmith	48	40	8	0	0	0	0	40	0	£47,890 approved for Phase 1 by Council 14.2.07. Funded from PDG.
SC366	Green Parking Bays	P Necus	5	0	5	0	0	0	0	0	0	£5k approved by Council 14.2.07 funded from LAPE surplus.
SC368	GIS Phase 2 & 3	M Greensmith	57	0	38	19	0	0	0	19	0	£38k approved by Council 14.2.07. £38k funded from PDG, £19k from TIF.
SC369	Control Equipment boiler - Corn Exchange	G Saxby	23	26	0	0	0	0	0	26	0	Funded from R&R, 23k approved Jan 07.
SC370	Fisher Square Environmental Scheme	D Foley-Norman	47	47	0	0	0	0	0	47	0	Approved Feb 07 Council. Funded from S106 £10k, Env Improvements Programme £22k, CCM Programme £15k.
SC371	Housing, Health and Safety Risk Assessments	Y O'Donnell	35	36	0	0	0	0	0	36	0	Approved at January 07 Com Serv. Cmtee £35 from R&R and DRF
SC373	Abbey Astroturf	T Ray	50	49	0	0	0	0	0	49	0	£50k approved under Emergency powers May 2007, funded by Grant.
SC375	Roof Repairs 19-21 Market Street	J Stocker	50	17	1	0	0	0	0	18	1	Approved under Emergency Powers August 07. Funded £35k from R&R, £15k dilapidation income.
SC376	Thorpe Way Recreation Ground refurbishment	I Ross	249	5	185	61	0	0	0	66	0	Funded from S106.
SC377	Ramsden Square Recreation Ground refurbishment	I Ross	73	1	70	0	0	0	0	1	0	Funded from S106.
SC378	Church End Recreation Ground refurbishment	I Ross	34	1	31	0	0	0	0	5	4	Funded from S106.
SC379	Mercury Abatement	T Lawrence	2,023	0	0	1,491	533	0	0	2,024	0	From Hold List MTS 07. £2,023k - funded £1,500 UOR, £58 R&R, £466 Other.
SC382	Waste Cardboard Recycling Vehicle	M Parsons	85	85	0	0	0	0	0	85	0	Approved September 2007 MTS - County Funded
SC383	Replacement of Carpet & Shock Pad on the Astroturf at Abbey Pool	I Ross	200	0	200	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Reserves & R&R

Capital Plan – Approved Items

					Budget					All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
SC384	Improvements to Abbey Leisure Complex	I Ross	120	0	120	0	0	0	0	120	0	Approved at Council 21/02/08. Funded from Reserves & R&R.
SC385	Energy Efficiency Programme - Meadows	K Hay	48	0	30	16	16	0	0	32	0	Approved at Council 21/02/08. Funded from Reserves.
SC386	HMOs - Management Orders	Y O'Donnell	50	0	50	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Temporary Use of Reserves.
SC387	Purchase of Refuse Collection Vehicle for flats	M Parsons	140	0	140	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Reserves.
SC388	Street Litter Recycling	B Kerry	14	0	14	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Reserves.
SC389	Fire Safety in the Guildhall Halls	D Prinsep	50	0	50	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Reserves.
SC390	Improving Recycling Volumes from Admin Buildings	D Prinsep	18	0	18	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Reserves.
SC391	La Mimosa Punting Station	D Prinsep	10	0	10	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Use of Reserves. Project Appraisal to Strategy & Resources 21/01/08.
SC392	Time Recording Management System Upgrade	P Boucher	15	0	15	0	0	0	0	5	5	Approved at Council 21/02/08. Funded from Planning Delivery Grant £10k & TIF £5k
SC393	Web Based Digital Vehicle Tracking System	D Cox	236	0	66	80	80	10	0	170	0	Approved at Council 21/02/08. Funded from R&R & DRF. Project appraisal to Strategy & Resources 21/01/08.
SC394	Flexible Working Infrastructure Roll-Out	J Nightingale	88	0	88	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from TIF.
SC395	Procurement of Performance Management Software	A Kemp	14	22	0	0	0	0	0	22	0	Approved at Council 21/02/08. Funded from DRF.
SC396	Ravensworth Gardens - Remedial & Improvement Work	D Kaye	25	0	25	0	0	0	0	0	0	Approved at Council 21/02/08. Funded from Reserves.
SC397	Tree Management Database	D Roberts	28	23	5	0	0	0	0	28	0	Approved under urgent action by Executive Councillor for Climate Change & Growth. Project Appraisal to Env. Scrutiny Committee 8 April. Funded from Horizons/LDV.

Capital Plan – Approved Items

					Budget					All figures in £'000s		
Capital Ref	**Description**	**Lead Officer**	**Scheme Approval**	**Spend in Prior Years**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Est. Total Spend**	**Spend 08/09 to date**	**Comment**
SC398	Environmental Services GIS Link	J Lally	20	20	0	0	0	0	0	20	0	
SC399	Barnwell East LNR Conservation Grazing Project	E Selway	24	0	24	0	0	0	0	0	0	Project Appraisal approved at Environment Scrutiny Cttee 1 July 2008. Funded from S106.
SC400	Corporate Axis PAYe.net	T Allen	46	0	46	0	0	0	0	0	0	Approved 14/04/08 - Funded from TIF (£20k), SC287(£13k) & SC335(£13k)
SC401	The Youth Bus	K Hay	70	0	35	35	0	0	0	35	0	Project Appraisal approved at Community Services Scrutiny Cttee 24 July 2008. Funded from Other Sources (LPSA Reward Grant.)
SC402	King George Vth Rec Ground Pavilion Redevelopment - Phase 2	K Hay	162	0	162	0	0	0	0	0	0	Project Appraisal approved at Community Services Scrutiny Cttee 24 July 2008. Funded from S106.
SC403	Improvements to the Riverbanks on Jubilee Gardens, Jesus Green, Midsummer Common & Stourbridge Common	I Ross	71	0	67	4	0	0	0	4	0	Project Appraisal approved at Community Services Scrutiny Cttee 10 April 2008. Funded from R&R.
SC404	Big Lottery	K Hay	87	0	84	3	0	0	0	3	0	Funded by Big Lottery
SC405	Improvements to play areas & open space at land behind St Matthews Street	I Ross	120	0	117	3	0	0	0	3	0	Project Appraisal approved at Community Services Scrutiny Cttee 24 July 2008. Funded from S106 & R&R.
SC406	The Junction Development Programme	K Hay	130	0	10	120	0	0	0	120	0	Project Appraisal approved at Community Services Scrutiny Cttee 24 July 2008. Funded from S106.
To be allocated	Electrical Works at Mill Road Depot		36	0	0	36	0	0	0	0	0	Approved at Strategy & Resources Cttee 1 September 2008, All R&R funded
	Total – Capital Schemes		**30,793**	12,185	11,665	5,462	2,652	10	0	31,938	338	

HOUSING CAPITAL PROGRAMME

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
External Support					
GO-East Housing Capital Allocation	(159)	0	0	0	0
Disabled Facility Grants (60% CLG Grant)	(230)	(230)	(230)	(230)	(230)
Major Repairs Allowance (MRA)	(4,886)	(4,830)	(4,786)	(4,770)	(4,761)
Elmfield Road Receipt for Decant Costs	(135)	0	0	0	0
CLG Assessment Centre Grant	(2,995)	0	0	0	0
Total External Support	(8,405)	(5,060)	(5,016)	(5,000)	(4,991)
City Council					
Usable Capital Receipts	(641)	(505)	(403)	(301)	(233)
Other Land Sales Capital Receipts	(1,750)				
Usable Capital Receipts - Low Cost Shared Ownership	(300)	(300)	(300)	(300)	(300)
Direct Revenue Financing	(1,378)	(2,893)	(2,656)	(2,817)	(2,507)
Total City Council Funding	(4,069)	(3,698)	(3,359)	(3,418)	(3,040)
Total Available Finance	**(12,474)**	**(8,758)**	**(8,375)**	**(8,418)**	**(8,031)**
Less Expenditure on Housing within the HRA					
Spend on Own Stock - Decent Homes	9,774	7,176	5,362	6,576	6,475
Other Spend on Own Stock	2,273	1,673	1,672	1,672	1,672
Cambridge Standard Works	356	200	200	200	200
Other HRA Capital Spend (Incl. Low Cost Home Ownership)	360	360	360	360	360
Sheltered Housing Modernisation	3,405	16	2,400	59	0
Total Expenditure on HRA	16,168	9,425	9,994	8,867	8,707
Resources remaining after funding expenditure on the HRA	**3,694**	**667**	**1,619**	**449**	**676**
Less Expenditure on GF Housing					
Private Sector Housing Grants and Loans	470	470	470	470	470
Long Term Vacants	20	20	20	20	20

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Assessment Centre Project	3,486	0	0	0	0
Disabled Facilities Grants (DFG) Spend to secure 60% funding	230	230	230	230	230
Disabled Facilities Grants Additional Spend	353	353	353	353	353
Affordable Housing – New Build	1,080	1,000	1,000	252	0
Choice Based Lettings	15				
Total Expenditure on GF Housing	5,654	2,073	2,073	1,325	1,073
Resources (remaining) / required after funding expenditure on HRA & GF Housing	**9,348**	**2,740**	**3,692**	**1,774**	**1,749**
Capital receipts b/f	**(19,303)**	**(8,460)**	**(6,343)**	**(2,651)**	**(1,749)**
Contribution (to) / from Capital Balances	**9,348**	**2,740**	**3,692**	**1,774**	**1,749**
Additional Capital Receipts Reserved to Generate Interest to Fund PSH Grants and Loans Revenue Costs	**623**	**(623)**			
Ear-marked for additional investment in affordable housing	**872**			**(872)**	
Ear-marked for future HRA investment					
Capital Balance c/f	**(8,460)**	**(6,343)**	**(2,651)**	**(1,749)**	**0**

Note :

The above excludes available S106 receipts, which are to be spent on affordable housing in 2008/09.

Appendix Q

Capital Plan - Funding Variations Since Last Report (Council Feb 2008)

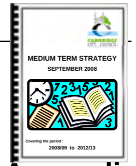
Funding		2008/09 Projection			Comment
Source	**Type**	**Last Report (£ 's)**	**Current (£ 's)**	**Difference (£ 's)**	
External Support	**Specified Capital Grants (SCG)**	1,202,000	3,384,000	2,182,000	£800k slippage from 2007/08; £1,382k reallocation of HIP funding
	Deferred Capital Contributions e.g Lottery Grant	0	84,000	84,000	Projects approved since February Council
	Other Sources	401,000	2,341,000	1,940,000	£115k slippage from 2007/08; £35k projects approved since February Council; £1,575k LABGI funding; £215k HPDG contribution to DIP/EDRMS project
	Major Repairs Allowance (MRA)	4,953,000	4,886,000	(67,000)	Reallocation of HIP funding
	Section 106	2,824,000	3,503,000	679,000	£237k slippage from 2007/08; £330k projects approved since February Council; £112k reallocation of HIP funding
	TOTAL – External Support	**9,380,000**	**14,198,000**	**4,818,000**	
City Council	**Usable Capital Receipts**	4,173,150	2,709,000	(1,464,150)	£2,812k slippage from 2007/08; £107k reallocation of HIP funding; £4,174k adjustment to reflect latest availability of Capital Receipts
	Direct Revenue Financing (DRF) / use of reserves – HRA	1,353,000	1,378,000	25,000	£3,913k slippage from 2007/08; £3,168k reallocation of HIP funding
	Direct Revenue Financing (DRF) – GF	68,000	123,500	55,500	£2k rephased to 2007/08; £57.5k projects approved since February Council

Funding		2008/09 Projection			Comment
Source	**Type**	**Last Report (£ 's)**	**Current (£ 's)**	**Difference (£ 's)**	
	Repair & Renewals Fund	2,471,000	2,784,300	313,300	£125k slippage from 2007/08; £189k projects approved since February Council
	Earmarked Reserves - TIF	0	479,200	479,200	£366k slippage from 2007/08; £113k projects approved since February Council
	Earmarked Reserves - Other	271,000	380,000	109,000	£108k slippage from 2007/08; £2k projects approved since February Council
	Direct Revenue Financing (DRF) – Temporary Use of Reserves	90,000	140,000	50,000	Projects approved since February Council
	Other Sources	0	1,012,950	1,012,950	£10k projects approved since February Council; £1.003k funding adjustments
	Use of Reserves - GF	6,362,000	7,932,040	1,570,040	£470k slippage from 2007/08; £252k funding available b/fwd from 2007/08; £855k adjustment re LABGI funding
	Use of Reserves - HRA	6,715,000	9,348,000	2,633,000	Reallocation of HIP funding
	Total – City Council	**21,503,150**	**26,286,990**	**4,783,840**	
Total Available Finance		**30,883,150**	**40,484,990**	**9,601,840**	

Appendix R

Capital Plan - Profiling Variations Since Last Report (Council Feb 2008)

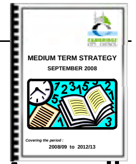
Capital Plan profiling variations were reported to members during the July 2008 scrutiny committee cycle and are reflected in the Capital Plan presented in Appendix P.



Appendix S

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** *New Bid – MTS September 2007*	1,000	0	0	0	0	0	1,000	✓	×	×
	TOTAL	**1,000**	**0**	**0**	**0**	**0**	**0**	**1,000**			



Appendix T

Cash Limit Calculation - 2009/10

Scrutiny Committee	/ Portfolio	Adj. Gross Expend. (£'s)		Inflated Base Budget (£'s)	Reductions Required (£'s)	Cash Limit (£'s)
Community Services	Arts and Recreation	4,679,960		5,295,090	161,400	5,133,690
	Community Development & Health	5,462,380		4,647,620	188,390	4,459,230
	Housing	1,808,240		2,482,230	62,360	2,419,870
Environment	Climate Change & Growth	8,182,210		5,977,920	282,180	5,695,740
	Environmental & Waste Services	1,775,140		6,730,640	61,220	6,669,420
Strategy & Resources	Customer Services and Resources	11,884,980		(7,421,640)	409,890	(7,831,530)
	Strategy	2,016,560		3,907,390	69,560	3,837,830
Committee Total		**35,809,470**		**21,619,250**	**1,235,000**	**20,384,250**
add Priority Policy Fund				200,000		
add Net unavoidable costs				1,301,210		
add Other items (temporary use of reserves0				(480,020)		
add Contribution to capital				2,766,530		
less Capital Adjustments Account				(2,416,500)	**Reduction calculation :**	
less FRS17 (pensions) adjustment				(590,910)		
less Use of Reserves				(2,206,450)	*Based on excluding contractual obligations*	
less Council Tax income				(6,581,630)	*- target rate :*	3.45%
less Total External Support				(12,376,480)		
Reduction Target				**1,235,000**		

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	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 2009
Decent Homes maintenance – Kitchens and bathrooms (2)	Luminus Group and N&S Building Services	5 years to 30 March 2011
Decent Homes maintenance – Heating (2)	Aqua Mechanical Services Ltd, Chaps Ltd	5 years to 30 March 2011
Decent Homes maintenance – Electrical (2)	Coulson Building Group, Eastern Contracting	5 years to 30 March 2011
Decent Homes maintenance – Roofing (2)	Lodge Roofing and K&C Roofing	5 years to 30 March 2011
Decent Homes maintenance – Decorating (2)	Mitie Property Services, Cundy Anglia Ltd	5 years to 30 March 2011
Mechanical and Electrical Services	Aqua Planned Maintenance	4 years to 30 April 2012
Lift Maintenance	Kone Lifts	4 years to 30 April 2012

Contract / Agreement	Service Provider	Contract Period / End Date
Air Cooling Maintenance	Constant Cooling	4 years to 30 April 2012
Door Entry Maintenance	Power Control Panels	4 years to 30 April 2012
Fire Safety Equipment Inspection & Maintenance	Cromwell Fire	4 years to 30 April 2012
Corporate Mobile Phones	Isis	Extension to June 2009
Sub 100kw Electricity Sites	Opus Energy	2 years to 31 July 2009
100kw Electricity Sites	Scottish Southern	1 year to 30 September 2008
Gas	British Gas	1 year to 30 September 2008
Tree Surgery Services (5)	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 November 2008
Environmental Improvement Schemes & Minor Highway Works	J P Websters	3 years to 31 July 2011
Provision of Pay on Foot Parking Equipment	Parkeon Ltd	10 years to 2018
INTERNAL TRADING ARRANGEMENTS		
Building Maintenance / Decent Homes	City Services	to 30 June 2010
Street Cleaning/Grounds Maintenance	City Services	To 1 January 2010

Appendix V

Annual Efficiency Statement (AES)

2007/08 Backward 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 the cornerstone 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 efficiency agenda - initially to identify back office inefficiency and move that resource into front line service delivery - has developed into an ongoing drive for efficiency, which will become more and more challenging. The key medium term local pressure is the provision of services for up to 20,000 houses in the Cambridge sub-region, the majority of which will require step changes in service cost before income from Council Tax and RSG are crystallized.

Despite the pressures above, the Council has key initiatives in place to contribute towards our efficiency targets for 2008/09 and onwards. Our new Customer Service Centre, first identified in our Corporate Change programme and recommended to Members in 2006, opened on 1st April 2008 offering clients a swift resolution of client issues - usually at their first contact. This is being rolled out over a period of three years to the cover all Council departments. Alongside this initiative the Document Image Processing (DIP) and Electronic Data Record Management Systems (EDRMS) will be introduced allowing us to access information swiftly and efficiently. The worldwide green agenda has given impetus to our implementation of remote working opportunities, whilst our increasing use of Framework Agreements has meant that our procurement processes have become simpler and more cost effective.

Key Actions :

Key actions anticipated in the Forward Look were in the areas of

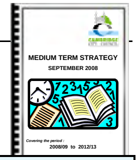
- Procurement
- Customer Access Strategy
- Implementation of DIP and EDRMS
- Outsourcing the Employment Foundation Service
- Corporate Restructuring and
- Website development

All of the above have developed apace but all, by their very nature, are ongoing programmes and do not generate immediate savings. Some elements were delayed and thus not implemented by March 2008 - particularly EDRMS and DIP - which are now due for implementation in July 2008, but all will generate significant ongoing savings.

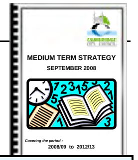
The main success for 2007/08 was smart working, namely

- reducing waste collection vehicle hire
- reallocation of workload to reduce overtime
- implementation of new working practices at the crematorium
- not filling vacancies where work could be reassigned with no loss of service

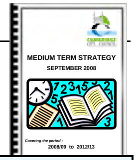
All of the above have contributed significantly to our savings targets and the majority will roll forward as ongoing



	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)		
Title	**Total gains**	**...of which cashable(£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Related links**
Adult social services	0	0	82,210	82,210	82,210	82,210	82,210	82,210	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Previous primary quality crosscheck (if different)								
	Previous primary quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	No efficiency gains to be reported in this sector, (enter 0 in 2006/07 and 0 in 2007/08)						0	0	Yes
	Key actions undertaken to achieve efficiency gain: Staffing levels were reviewed at one of our sheltered housing schemes with a reduction of two established posts with no loss of service.								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the restructuring and its ongoing savings.								
Children's services	16,520	16,520	0	0	0	0	16,520	16,520	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	No efficiency gains to be reported in this sector, (enter 0 in 2006/07 and 0 in 2007/08)						0	0	Yes
	Previous primary quality crosscheck (if different)								
	Previous primary quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Key actions undertaken to achieve efficiency gain: No further significant efficiencies were identified within Children's services in 2007/08 although prior year's savings continued								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the restructuring and its ongoing savings.								
Culture and sport	291,842	280,381	1,680	1,680	1,680	1,680	293,522	282,061	

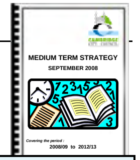


	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)		
Title	**Total gains**	**...of which cashable(£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Related links**
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Key actions undertaken to achieve efficiency gain: Key action was the generation of additional income from advanced accommodation bookings								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the additional income achieved.								
Environmental services	851,353	790,294	277,331	237,928	237,863	173,680	1,128,684	1,028,222	
	2007/08 Primary quality crosscheck								
	Quality crosscheck							**2006/07**	**2007/08** **Quality crosscheck met?**
	Percentage sum of household waste arisings that have been:(a) sent by the Authority for recycling (BV82a i); (b) sent by the Authority for composting or treatment by anaerobic digestion (BV82b i); and (c) used to recover heat, power and other energy sources (BV82c i)							17.09	17.75 Yes
	Key actions undertaken to achieve efficiency gain: Key successes arose from: -Restructuring of the Environmental Health service (£89,200) -Reduction in the use of hired waste collection vehicles (£69,468) -Implementation of the 72 hour rule at the Crematorium (£22,000) -A one off saving in delaying recruitment in City Centre Management (£24,780) -A reduction in plastic bottle baling costs (£20,110)								
	Quality crosscheck notes: Percentage sum of household waste arisings that have been:(a) sent by the Authority for recycling (BV82a i) (2006/07:17.09% 2007/08 17.75%); (b) sent by the Authority for composting or treatment by anaerobic digestion (BV82b i)(2006/07:22.54% 2007/08 23.77%)								
Local transport (highways)	0	0	0	0	0	0	0	0	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	No efficiency gains to be reported in this sector, (enter 0 in 2006/07 and 0 in 2007/08)						0	0	Yes
	Key actions undertaken to achieve efficiency gain:								
	Quality crosscheck notes:								



	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)		
Title	**Total gains**	**...of which cashable(£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Related links**
Local transport (non-highways)	262,004	262,004	0	0	0	0	262,004	262,004	
	2007/08 Primary quality crosscheck								
	Quality crosscheck				**2006/07**	**2007/08**	**Quality crosscheck met?**		
	Non-approved indicator (explain fully in the text box)				0	1	Yes		
	Key actions undertaken to achieve efficiency gain: Following the rationalisation of the car parks in 2005/06 and the successful transfer of Local Authority Parking Enforcement, no significant further gains have been identified. The City's major car park was out of use during the redevelopment of the City Centre in 2007/08. It is anticipated that when new parking patterns emerge in the City, a review will be undertaken to identify further efficiencies.								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to demonstrate that expenditure in Parking Services has been reduced and that the service has experienced no detriment to the quality of parking available to the public.								
LA social housing (capex)	0	0	0	0	0	0	0	0	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Key actions undertaken to achieve efficiency gain: It had been anticipated that repairs and maintenance could be capped at an inflation increase of 2.4% however this was not achieved due to a higher demand for the repairs and voids maintenance service**.**								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the aims of this project.								
LA social housing (other)	484,356	218,395	10,029	10,029	10,029	10,029	494,385	228,424	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Key actions undertaken to achieve efficiency gain: Further staffing efficiencies were achieved through re-structuring following those reported in 2006/07								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the aims of this project.								

	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)		
Title	**Total gains**	**...of which cashable(£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Related links**
Non-school educational services	0	0	0	0	0	0	0	0	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	No efficiency gains to be reported in this sector, (enter 0 in 2006/07 and 0 in 2007/08)						0	0	Yes
	Key actions undertaken to achieve efficiency gain:								
	Quality crosscheck notes:								
Supporting people	274,204	63,426	0	0	0	0	274,204	63,426	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Key actions undertaken to achieve efficiency gain: Although no new significant efficiencies have been identified within the service, the re-structuring in 2006/07 has led to continued ongoing savings.								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the ongoing efficiencies achieved.								
Homelessness	262,133	262,133	0	0	0	0	262,133	262,133	
	2007/08 Primary quality crosscheck								
	Quality crosscheck						**2006/07**	**2007/08**	**Quality crosscheck met?**
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)						0	1	Yes
	Key actions undertaken to achieve efficiency gain: No new significant efficiencies have been identified within the service.								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the ongoing efficiencies achieved.								
Other cross-cutting efficiencies not covered above									
Corporate services	384,668	384,668	44,769	44,769	19,769	19,769	429,437	429,437	



	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		…of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)		
Title	**Total gains**	**…of which cashable(£)**	**Total gains**	**…of which cashable (£)**	**Total gains**	**…of which cashable (£)**	**Total gains**	**…of which cashable (£)**	**Related links**
	2007/08 Primary quality crosscheck								
	Quality crosscheck	**2006/07**	**2007/08**	**Quality crosscheck met?**					
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)	0	1	Yes					
	Key actions undertaken to achieve efficiency gain: Key efficiencies identified were: - Reduction in telephone leasing costs (£9,662) - Reduction in back office costs within the Accountancy Services team (£10,107)								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the ongoing efficiencies achieved.								
Procurement - goods and services	116,593	92,720	4,270	4,270	4,270	4,270	120,863	96,990	
	2007/08 Primary quality crosscheck								
	Quality crosscheck	**2006/07**	**2007/08**	**Quality crosscheck met?**					
	Non-approved indicator (enter 0 in 2006/07 and 1 in 2007/08 and explain in the text box)	0	1	Yes					
	Key actions undertaken to achieve efficiency gain: New savings identified in 2007/08 were in respect of reduced printing costs. It is anticipated that significant savings will be achieved in 2008/09 onwards following the embedding of the use of Framework Agreements.								
	Quality crosscheck notes: None of the approved quality crosscheck indicators are directly relevant to the efficiency measures reported in this category. Supporting information is available for inspection to evidence the ongoing efficiencies achieved.								
Procurement - construction	0	0	0	0	0	0	0	0	
	2007/08 Primary quality crosscheck								
	Quality crosscheck	**2006/07**	**2007/08**	**Quality crosscheck met?**					
	No efficiency gains to be reported in this sector, (enter 0 in 2006/07 and 0 in 2007/08)	0	0	Yes					
	Key actions undertaken to achieve efficiency gain:								
	Quality crosscheck notes:								
Productive time	139,439	5,304	6,094	6,094	6,094	6,094	145,533	11,398	
	2007/08 Primary quality crosscheck								
	Quality crosscheck	**2006/07**	**2007/08**	**Quality crosscheck met?**					
	Working days lost to sickness absence (BV12)	9.3	9.26	Yes					

	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)		
Title	**Total gains**	**...of which cashable(£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Total gains**	**...of which cashable (£)**	**Related links**
	Key actions undertaken to achieve efficiency gain: The ongoing initiative to reduce staff sickness has continued with a marginal reduction of 0.04 days sickness. The target for 2008/09 represents a further reduction of 1.36 days (£207,200)								
	Quality crosscheck notes: BV12 - Working days lost to sickness - has reduced from 9.30 days in 2006/07 to 9.26 days in 2007/08								
Transactions	146,308	55,144	0	0	0	0	146,308	55,144	
	2007/08 Primary quality crosscheck; Quality crosscheck / 2006/07 / 2007/08 / Quality crosscheck met?: Percentage of invoices paid on time (BV8) / 98.64 / 98.33 / No								
	Key actions undertaken to achieve efficiency gain: No further gains were identified in respect of transactions in 2007/08.								
	Quality crosscheck notes: Whilst the performance indicator BV8 shows a marginal reduction, this reflects a reduction in the overall number of invoices processed as a consequence of our success in increasing the number of invoices received electronically and paid as a single invoice rather than multiple invoices. The percentage of suppliers paid by BACS is an ongoing success although is recognised that acceleration from the current achievement of 94.75% will be a challenge (2005/06: 90.34%; 2006/07 94.12%; 2007/08 94.75%)								
Miscellaneous efficiencies	0	0	0	0	0	0	0	0	
	2007/08 Primary quality crosscheck; Quality crosscheck / 2006/07 / 2007/08 / Quality crosscheck met?: No efficiency gains to be reported in this sector, (enter 0 in 2006/07 and 0 in 2007/08) / 0 / 0 / Yes								
	Key actions undertaken to achieve efficiency gain:								
	Quality crosscheck notes:								
Total	**3,229,420**	**2,430,989**	**426,383**	**386,980**	**361,915**	**297,732**	**3,655,803**	**2,817,969**	

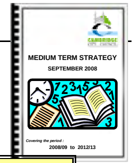
Appendix W

Key Risk Analysis Issues

The following is an extract of key issues from the MTS risk analysis.

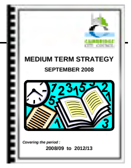
Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(1)	Effects of Legislation / Regulation	• Implications of new legislation / regulation or changes to existing are not identified. • Funding is not identified to meet the costs associated with statutory requirements. Specifically for 2009/10: • The Concessionary Fares scheme does not provide funding to cover the full cost to the authority.	• 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. • Close monitoring of the actual usage, and hence cost, of the new national scheme is being undertaken. This MTS outlines plans to put in place funding to cover the projected additional costs of the scheme from 2008/09 onward. • The Council will be working with other, similarly affected authorities, and with national groups (such as SCDT and LGA) to lobby for changes to the scheme in light of the practical experience.

Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(2)	Service / Spending Plans	• The Council approves Plans which are not sustainable into the future, leading to increasing problems in balancing budgets.	• Council has adopted medium and long-term modelling (up to 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	• 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 • Growth is adversely affected by economic slow down in construction/housing market.	• 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 • Growth projections continue to be examined closely in light of the recent impact of the 'credit crunch', and where appropriate budgets being adjusted.



Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(4)	External income / funding streams	• Undue reliance is placed on external income streams, leading to approval of unsustainable expenditure Following the end of the current Spending Review period : • Changes to the grant mechanism under adversely affect the Council : - removal, or phased withdrawal of, the Floor - Grant increases 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. • Possible adverse affect on usage of car parks due to changes in County Transport policies, e.g. Congestion charging is introduced	• 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 0.5% 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. This is linked to the particular impact associated with the growth agenda • 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

Ref.	Risk Area	Risk / Issue	Controls / Mitigation Action
(5)	Use of resources including Projects and Partnerships	• There is ineffective use of the resources available to the Council • The move to Comprehensive Area Assessment in 2009 adversely affects the Councils performance rating. • Failure to deliver Council Major Projects, ie return on capital, project on time etc. • Change in emphasis on Partnership delivery activity (through Local Area Agreement Board) is not recognised or shared with our key Partners	• 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 2007 • Partnership review by the Local Area Agreement Board.
(6)	Financial planning lacks appropriate levels of prudency	• Financial policies, in general, are not sufficiently robust • Funding to support the approved Capital Plan is not available	• Council has adopted key prudency principles, reflected in : - 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



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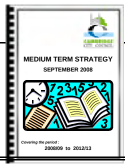
Glossary

	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.
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.
	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.
	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).
H	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.
	HPDG	Housing and Planning Delivery Grant is a three-year programme, providing annual grant in recognition of success in terms of progress on plan making and on housing delivery. Replaced the previous Planning Delivery Grant (PDG).
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
	Local Strategic Partnership (LSP)	Partnerships involving senior representatives from different agencies across public, private and voluntary sectors, working together more effectively to improve the quality of life in an area .



	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
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.