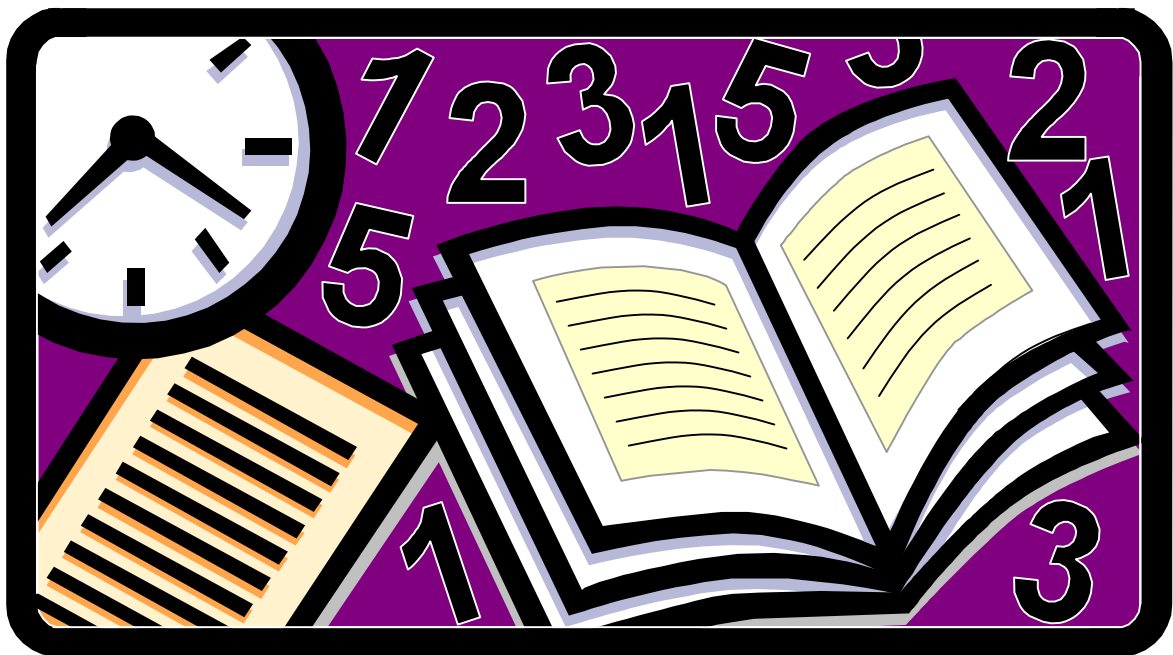




MEDIUM TERM STRATEGY

SEPTEMBER 2004



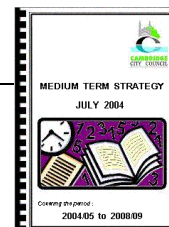
Covering the period :

2004/05 to 2008/09



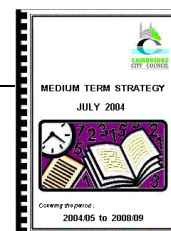
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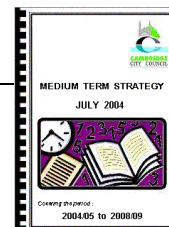
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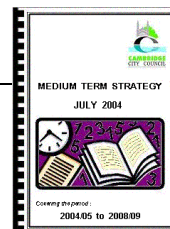
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Executive Summary

Introduction

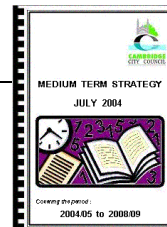
- 1) The Medium Term Strategy (MTS) is the Council's key financial planning document. It sets out, and considers the implications of, the Medium Term Objectives (MTOs) and priorities approved by the Council.
- 2) It is part of a wider corporate process which is shown in Appendix O, together with an outline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

Policy Context

- 3) The key policy context for the MTS was outlined in the MTOs, and supporting detail, which were approved by the Council at its meeting on 24 June 2004.
- 4) This included determination of the priorities for decision-making in setting the budget for 2005/06. 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 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 Council has been working with its partners within the Cambridge Local Strategic Partnership (LSP) to develop a Community Strategy, identifying key issues for the City and objectives to address them. The Strategy covers a 3 year period, and was formally adopted by the Council in May 2004.
- 6) The objectives identified by the LSP map onto the Council's own stated priorities, and the Council will be contributing to the strategy through its mainstream services and programmes. The City Council will be taking the lead, on behalf of the LSP, on the "ensuring new communities have sustainable facilities" action.

Demographic Factors

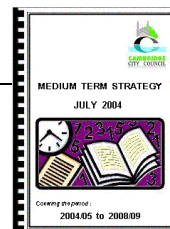
- 7) Demographic factors affect the Council's planning in a number of ways :



- 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
- 8) The main change since the publication of the last MTS has been the release of more detailed information collected through Census 2001, and this is being analysed to determine implications for services.
- 9) The main impact from the Census 2001 data for the Council was the significant fall in the resident population (108,832) compared with the interim projected figures (124,400).
- 10) This is of particular significance as it is the key element for the distribution of Government grant under the present Formula Grant system.
- 11) The adverse effect of this was 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.
- 12) Following lobbying nationally, the Government is currently considering the possibilities of any retrospective adjustment to reflect this. However, as the Council is still receiving significant protection under the 'Floor' system this would not result in additional grant in the short-term even if it were to be agreed.
- 13) Regional planning issues will also have an impact for the services delivered by the Council, primarily in the medium and longer-term.
- 14) In the short-term the main implication for budgeting purposes is that the increase in the number of households will shortly reach the point where additional refuse collection and recycling rounds will need to be introduced within the City, with associated revenue and capital implications. This has been reflected within the strategy, with provision included for new rounds to operate from 1 April 2005.

Treasury Management

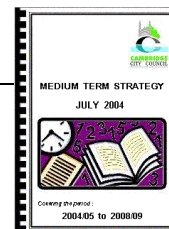
- 15) The Council achieved debt-free status at 31 March 2003, and has a current policy of retaining this position. This has significant implications in terms of both revenue and capital.



- 16) 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.
- 17) With the introduction of the new Prudential Framework for capital, which came into effect from 1 April 2004, the Council benefits 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%) and 2005/06 (50%).
- 18) This has meant that it is to the overall advantage of the Council to remain debt-free at present. However, with the ending of the transitional benefits and with particular reference to the implications for the Stock Option Appraisal work, the policy for future years is being reviewed in detail as part of the current MTS and budget process.
- 19) Stock Option Appraisal 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.
- 20) The main factor for projections of actual investment income continues to be the levels of market rates. Upward pressure on base rates remains, despite the recent series of increases announced by the Monetary Policy Committee (MPC) of the Bank of England (4 increases of 0.25% since February 2004, taking the rate to 4.75% in June).
- 21) Although the Consumer Price Index (CPI) has been below the Government's 2.0% target, cost pressures are rising. Household spending, public consumption and investment have all grown strongly and the housing market remains buoyant; whilst the labour market has tightened further.
- 22) However, in July there were conflicting signals in the housing market, though it seems likely that the rate of house price inflation has started to moderate. There were also some signs that the pace of retail sales has moderated. This suggests that many of the issues which have been of most concern to the MPC may be on the turn.
- 23) The next meeting of the MPC will be on 8 & 9 September 2004, with the next Bank of England Inflation Report due for publication on 10 November 2004. These will give further indications on the medium term prospects.

Financial Projections - Revenue

- 24) 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.



- 25) 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.
- 26) The key assumptions for the preparation of these projections are shown in Appendix E.
- 27) 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.
- 28) 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 F) will form the basis for ongoing review through the period of the budget process.
- 29) The main issue in terms of funding availability is the estimation of the level of Government grant which the Council will be entitled to.

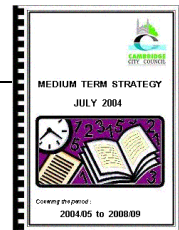
Government Grant Projections

- 30) 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.
- 31) 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' (the minimum level of increase) and 'Ceilings' (the maximum level of increase).
- 32) For 2004/05 the Final Settlement confirmed a 'Floor' for district councils at 3.0%, compared with the adjusted base for 2003/04 - giving an additional grant entitlement of £1,807,310. This was significantly higher than the scenario which had been modelled in last year's MTS, and the projections were revised to reflect a 1.0% year-on-year real terms increase, based on central government statements.
- 33) The impact of the Settlement for Cambridge in 2004/05 is shown below :



Calculation of Grant Entitlement	2004/05 (£'s)
Formula Spending Share (FSS)	15,615,140
<i>less</i> Business Rates Income (from National Pool)	3,014,130
	12,601,010
<i>less</i> Assumed National Council Tax (ANCT) Income	6,697,020
Revenue Support Grant (RSG) Entitlement	5,903,990
But :	
Minimum RSG to get to the 'Floor' (i.e. 3.0% increase)	7,711,300

- 34) Ministers have confirmed that they intend to continue to apply protection arrangements, based on the 'Floors' and 'Ceilings' model. However, they have indicated that they are not likely to confirm the levels at which these factors will be set until the Provisional Settlement announcement (typically in November).
- 35) The significant level of protection in the Settlement, together with the continued uncertainty regarding future policy, is a key issue for the Council.
- 36) The assumption for future years has been tested against the indications provided by the national control totals contained within the Chancellor of the Exchequer's Budget announcement on 17 March 2004, and within Spending Review 2004.
- 37) Initial analysis of the content of SR2004 has been completed, although detailed Government departmental spending plans will not be published until autumn 2004. This analysis would appear to confirm that the 1.0% modelling assumption is reasonably prudent, at this stage.
- 38) The Review also focuses on targeting efficiency savings, highlighting target levels of 2.5% in the public sector, which would provide scope to deliver effective real net investment at a higher level. This also ties-in with the findings from the Gershon Review and the focus of the priority areas announced as part of the Implementing Electronic Government (IEG) 3 report.
- 39) The future estimation of grant entitlement is dependent on a number of key variables :
 - The level of Formula Spending Share (FSS)
 - Resident population
 - Assumed Standard Council Tax level
 - Council Tax base
 - Levels at which 'Floors' and 'Ceilings' are set.



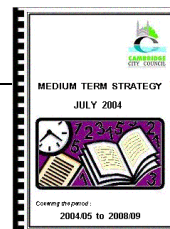
- 40) In order to estimate grant entitlement, assumptions have had to be made regarding the key variables outlined. These are shown in the table below :

Variable	Assumption Adopted
Formula Spending Share (FSS)	EPCS quantum increases in SR2004, thereafter at Government RPIX inflation assumption level (2.5%)
Resident population	Insignificant effect in proportion to overall national changes
Assumed Standard Council Tax	2004/05 level increased by 4.0% year-on-year
Council Tax base	Insignificant effect in proportion to overall national changes
Level of 'Floor'	1.0% year-on-year real terms increase

- 41) The resultant grant entitlement calculation has been used to complete the projections used to construct the financial strategy for the 2005/06 budget.

Housing Revenue Account (HRA)

- 42) There have been a number of changes affecting entitlement to Housing Subsidy for the HRA, the most significant of which have been changes to the formulae and the impact of rent restructuring.
- 43) The result of these changes has been an increased assumed need for funding to run housing management and repair services, the net effect of which has been to move the projected HRA to a position with surpluses throughout the 30 year period of the Business Plan.
- 44) Whilst this may reduce the immediacy of pressures regarding the revenue position for the HRA, the main issue remains the determination of the most appropriate structure for the future delivery of social housing which is being addressed through the Stock Options Appraisal review.
- 45) As part of this process consultants have been commissioned to undertake work supporting the review, and this is being integrated with the detailed work which is in progress to update HRA business plans, and associated budgets.
- 46) The main options for the appraisal are :
- Stock retention
 - Stock transfer
 - Arms Length Management Organisation (ALMO)



- 47) Analysis is currently being undertaken based on a local 'Cambridge Standard' for our own stock, as well as for the Government's Decent Homes standard, and target levels for support of 'new build'. The analysis also includes the wider corporate implications of all of the options.
- 48) The current projected timescales for the completion of the work are :
 - Report to special Housing & Health Scrutiny Committee on 8 September 2004, selecting viable options
 - Tenant preference exercise to be conducted by ballot in October 2004, with the outcome being reported to the November meeting of the scrutiny committee
 - Final submission to ODPM for sign-off in late December 2004 / early January 2005

Capital

- 49) The previous funding policy has been successful in providing a base position with uncommitted capital funding available in future years. However, this is based on the ability to continue making revenue contributions each year (currently at the rate of £1.4m per year for the General Fund).
- 50) The move to debt-free status has provided access to 100% of new capital receipts during 2003/04, with the main advantage being gained through access to the 75% of Right-to-Buy receipts which previously had to be set aside. Following previous policy, these additional receipts have been earmarked for housing purposes.
- 51) The introduction of the new Prudential Framework for capital finance, with effect from 1 April 2004, has had little immediate impact for the Council. As highlighted above the advantage of remaining debt-free for the first two years to obtain transitional arrangements for national pooling of housing receipts has more than offset any advantage from Prudential Borrowing.
- 52) However, this approach is being reviewed as part of the MTS and budget process, with particular reference to the implications for the Housing Stock Options Appraisal work, 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
- 53) The removal of the Local Authority Social Housing Grant (LASHG) scheme with effect from 1 April 2003 has had a material effect on the way in which the Council can influence the provision of social housing within the City through partnership working. This means that any direct grants to Registered Social Landlords are no longer refundable by the Housing Corporation.



54) The projected availability of uncommitted capital funding is :

Capital Items	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)
Funding available	29,002,000	15,416,000	10,711,000	10,984,000	11,991,000
less Existing Capital Plan	23,823,000	11,732,000	10,277,000	10,251,000	10,856,000
Total uncommitted funding available	5,179,000	3,684,000	434,000	733,000	1,135,000

The total amounts available can be analysed as follows :

Earmarked for Housing purposes	4,389,000	3,479,000	29,000	328,000	136,000
Available for other purposes	790,000	205,000	405,000	405,000	999,000

55) The significant degree of development around the City may provide the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. This may result in significant opportunities for capital spending over the medium-term as the receipts are realised.

56) 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.

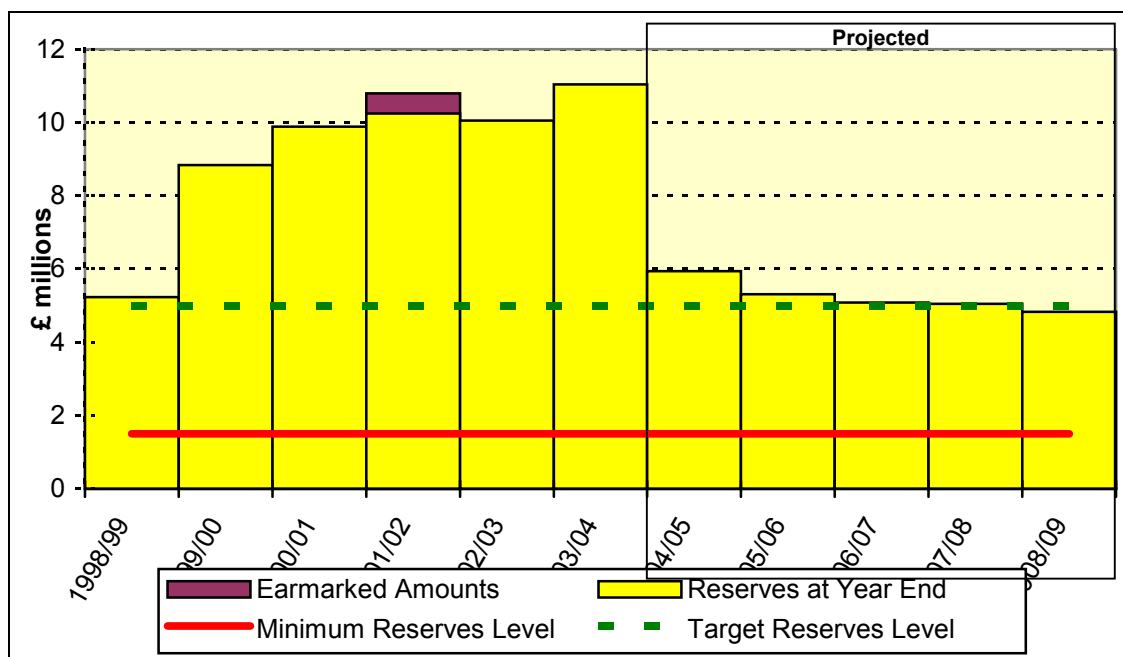
Financial Strategy

57) In addition to the requirement to spend calculated above, the projections have been constructed to include £500k per annum of Priority Policy Fund (PPF). The PPF provides an effective means of enabling the redistribution of resources between committee cash limits, in recognition of priorities identified through the MTOs and public budget consultation.

58) The compilation of the September 2004 MTS has served to confirm that the key parameters remain appropriate and achievable. These are :

- Council Tax to increase at 4.0%
- Savings target of 2.6%
- PPF at £500,000
- Retention of the £1,400,000 revenue contribution for General Fund capital spending
- Reserves target level of £5m in the medium term, with a £1.5m working balance requirement

- 59) The level of Council Tax increase has been set at the same level (+4%) assumed as the increase that the Government will build into the grant calculation though the level of Assumed Standard Council Tax.
- 60) This package would keep the General Fund at the target level for reserves :



- 61) Risk analysis has also been undertaken to identify the impact of potential changes in a number of the key variables, with the key findings contained within the MTS.
- 62) If the Government's assumed rate for Council Tax were to be lower than 4%, then the actual Council Tax increase could also be reduced.

Budget Process

- 63) The main budget process for 2005/06 is very similar to that which has been developed over the last few years. The only significant change proposed relates to the process by which Central & Support Service budgets are compiled.
- 64) These services are currently the subject of a Best Value Fundamental Service Review (BVFSR), and it is felt that this exercise is the most appropriate means of providing effective challenge to the services in question.
- 65) In addition, the review is being conducted in parallel with a number of major projects which will affect the scale and nature of future requirements for these services (the most significant of which is the Stock Options Appraisal review).



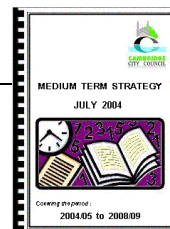
- 66) So as to avoid conflict or duplication with the work under this review it is being recommended that, for 2005/06, budgets for these services should be developed through the service planning process in November and January cycles - as for direct services.
- 67) The services will still be subject to the same equated savings target as direct services, and direct services will be given initial estimated figures for inclusion in their budgets with a final adjustment at the end of the process.
- 68) Despite numerous improvements to the existing SLA process in recent years it has not proved possible to effectively handle key step-change decisions relating to these services, and it is felt that the BVFSR is the best means of tackling these issues.

Budget Consultation

- 69) Over the last 3 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 a consistent message in terms of broad priorities.
- 70) This raises the potential to focus on a more deliberative approach to consultation as part of the 2005/06 process, and a detailed programme is currently being considered. In addition, a more proactive approach to consultations with the business community is planned.
- 71) The results of all elements of consultation will be drawn together to be reported as part of the January 2005 scrutiny committee cycle to inform the final decisions on the 2005/06 budget.

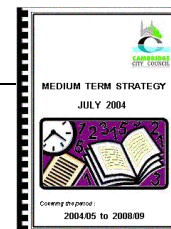
Summary & Conclusions

- 72) The MTS has reviewed the key elements of the existing strategy, confirming that these are still both appropriate and realistic. In doing so, a framework has been determined for detailed budget work to develop the Council's 2005/06 budget.
- 73) Financial modelling has determined a sustainable approach, which still enables the inclusion of £500k of PPF each year to facilitate ongoing progress towards the Council's MTOs. This has been reinforced through risk analysis covering the key variables.
- 74) The strategy includes a process to consider the priorities which can best be addressed through application of the additional capital receipts which are immediately available to the Council.



Medium Term Strategy





1. Purpose and Scope

Purpose

- 1.1 The purpose of this Medium Term Strategy (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.
- 1.2 In the context of these objectives, the document then outlines the Council's overall financial position.
- 1.3 The importance of considering a medium-term forecast of the Council's finances is that: -
 - A reasonable level of detail can be achieved for the first year;
 - The first three years demonstrate the full-year effects of changes;
 - The five-year view demonstrates the sustainability of the targeted level of spending.
- 1.4 A key feature of the work to develop the MTS is the incorporation of risk assessment and management. 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 :

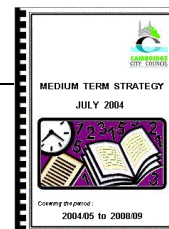
Table 1 : Financial Projection Periods

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

- 1.5 This document is intended to be used as a working document for the first stage of the process for setting budgets for the 2005/06 financial year.

Scope

- 1.6 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.



- 1.7 This year the Council has no requirement to submit separate Capital Strategy or Asset Management Plans, having achieved 'Good' ratings for previous submissions, and 'Excellent' under the Comprehensive Performance Assessment (CPA). However, the aim is to maintain the key elements of these documents, as good practice, for internal purposes.
- 1.8 The Housing Investment Programme (HIP) and the Housing Revenue Account (HRA) Business Plan, are to be submitted as draft strategies by 1 September 2004.
- 1.9 Draft guidance covering proposals for the next Implementing Electronic Government submission proposes to simplify the process and move more towards a self-assessment process, requiring a submission by 31 October 2004.
- 1.10 This document considers the implications from each of these plans, where relevant.

Layout

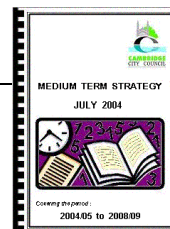
- 1.11 This document has been divided into a number of parts, for ease of reference.
- 1.12 In Part A, information is provided on the Council's defined priorities; determining the policy context for financial planning.
- 1.13 In Part B, an overview is provided of general factors, which will affect both 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.
- 1.14 Part C and Part D consider the forecasts and implications for revenue and capital spending respectively.
- 1.15 Part E outlines the overall financial strategy and processes, which are proposed as a result of the preceding analysis, and also considers future prospects.

Process and Timing

- 1.16 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.
- 1.17 A key part of this process is consideration of a draft of the Executive Summary by all of the Scrutiny Committees in the June cycle of meetings. The consultation draft of the Executive Summary includes appendices covering the proposed timetable (appendix O in this document), together with listings of the key assumptions, the items to be treated as unavoidable and the uncertainties (appendices E and F in this document).



- 1.18 The final version of this document will be agreed by the Leader, in light of the views expressed as part of the consultation stage, at the end of the June cycle of Scrutiny Committees for approval by full Council at its meeting on 9 September 2004.
- 1.19 Given the length of the period from Strategy scrutiny committee to Council, the content of the MTS has been revised to reflect any additional issues or updated information which becomes available in the intervening period - this will include further progress on Housing Stock Options work and the announcement of Spending Review 2004.
- 1.20 The overall timetable for the completion of this document forms part of the overall Budget Preparation Timetable, shown in Appendix O.

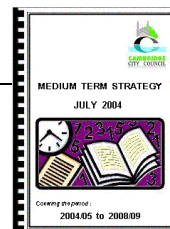


Part A

Policy Context &

Priorities





2. Policy Context

- 2.1 The Liberal Democrat group's Annual Statement was approved by Council at its meeting on 24 June 2004. This contained key contextual information for the development of the financial strategy, and budget, for 2005/06 and future years.

MEDIUM TERM OBJECTIVES

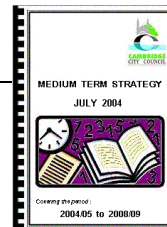
- 2.2 Over the medium term, the Council aims to provide:

Better Services

- 2.3 Deliver high quality services in a fair and equal way to all sections of the community.
- 2.4 Make decisions in an open and accessible way, so that local residents can understand the way the Council works and are able to have a say in the decisions that affect their lives.
- 2.5 Deliver services through grant aid, external contracts or partnerships with others where these are the best option and, where possible, generate income for investment in frontline services by maximising the opportunities we have to trade with other agencies.

A Strong Economy and Attractive Environment

- 2.6 Protect and enhance both the environment and economic dynamism of the City, providing support to local communities to enhance the capacity of local people and their ability to participate in the life of the city.
- 2.7 Provide attractive and cleaner streets, neighbourhoods and open spaces so that they enhance the well-being and quality of life of Cambridge residents and visitors.
- 2.8 Reduce levels of crime and fear of crime in the City by working with partners to deliver the Cambridge Community Safety Strategy.
- 2.9 Encourage sustainable waste management through recycling and waste minimisation.



- 2.10 Reduce the impact of traffic on the City by promoting and supporting improved public and community transport, cycling and walking.

Better Housing

- 2.11 Work to address the City's overall housing shortage, to maximise the supply of affordable housing in the city and to ensure Cambridge residents have safe and decent homes, whether in supported housing, or with aids and adaptations to live in their own homes.
- 2.12 Improve the management of the housing owned by the Council in a way which involves tenants and responds to their needs.
- 2.13 Work with voluntary and statutory agencies to prevent homelessness in the City and tackle its consequences.

A Healthy and Thriving Community

- 2.14 Support a flourishing and diverse voluntary and not-for-profit sector by providing funding to local community groups, as well as the professional voluntary and not-for-profit sector.
- 2.15 Ensure Cambridge residents can access a range of sports, arts, recreational and community facilities, particularly targeting areas and communities that are the most disadvantaged.
- 2.16 Work with partners to achieve better health outcomes for those who live and work in Cambridge.

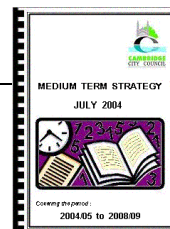
ANNUAL STATEMENT 2004/05

- 2.17 The following programme has been built into the budget for 2004/05, as the further step in delivering on each of the Medium Term Objectives.

Better Services

Deliver high quality services in a fair and equal way to all sections of the community

- 2.18 We will

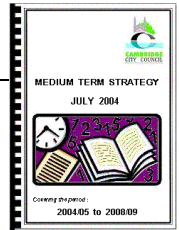


- continue to build on our Excellent CPA result by implementing an action plan agreed with the Audit Commission designed to make further improvements to the way the Council works and the services it delivers
- aim to meet the government's speed targets for planning applications as long as the Council's quality standards can be maintained
- improve the accuracy of benefit claims processing and the recovery of overpaid benefits
- strive to maximise awareness and uptake of council tax benefit
- target customer care training on key front line services such as Streetscene, Environmental Health, Waste Management, and Planning
- continue to strive to ensure that citizens are not disadvantaged by their age, disability, ethnic background, religion, gender, sexuality or by poverty in accessing services
- lead by example in implementing a race equality scheme for the Council, which will include undertaking equalities impact assessments of our services, making improvements to staff training and recruitment, and publishing guidelines for council staff on achieving equality and valuing diversity
- complete a programme of work to achieve accessibility by the disabled to the council's public buildings

Make decisions in an open and accessible way, so that local residents can understand the way the Council works and are able to have a say in the decisions that affect their lives

2.19 We will

- review decision making arrangements under the Council's new constitution to ensure they are both efficient and effective whilst encouraging openness and participation
- continue to support and develop devolved decision-making including extending the role of young people within area committees and work with schools to encourage young people to participate in the political process
- undertake our next Citizen's survey in autumn 2004



Deliver services through grant aid, external contracts or partnerships with others where these are the best option and, where possible, generate income for investment in frontline services by maximising the opportunities we have to trade with other agencies

2.20 We will

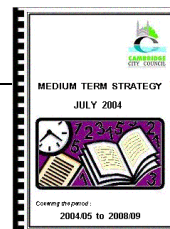
- work with partners in the Cambridge Local Strategic Partnership (LSP) to deliver a new Community Strategy for the City
- commission new mapping poverty research during 2004 and use this information to help target services to those communities which are most disadvantaged and to inform work with LSP partners on tackling social inclusion
- implement long planned improvements to the Council's website to provide better information and interaction with residents including online registration for electors, online payment systems and a new online planning system
- evaluate the success of new customer relationship management technology on the street scene helpdesk and see how the lessons learned can be applied to other parts of the Council

A Strong Economy and Attractive Environment

Protect and enhance both the environment and economic dynamism of the City, providing support to local communities to enhance the capacity of local people and their ability to participate in the life of the City

2.21 We will

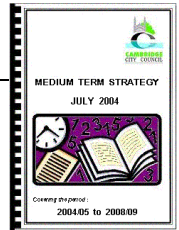
- continue to negotiate the best deal for the community from new developments so that we can fund better community facilities, public open spaces, affordable housing and improved transport systems
- participate fully in the new sub-regional Infrastructure Partnership to achieve ambitious housing and infrastructure targets



- work with city residents in developing master plans for the major development locations such as Chesterton sidings and, when appropriate, at the Cambridge airport site
- create planning policies in the new Local Plan to require energy conservation and renewable energy provision, particularly in major developments, and including the possibility of wind turbines
- pursue options for supplying energy needs of the City Council from renewable sources at the micro-scale, by individuals or small groups of householders or businesses, and lobby for amendments of the Energy Bill to make the government produce and implement a strategy for microgeneration
- continue to lobby the government over its inadequate response to the need to protect and enhance the environment, and to seek more government spending on environmental campaigns
- put into effect a new economic development strategy which provides support for the local economy while balancing factors affecting the quality of life
- work with the City Centre Management group to develop the early evening economy including increased use of the market square
- work to ensure the successful development of the Grand Arcade scheme to support the continuing vitality of the city centre
- refurbish and repair Queen Anne Terrace Car Park and provide temporary shopmobility facilities while the Grand Arcade project affects capacity at Lion Yard car park
- run a further grants programme for improvements within the city centre
- implement a programme of improvement of local shopping facilities, including disabled access for shops
- undertake a full review of the use of the main markets to optimise use of Market Square and investigate possible locations for local street markets

Provide attractive and cleaner streets, neighbourhoods and open spaces so that they enhance the well-being and quality of life of Cambridge residents and visitors

2.22 We will

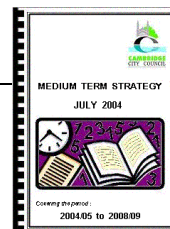


- invest further in the Streetscene helpdesk, an easy and effective way for the public to report Streetscene problems and issues
- develop the Council's policy to introduce effective mechanised methods of street cleaning, especially within residential areas
- increase the use of anti-graffiti coatings at graffiti hot-spots
- establish a programme to replace and refurbish many old and worn out bus shelters over the next four years.
- provide new toilets on Midsummer Common as part of the plan to refurbish or replace the city's public toilets
- adopt DVLA agency powers to deal directly with untaxed vehicles.
- provide a high standard of grounds maintenance at the new Huntingdon Road cemetery

Reduce levels of crime and fear of crime in the City by working with partners to deliver the Cambridge Community Safety Strategy.

2.23 We will

- work with partners to review our joint Anti-social Behaviour Strategy in light of the Anti-Social Behaviour Act 2003 and the national action plan
- promote the anti-social behaviour strategy under the banner "Respect in Cambridge" and find ways to involve community groups and improve communication with the public on these issues including neighbour nuisance
- use mobile CCTV cameras to tackle crime and anti-social behaviour in hotspots and evaluate the effectiveness of the cameras in deterring and detecting crime
- fund Community Support Officers to back up the police presence on the streets and improve enforcement
- boost the environmental enforcement team to tackle public nuisance problems
- draw up a new Racial Harassment Strategy to signal our commitment to fighting racial harassment, no matter how and when it is carried out
- improve security for car parks

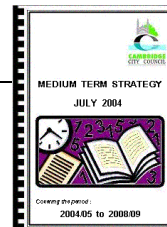


- encourage the Primary Care Trust to further improve the needle exchange scheme with additional facilities around the city
- agree with partners our future priorities in tackling crime and fear of crime and publish these in a new three year Community Safety Strategy in April 2005

Reduce the impact of traffic on the City by promoting and supporting improved public and community transport, cycling and walking.

2.24 We will

- continue to work with the County Council, through its Local Transport Plan and through our Local Plan, to develop the vision for the future transport systems of the city, sub-region and region; giving high priority to cycle, bus, coach, rail and pedestrian transport, and planning for a deliverable, high quality, integrated public transport system, including :
 - a rapid transit element
 - systems such as on-street ticketing and real-time information to increase the convenience, efficiency and attractiveness of bus services
 - investigation of demand management measures, including congestion charging for commuting into Cambridge
 - improved arrangements for buses in the city centre, promoting a range of new measures to improve layout and management
 - extension of the city centre transport access scheme, building on experiences with earlier phases such as Silver Street
- issue planning guidance to shape major redevelopment in the railway station area, including the provision of a first rate transport interchange, together with increased cycle parking, significant additional housing, open space, and community facilities, potentially including a mosque.
- take part in the public inquiry into the County Council's proposals for a Guided Bus, to insist that the scheme take the needs of the city into full account: minimising adverse impacts on the city, maximising local benefits and implementing full environmental mitigation measures
- continue to campaign and lobby for public transport improvements including:
 - the creation of a new Chesterton railway station

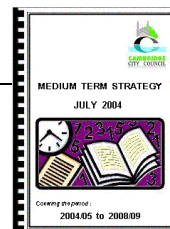


- an East-West rail route
- a sub-regional Passenger Transport Executive so that strategic decision making on key public transport systems is no longer under the control of near monopoly providers such as Stagecoach
- take control of parking enforcement, especially in bus and cycle lanes, and in residents' parking zones, in partnership with the County Council
- trial credit card payment at a city car park
- continue support for Dial-a-Ride and Taxicard, serving elderly and disabled people
- further develop the work of the city's cycling officer in supporting safe cycling throughout the city and beyond
- host with Sustrans a national cycling event in Cambridge

Encourage sustainable waste management through recycling and waste minimisation

2.25 We will

- use a special consultation process to find out how residents think we can best achieve even higher rates of recycling, while providing a high quality waste service that offers good value for money; and which options for changing the current recycling and refuse collection systems will be most effective in helping us achieve our goals
- expand the new plastic bottle bring banks to more recycling centres and investigate doorstep plastic collection
- make progress with the provision of new household waste recycling centres within the city
- lobby the government to provide :
 - proper investment in recycling to bring this country towards the standards achieved in other European countries,
 - a regulatory framework to encourage commercial waste minimisation, for example discouraging wasteful packaging and consumer goods



with built-in obsolescence, and financial incentives for recycling in the business sector, and

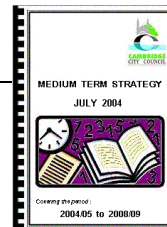
- requiring retailers to refund a deposit for reusable drink containers.

Better Housing

Work to address the City's overall housing shortage, to maximise the supply of affordable housing in the City and to ensure Cambridge residents have safe and decent homes, whether in supported housing, or with aids and adaptations to live in their own homes

2.26 We will

- continue to lobby government for the resources and powers needed to meet Cambridge's housing needs, asking in particular for
 - more money to build affordable housing to let; and
 - Council control over receipts from Council house sales and an end to the iniquitous 'pooling' system, where we are forced to share Cambridge's money with other, less efficient, authorities
- work in Partnership with South Cambridgeshire District Council to achieve as many as possible new affordable houses at Arbury Camps and on other future schemes around the edge of the City
- continue to provide repairs grants and loans for low income home-owners
- ensure that private landlords are informed about required standards of maintenance in their properties and using enforcement powers against landlords who put their tenants' safety at risk
- increase private tenants' awareness of their rights, especially students
- promote a good practice scheme on deposits for private leasing



Improve the management of the housing owned by the Council in a way which involves tenants and responds to their needs

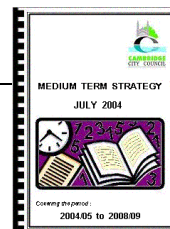
2.27 We will

- complete the modernization of sheltered housing provision at Rawlyn Court
- consult tenants and other stakeholders to work out a new and understandable scheme for allocating scarce council housing
- respond to government requirements for the Council to consider again whether we manage our council housing ourselves, manage it at arms length (ALMO) or sell it to a housing association. In doing this we will
 - establish a 'Cambridge Standard' representing tenants' aspirations for the modernisation of their homes and the care of the estate
 - consult tenants on every aspect, including the price-tag attached to the 'Cambridge Standard'
 - make a firm commitment to tenants to hold a ballot on **all** options the council is actively considering (even though the Government has said this is not required).

Work with voluntary and statutory agencies to prevent homelessness in the City and tackle its consequences

2.28 We will

- make decisions about whether homeless people are entitled to Council housing as speedily but fairly as possible, in order to minimise the time people spend in the limbo of bed and breakfast or temporary accommodation;
- work with private landlords to provide a suitable, practical, cost effective, and legal way to house applicants for social housing
- provide specialist residential accommodation for alcoholics as soon as we can find a suitable premises



- continue to seek funding and a suitable site for a 'wet' day centre where alcoholics can drink in safety, away from other people and where they can be supported to alter their life-style

A Healthy and Thriving Community

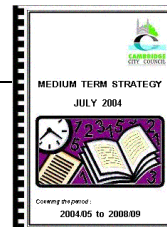
Support a flourishing and diverse voluntary and not-for-profit sector by providing funding to local community groups, as well as the professional voluntary and non-for-profit sector.

2.29 We will

- hold a committee of enquiry into the funding of the voluntary sector, to find out how we can best scrutinise the work of the organisations currently funded and engage with the voluntary sector and the public in determining future priorities
- continue to work with the voluntary sector to develop the voluntary sector compact for the benefit of the community
- support community groups of all kinds to promote the well being of their members

Ensure Cambridge residents can access a range of sports, arts, recreational and community facilities, particularly targeting areas and communities that are the most disadvantaged

- We will work with local disability groups to recognise local business and services demonstrating positive attitudes to the disabled
 - work with faith and ethnic communities in finding locations for worship and community activities
- continue to develop partnership working and fresh ways of providing community and recreational facilities within the city
- build the East Chesterton Community Centre and prepare for a 2005 opening
- seek opportunities for the funding of additional mobile youth facilities and continue to work with partners to develop a city centre youth facility



- provide new skateboard facilities on Chesterton and Coleridge recreation grounds
- invest in improvements in the swimming service including refurbishing King's Hedges learner pool
- complete the development of a range of new leisure opportunities as a partner in the redevelopment of the Cattle Market area including major investment in the expansion and refurbishment of the Junction/CDC

Work with partners to achieve better health outcomes for those who live and work in Cambridge

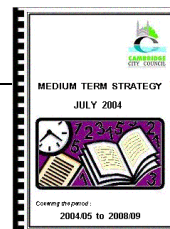
2.30 We will

- place the health and the well being of citizens as a key priority in the coming year, including :
 - working with partners to develop the Walking for Health initiative
 - extending the Reccy Ranger scheme to encourage more children to take exercise on the city's recreation grounds
- continue to fund and support Buchan Street Healthy Living Centre and the new East Chesterton community centre

Resources

2.31 We will

- press the government for Council Tax to be replaced by a fairer local income tax based on ability to pay, and for the City to receive a fairer share of the local business rate
- monitor government spending plans to assess whether Council may need to increase council tax significantly just to maintain current services.
- ensure that residents are consulted on spending priorities for the council's annual budgets and on what balance the Council should strike between



cutting back on services they consider less important and raising Council tax to protect services that they see as a priority

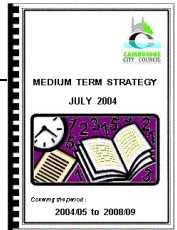
- save money by improving the Council's approach to purchasing and procurement, including development of e-procurement arrangements and continuing to combine our efforts with other councils to exchange expertise and services

PRIORITIES FOR 2005/06

- 2.32 The Council's Medium Term Objectives lay out the priorities which will be important in setting next year's budget. Bids and savings proposals will be judged according to whether they contribute to achieving those objectives or whether they would adversely affect achieving them.
- 2.33 Priority will be given to bids which contribute to improving the Council's performance, as measured by nationally significant performance indicators. Savings proposals which adversely affect performance according to such indicators, will be assigned a very low priority.
- 2.34 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.
- 2.35 Bids which represent additional costs of existing services, will receive particular attention. Such bids will only be taken forward where no further offsetting efficiency savings are available in that service.
- 2.36 The results of the public consultation on the budget (covered in section 3) will be taken into account in making final decisions on prioritisation.

MONITORING ACHIEVEMENTS

- 2.37 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 MTOs. These indicators include Best Value PIs, Local PIs and Quality of Life indicators.
- 2.38 Regular monitoring procedures have been introduced, so that progress can be reviewed and any remedial action required identified and implemented. This also provides trend information for each of these key areas of activity.



2.39 The PIs for each of the MTOs, together with the latest monitoring information, are detailed in Appendix S.

CAMBRIDGE LOCAL STRATEGIC PARTNERSHIP (LSP) & COMMUNITY STRATEGY

2.40 The Council has been working with its partners in the Cambridge Local Strategic Partnership (LSP) to develop a Community Strategy for the City, identifying key issues for the City and objectives to address them. The Strategy covers a 3 year period, and was formally adopted by the Council in May 2004.

2.41 The LSP wants Cambridge to be :

- a successful city that is vibrant, socially mixed, safe, convenient and enjoyable
- a city with residents who feel integrated into the life of the city and part of its success
- a city that can meet its growing needs without jeopardising the environment or the interests of future generations

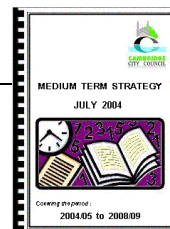
2.42 The Strategy sets out some priority issues for the City. These are :

- ensuring growth of the City benefits all and enhances the environment
- traffic congestion and the need to promote alternatives to car travel
- crime and the fear of crime
- having enough houses people can afford
- education and training
- the needs of older people
- building a stronger sense of community

2.43 The LSP recognises that there are other plans and partnerships that have been put in place to address many of these key issues. What the Community Strategy seeks to do is to get everyone to pay attention to those issues and, by working together, provide greater scope for improving the quality of life in the City.



- 2.44 The LSP itself has decided to take action in the short-term on a small number of the key issues that will have a negative impact on the quality of life in the City if they are not dealt with. These are the issues that are not already being tackled by others and where the LSP believes it can make a real difference by working together. Even though the LSP itself will be focussing on these priority actions it still wants to see improvements across all of the key issues mentioned above and will be monitoring progress against them.
- 2.45 The initial priorities for action are :
- ensuring new communities have sustainable facilities
 - encouraging the use of travel plans so that there are fewer cars coming into and moving around the City
 - improving social inclusion and reducing inequality
 - ensuring the LSP is open and accountable in its decision-making
- 2.46 The objectives identified by the LSP map onto the Council's own stated priorities, and the Council will be contributing to the strategy through its mainstream services and programmes. The City Council will be taking the lead, on behalf of the LSP, on the "ensuring new communities have sustainable facilities" action.

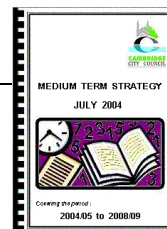


3. Public Budget Consultation

- 3.1** For the last 3 years the Council's budget process has included budget consultation with the citizens of Cambridge. The aim of the consultation was to identify which services were most important to residents and what they thought spending and savings priorities should be for the coming budget year.
- 3.2** Consultation was timed so that feedback was available to inform the key Member decisions as part of the 2004/05 budget setting process.

2004/05 Budget : Public Consultation Process

- 3.3** During 2003 consultation was carried out with Cambridge citizens using 2 methods :-
- Questions were contained in a consultation leaflet delivered to all households and available on the council's website. The questions were about :
 - level of Council Tax
 - service areas which respondents value the most
 - service areas which should receive more money
 - service areas which should receive less money
 - respondents top priority if they were Leader for a day (unprompted)
 - Questions were also debated at a discussion group with young people. The group discussed :
 - level of Council Tax
 - service areas which should receive more money
 - service areas which should receive less money
 - the top priority if they were Leader for a day (unprompted)
- 3.4** The Council received 1,356 responses to the consultation leaflet (compared with over 2,000 in 2002) and 9 young people took part in the discussion group.
- 3.5** The findings from the budget consultation were sent to Members at the end of September 2003 and formally reported to Scrutiny Committees as part of the budget process in the January 2004 Committee cycle.



2004/05 Budget : Public Consultation Findings

Level of Council Tax

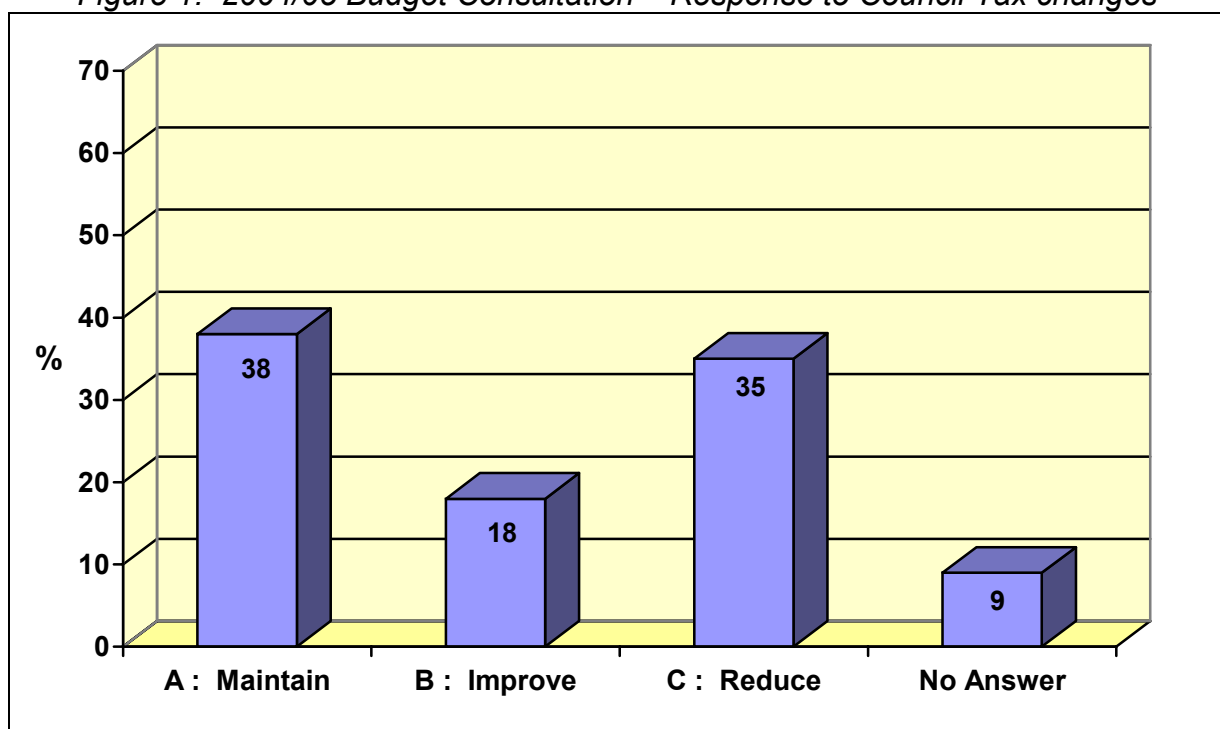
3.6 People were asked to choose one option to complete the following statement :

“When making decisions about spending plans for next year the City Council should :

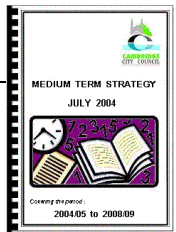
- **A maintain** current levels of service even if this means an increase in Council Tax
- **B improve** current levels of service, even if this means a greater increase in Council Tax
- **C reduce** the levels of some services to keep any Council tax increase to a minimum

3.7 The graph below summarises the response from the surveys.

Figure 1: 2004/05 Budget Consultation – Response to Council Tax changes



3.8 Most young people thought the City Council should improve current levels of service, even if this means a greater increase in Council Tax.



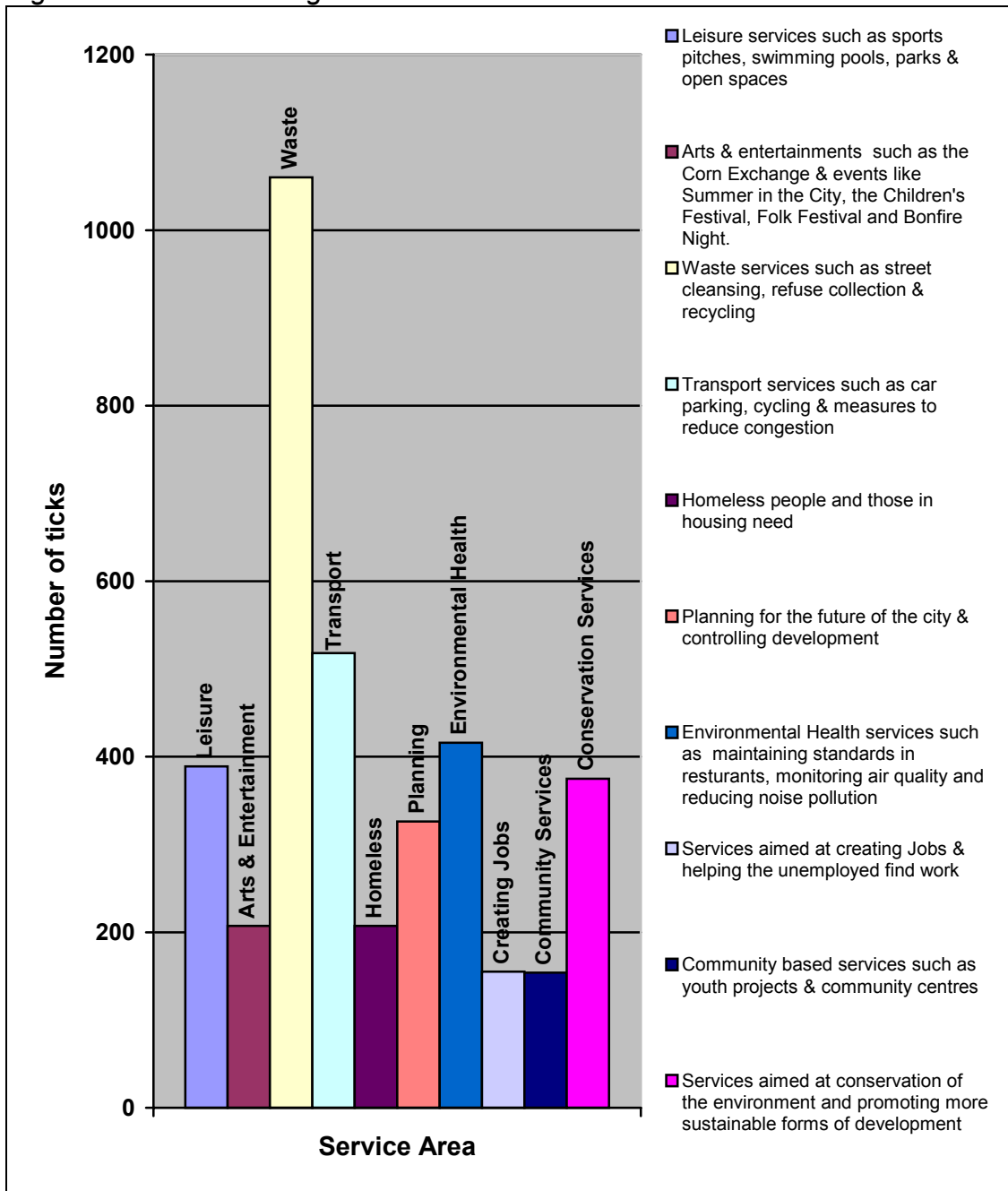
Services Which Are Valued The Most

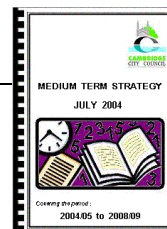
3.9 People were given a list of 10 service areas. They were asked to nominate up to 3 service areas in response to the question:

“Please tell us which three City Council service areas you value the most”

3.10 The responses from the survey are summarised in the graph below.

Figure 2 : 2004/05 Budget Consultation - Services which are valued the most





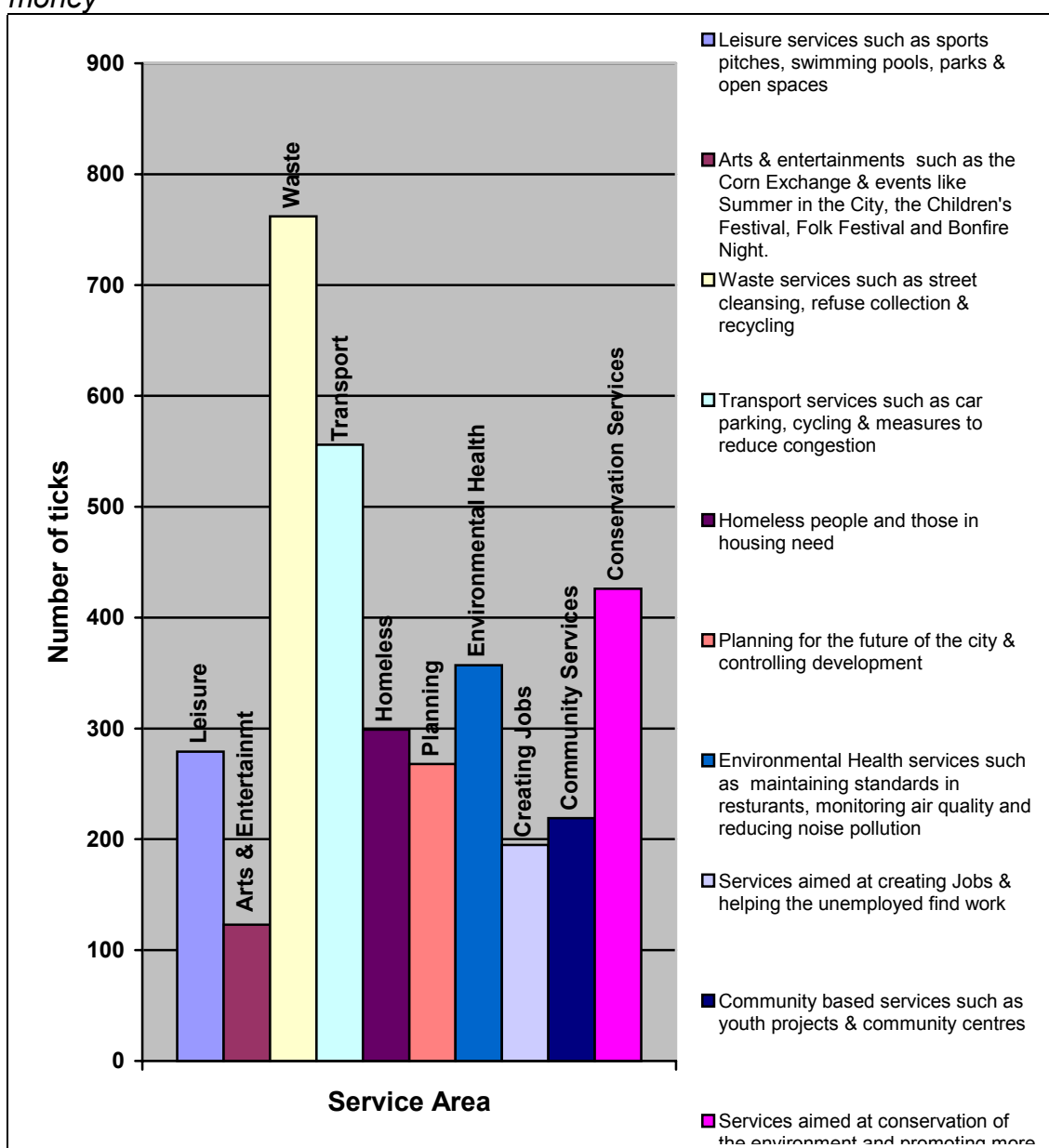
Services Which Should Receive More Money

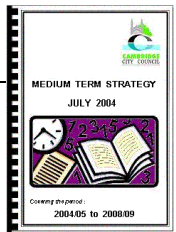
3.11 People were given the same list of 10 service areas. They were then asked to nominate up to 3 service areas in response to the question:

“Please tell us which three City Council Service areas should receive more money.”

3.12 The responses from the survey are summarised in the graph below.

Figure 3 : 2004/05 Budget Consultation – Services which should receive more money





3.13 The young people thought more money should be spent on arts and entertainment, leisure services and services aimed at conservation of the environment.

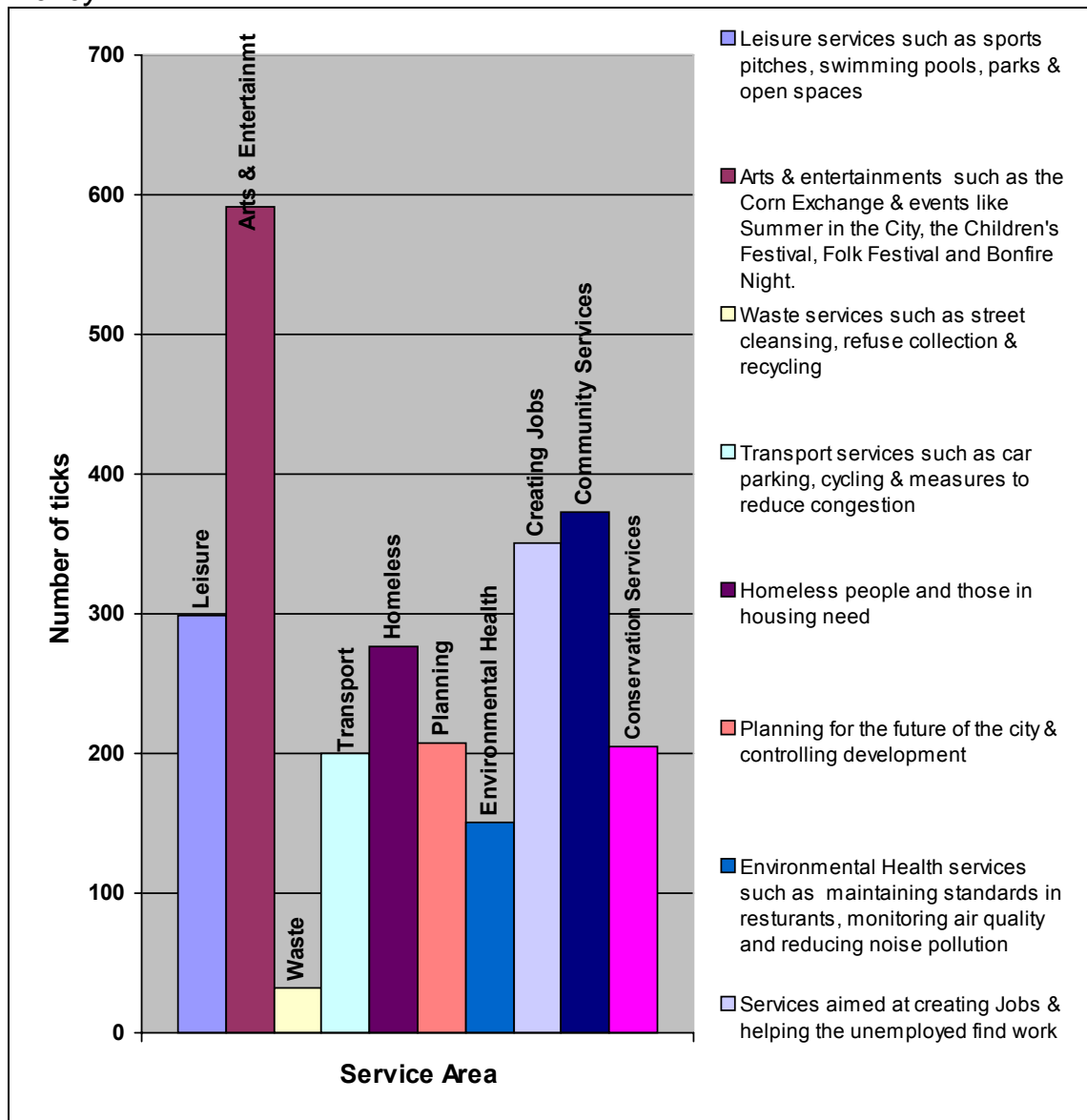
Services Which Should Receive Less Money

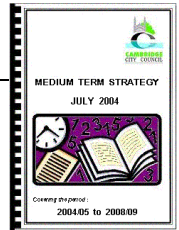
3.14 People were given the same list of 10 service areas. They were asked to nominate up to 3 service areas in response to the question :

“Please tell us which three City Council service areas should receive less money.”

3.15 The results from the survey are summarised in the graph below :

Figure 4: 2004/05 Budget Consultation – Service which should receive less money.





- 3.16 The young people thought that if savings had to be made they would make them from all of the services except for transport services, services aimed at creating jobs and community based services.

Services Which Should Receive Less Money

- 3.17 The consultation leaflet asked respondents an open question :

“If you were Leader of Cambridge City Council for a day, what would be your very top priority ?”

- 3.18 1,074 people gave a response to this question. Many made several comments. The services mentioned as a very top priority the most times were :

- (1) improve public transport [ranked 4 in 2003/04]
- (2) reduce crime and anti-social behaviour [ranked 3 in 2003/04]
- (3) reduce traffic congestion [ranked 6 in 2003/04]
- (4) improve street cleansing / graffiti removal [ranked 2 in 2003/04]
- (5) remove homeless people/beggars (negative tone) [ranked 13 in 2003/04]

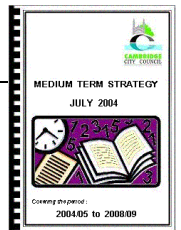
- 3.19 If they were Leader of the City Council for a day, the young people said they would aim to lower prices on public transport and at the cinema and provide more services to help the environment.

2005/06 Budget Consultation

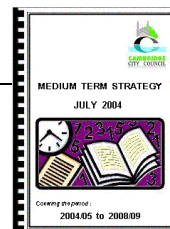
- 3.20 Consultation on the budget and level of taxation for 2005/06 is included as a commitment in the Annual Statement.

- 3.21 Over the last 3 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 a consistent message in terms of broad priorities.

- 3.22 This raises the potential to focus on a more deliberative approach to consultation as part of the 2005/06 process, and a detailed programme is currently being considered. In addition, a more proactive approach to consultations with the business community is planned.



- 3.23 The results of the various elements of consultation on spending priorities and level of Council Tax for 2005/06 will be pulled together and formally reported Members through the January 2005 Scrutiny Committee cycle in order to inform the Executive's final budget submission to Council in February 2005.



Part B

General Factors

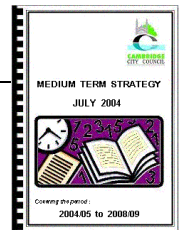




4. Overall Economic Climate and Implications

National Economic Strategy

- 4.1 The Government's stated central economic objective is to raise the economy's sustainable rate of growth, and achieve rising prosperity, through creating economic and employment opportunities for all.
- 4.2 The key elements of the Government's strategy have been identified as :-
- Delivering macroeconomic stability;
 - Achieving higher productivity;
 - Creating employment opportunity for all;
 - Building a fairer society for families and communities;
 - Protecting the environment.
- 4.3 The key part of the first of these elements is reflected through the macroeconomic policy framework adopted by the Government.
- 4.4 The Government's reforms of the macroeconomic policy framework are aimed at promoting economic stability by delivering low inflation and sound public finances, as the essential foundation for achieving high and stable levels of growth and employment.
- 4.5 This is embodied in three main features :-
- (i) A **monetary framework** which is designed to be open and transparent, to deliver low and stable inflation. The Monetary Policy Committee (MPC) of the Bank of England has been given operational independence to set interest rates to deliver the Government's inflation target of 2.0 % for CPI (previously 2.5 % for RPIX) year-on-year
 - (ii) A **fiscal framework** has been set out in the Code for Fiscal Stability. This is based around two key principles; the 'golden rule' (whereby the budget deficit would be limited to financing public sector real investment only) and the 'sustainable investment rule'. 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 new three-year spending plans, are designed to provide greater certainty and encourage long-term planning.



- 4.6 The Chancellor of the Exchequer's national Budget includes assessments and forecasts of the economy and public finances, providing important information for medium and long-term financial planning.
- 4.7 Budget 2004 'Prudence for a purpose : A Britain of stability and strength' was announced on 17 March 2004.

Public Sector Finances

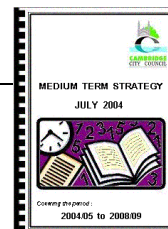
- 4.8 The surplus on current budget is defined, as net saving plus receipts of capital taxes, from the national accounts under the European System of Accounts 1995 (ESA95). This is the key measure for assessing progress against the 'golden rule'. To accord with the rule the average surplus on current budget over the cycle should be positive.
- 4.9 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 Gross Domestic Product (GDP) will be held, over the economic cycle, at a stable and prudent level.
- 4.10 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.
- 4.11 The immediate outlook for the world economy is weaker than anticipated at the time of the Pre-Budget Report. However, the latest projections for the public finances suggest that the Government remains on track to meet its fiscal rules over the economic cycle.
- 4.12 Budget 2004, gave the following forecasts for the current financial year :
- GDP is expected to grow by 3% to 3.5% in both 2004 and 2005, unchanged from both the Budget 2003 and the 2003 Pre-Budget Report forecasts. By 2006, with slack in the economy absorbed, and the output gap closed, growth is expected to return to its trend rate of 2.5% to 3.0%.
 - CPI inflation is expected to rise through the course of the year to reach its 2.0% target by mid-2005, as the lagged effects of sterling's depreciation against the Euro since 2002, combined with the effects of the strengthening recovery in the world economy, feed through to higher import prices. The credibility of the Government's monetary policy framework is also expected to contribute to returning inflation to target through anchoring inflation expectations.
 - The estimated 2003/04 outturn for the public sector current budget shows a deficit of £21.3b compared with projected deficits of £19.3b in the 2003 Pre-Budget Report and £8.4b in Budget 2003.



- Public sector net debt is projected to remain low and stable over the next five years, stabilising at just under 36.5% of GDP - £53b below the 40.0% ceiling set in the sustainable investment rule.
- 4.13 Budget 2004 sets firm overall spending limits for the 2004 Spending Review period, allowing :
- current spending to increase by an average of 2.5% in real terms in 2006/07 and 2007/08, in line with the cautious assumption for trend economic growth and consistent with the nominal growth rates set out in Budget 2003 and the 2003 Pre-Budget Report. Final plans for Departmental Expenditure Limits and Annually Managed Expenditure will be set in the Spending Review; and
 - public sector net investment to rise from 2.0% of GDP to 2.25% of GDP by 2007/08 to continue to address historic under-investment in Britain's infrastructure while remaining consistent with the sustainable investment rule.

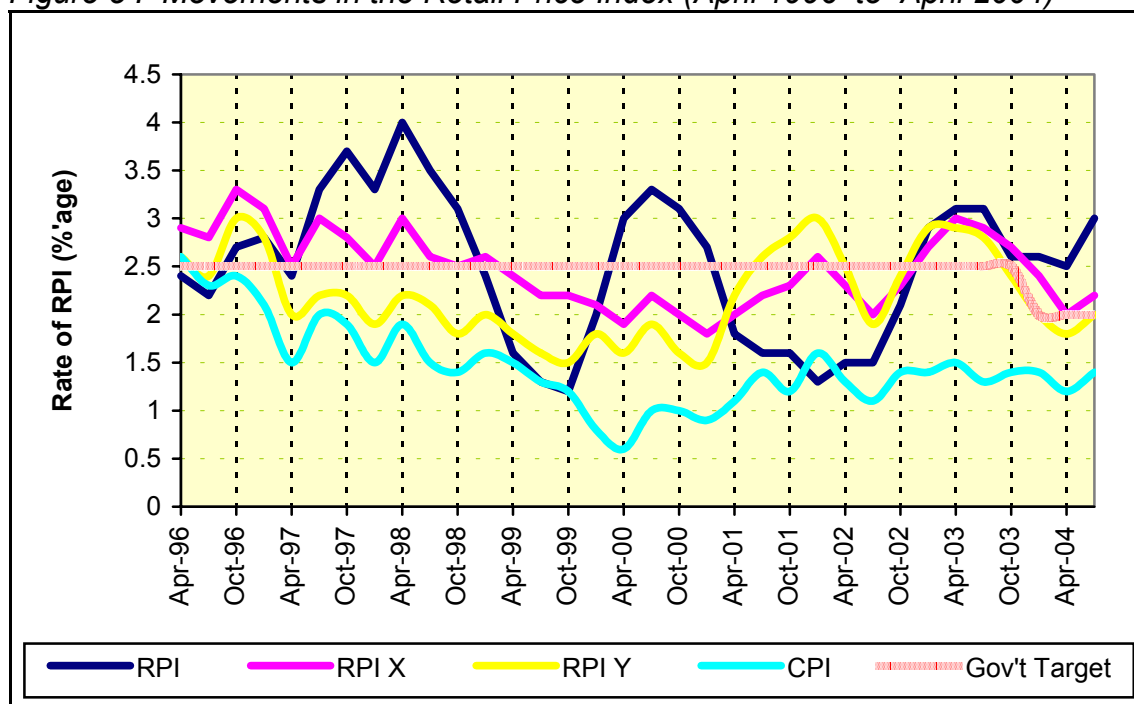
Retail Price Inflation

- 4.14 Retail price inflation is measured and reported on several different basis of calculation. The main variants are :
- Headline Retail Price Index (RPI) which reflects all factors in the economy
 - RPIX which excludes mortgage interest payments (and is favoured by the Treasury)
 - RPIY which excludes taxation as well as mortgage interest payments (favoured by the Bank of England).
 - Consumer Prices Index (CPI), previously known as the Harmonised Index of Consumer Prices (HICP), which is used by countries within the Euro zone economy. The official HICP index only started in 1996, but historical estimates back to 1988 have been calculated by the Office for National Statistics, based on archived RPI data.
- 4.15 In the 2003 Pre-Budget Report, the Chancellor announced that the operational target for monetary policy would switch, with immediate effect (10 December 2003), from a target based on the RPIX to a target based on the CPI. Budget 2004 reaffirmed the target of 2.0% for the 12 month increase in CPI.

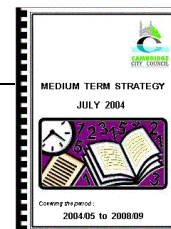


- 4.16 This measure has two main differences from RPIX, these being the coverage of goods and services included and the aggregation methodology. Although these may not seem important, the implications for the conduct of monetary policy are significant. RPIX is currently about 0.8% above HICP, of which the largest part relates to the effect of house price inflation.
- 4.17 This material difference in level reflects the unusually sharp increase in house prices over the last few years. The move from the use of RPIX to CPI created a situation where rates are moved from 0.1% above target measured by RPIX, to 0.7% under target when measured using CPI.
- 4.18 The graph below illustrates the changes in each of the RPI measures, and in CPI, over the period since April 1996.

Figure 5 : Movements in the Retail Price Index (April 1996 to April 2004)



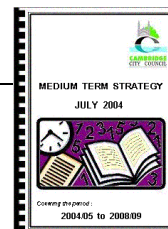
- 4.19 Since the framework was introduced, the rate of RPIX has fluctuated in a relatively narrow range from 1.5% to 3.2% with an average of 2.3%, compared with the Government's target level of 2.5%. Over the same period the rate of CPI has ranged from 0.5% to 2.1%.
- 4.20 Over the last 12 months (April 2003 to April 2004) the rate of CPI was significantly more stable, ranging from 1.1% to 1.5%, than the rate for RPIX, which ranged from 2.0% to 3.0%. This reflects the fact that the former excludes components of housing costs included in RPIX, most notably housing depreciation, which removes the effects of the strong growth in house prices.



- 4.21 The UK continues to experience the longest period of sustained low inflation since the 1960's. Low, stable inflation has allowed the Monetary Policy Committee (MPC) to maintain interest rates at relatively low levels though clear indications have been given recently that further rises are inevitable, given the effects of the housing market and consumer spending.
- 4.22 All items RPI increased sharply during 2002, reaching a high of 2.9% in December, reflecting increased petrol prices and housing depreciation.
- 4.23 In its June 2004 report the Bank of England Monetary Policy Committee noted the sharp rise in oil prices this year through higher demand, restocking, increased Chinese buying and the restriction upon additional capacity which could be brought into production quickly. In the short term, higher prices are expected to continue to have an upward effect on inflation, but it should also be noted that a continuation of this could result in an adverse effect on domestic demand and activity which would bear down on inflation.
- 4.24 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.
- 4.25 Based on the analysis of the range of market projections an inflation rate of 2.3% (based on the May 2004 RPIX) has been assumed at this stage, for the 2005/06 budget cycle.

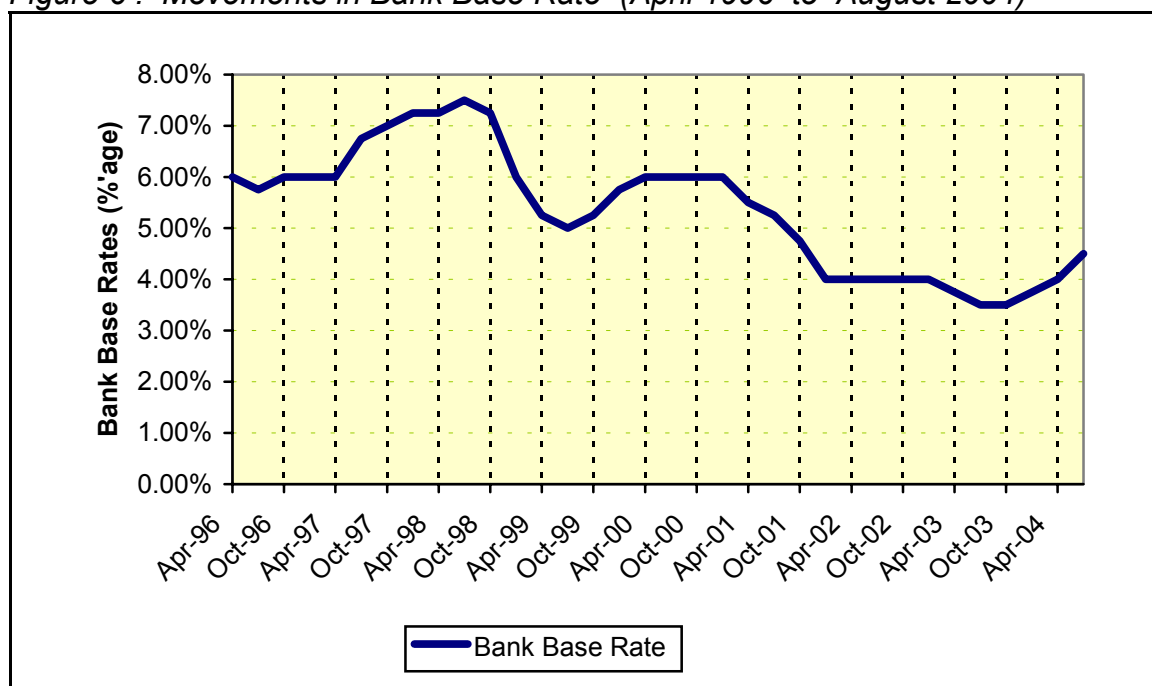
Interest Rates

- 4.26 The 'cash' markets (in which the Council is allowed to invest) have continued to see softening in rates over the last year, reflecting the fact that most central banks have been embarking on a policy of monetary easing to counteract the slowdown in global growth. Rates in the order of 4.72% on one-year money were available 12 months ago compared with 3.41% now.
- 4.27 The increase in the base rate by the MPC in June was the second increase of 0.25% in consecutive months (both unanimous decisions). This was followed by a further increase of 0.25% in August, taking the rate to 4.75%.
- 4.28 This reflected the fact that, in a context of continuing global economic recovery, official data and business surveys in the United Kingdom suggest that output growth remains around, or above, trend. Household spending, public consumption and investment have all grown strongly and the housing market remains buoyant, whilst the labour market has tightened further.

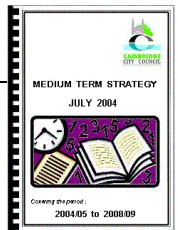


- 4.29 Clear indications have been given that further increases are likely, and the main question in the market is the timing of those increases and the maximum level to which base rates may need to rise.
- 4.30 However, in July there were conflicting signals in the housing market, though it seems likely that the rate of house price inflation has started to moderate. There were also some signs that the pace of retail sales has moderated. This suggests that many of the issues which have been of most concern to the MPC may be on the turn.
- 4.31 The next meeting of the MPC will be on 8 & 9 September 2004, with the next Bank of England Inflation Report due for publication on 10 November 2004. These will give further indications on the medium term prospects.

Figure 6 : Movements in Bank Base Rate (April 1996 to August 2004)

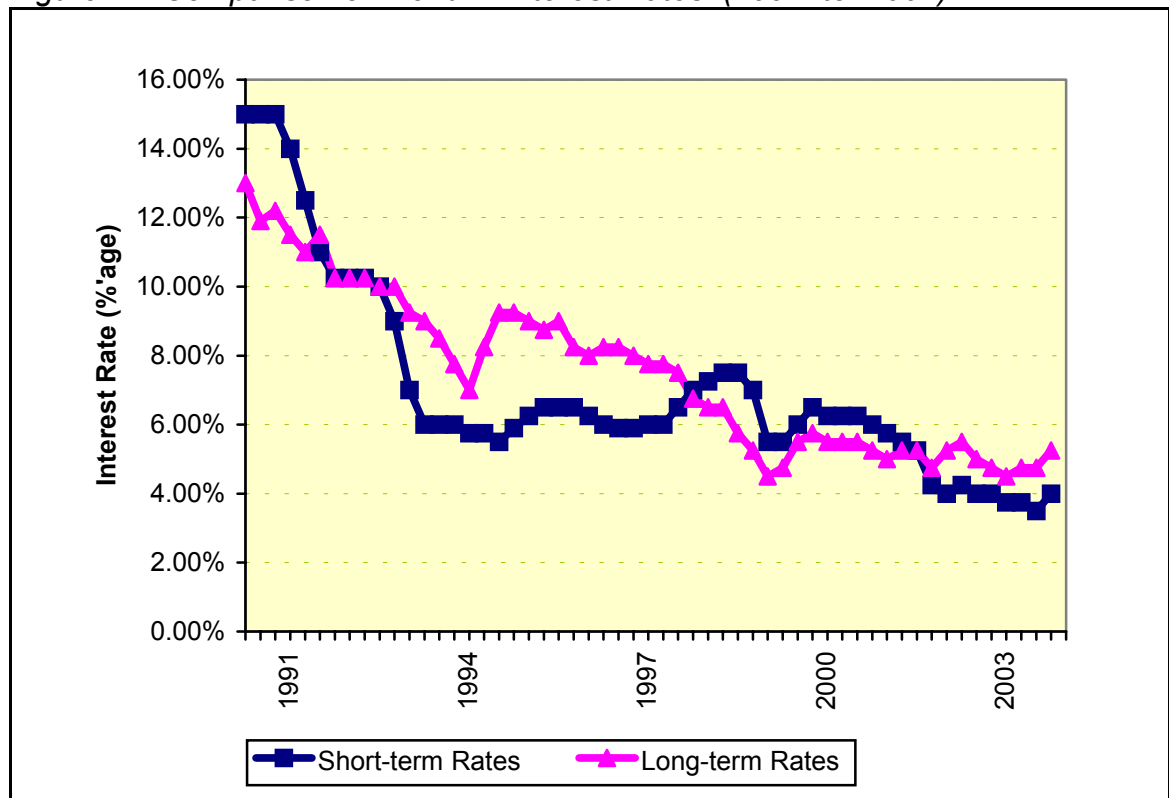


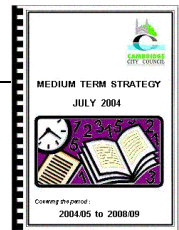
- 4.32 Long-term PWLB rates give a reliable and solid trend as they have moved between 4.5% and 5.5% for the last 7 years, and with inflation expected to be within its target range they are projected to continue to do so for at least the next 2 years.
- 4.33 Market rate trend analysis shows a cyclical 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.



- 4.34 The short-term rate went below the long-term rate in June 2001, leading to an expectation that this will continue to be the case until around 2005 when rates could be expected to cross over with short-term rates becoming higher.
- 4.35 Trend analysis does not, however, suggest at what rate such a crossover could occur.
- 4.36 Recent base rate cycles have shown that on the last 3 occasions when rates increased they rose by 1.5%, 1.75% and 1.0% respectively in total. The duration of the move from trough to peak in the cycle was 12 months in two cases and 15 months in the other. The current rises in base rate commenced in November 2003, tying in with market expectations that the peak of the increase will be reached in early 2005.
- 4.37 With the long-term rates trend seeming to be established at around 4.5% to 5.5% and with PWLB (30 year) rates already below shorter fixed maturities, the most likely crossover of base rate and long-term rates would appear to be around the median point of current long-term trends (i.e. around 5.0%).

Figure 7 : Comparison of Trend in Interest Rates (1991 to 2004)





4.38 The sensitivity of the General Fund to changes in interest rates is linked more markedly to investment rather than to the remaining portfolio of temporary borrowing. As an indication, a change in interest rates of +/- 1% would have an estimated impact of £352,000 in 2005/06 on investment receipts and only £14,000 on borrowing (Temporary Borrowing – classed as being disregarded from a debt free perspective).

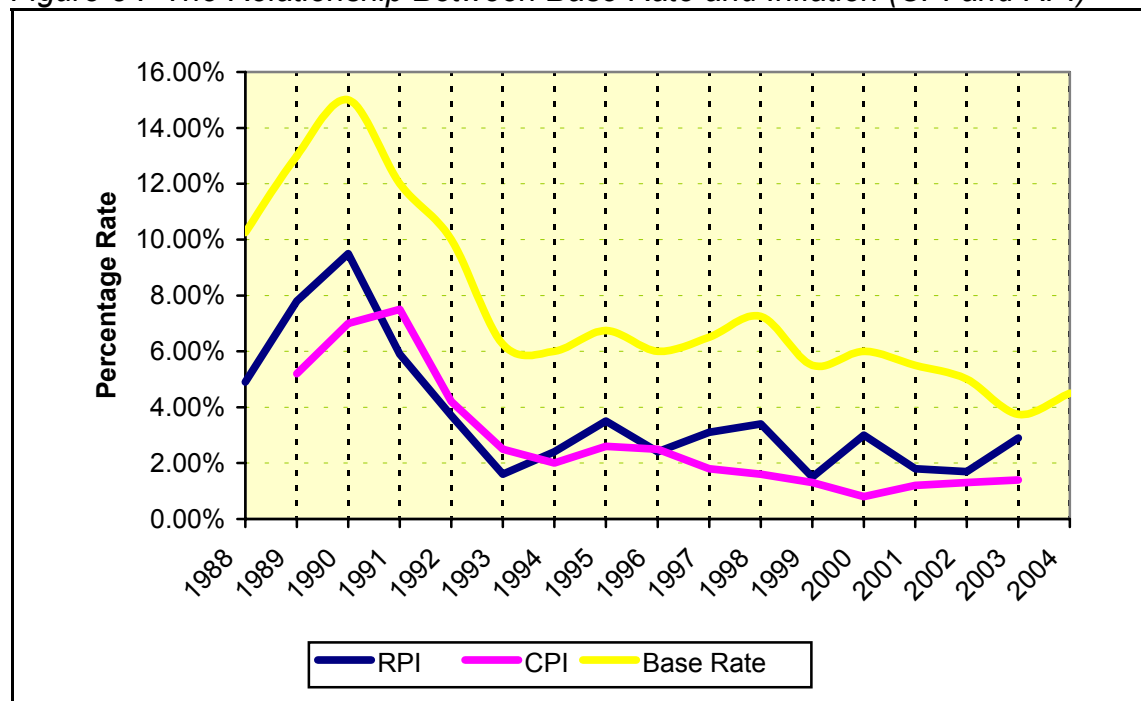
The Relationship Between RPI and Base Rates

4.39 Changes in the Base Rate remains the key method for attempting to control the effects of inflation within the national economy. This suggests that the two will, in practice, be directly linked and that for forecasting purposes they must be viewed in conjunction.

4.40 It is noticeable that from mid-2002 the increase in the level of RPI has continued, despite the maintenance of the level of base rates. This serves to illustrate part of the underlying pressure on the current base rate level, as well as the change in the nature of the relationship between RPI and RPIX.

4.41 Analysis of the trends in RPI, CPI and Base Rates over time, as shown in the table below, demonstrates the nature of this relationship.

Figure 8 : The Relationship Between Base Rate and Inflation (CPI and RPI)





Pay Awards

- 4.42 Following negotiations at the NJC Executive on 4 June 2004, it was agreed that both the employers and unions would consult on the position statement reached from the series of meetings.
- 4.43 The proposals which form the basis for the consultation include :
- a three-year pay agreement
 - (i) 2.75% from 1 April 2004
 - (ii) 2.95% from 1 April 2005
 - (iii) 2.95% from 1 April 2006 (or the rate of RPI in October 2005, whichever is the greater)
 - a timetable for the completion of local; pay reviews by 31 March 2007
 - regular equal pay audits
 - a review of national conditions of service
 - a new agreement on training and development consistent with the LGA's Local Government Pay & Workforce Strategy
- 4.44 The consultation is due to close on 9 July 2004. In the absence of the conclusion of negotiations the pay increases outlined in the consultation package have been included in the MTS.
- 4.45 Thus for 2004/05 the original budget provision of 3.5% appears to be materially higher than the level required. It is recommended that the additional funding which has been provided is retained to form a provision against the outcome of the next periodic review of JNC pay, which is due to take place shortly.
- 4.46 The national pay awards are not directly linked to the Single Status Agreement, and a separate provision was included, for all Funds, against the anticipated effects of the implementation of the Agreement during 2003/04. Further details are given in section 8.
- 4.47 For 2004/05 a central provision against potential costs from incremental progression under new arrangements, of £180,000, was included in the projections. This will be reviewed once arrangements for the scheme are finalised.
- 4.48 Also included in the MTS projections, as in previous years, is a 3% deduction from employee gross pay budgets for employee turnover.
- 4.49 A change of +/- 1% in the level of pay award for 2005/06 would have the following impact on each of the Council's service areas :-

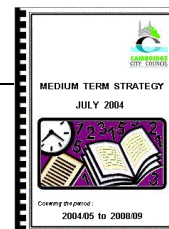


Table 2 : The Effects of a 1% Change in Employee Costs in 2005/06

Service Area	Effect of 1% Change in Employee Costs	
	(£'s)	(£'s)
General Fund	172,700	244,300
Housing Revenue Account	53,400	77,300
City Services	95,500	<i>[reallocated above]</i>
TOTAL	321,600	321,600

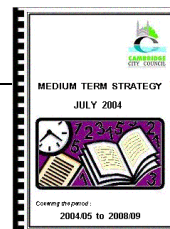
4.50 The impact of a 1% change in the level of the pay award for Central & Support Service areas has been allocated within the figures for the above service areas.

EMU and the Euro

4.51 Reports have previously been submitted to Members outlining the potential implications for the Council of the United Kingdom deciding to join the EMU.

4.52 Recent consideration by the Chancellor and the Cabinet have confirmed that the key economic tests for joining have not been met at this time, and it seems unlikely that the UK would join during the life of the current parliament.

4.53 It would be imprudent, at present, to commit significant resources to detailed preparatory work in light of this decision. However, close monitoring of the position will remain and opportunities are being identified to minimise potential future costs, if the UK were to join e.g. ensuring Euro compliant financial systems are specified in planned replacement.



5. Demographic Factors

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

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

Population

5.2 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.

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

5.4 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.

5.5 The graph below illustrates the forecast movements in population level for the City from 1999 through to 2016, as calculated by Cambridgeshire County Council's Research Group (based on the estimates of the population included in the Structure Plan review in 2002). These forecasts include revisions to reflect the full 2001 census results. The detailed figures are shown in Appendix A.

5.6 The main impact from the Census 2001 data for the Council has been the significant fall in the resident population (108,832) compared with the interim projected figure of 124,400. This reduction is more in line with the County's projections, than the interim Government estimates.



- 5.7 A variety of factors could explain this outcome. The high level of international migration attributed to the City and County could have been overstated (it is based on information from the International Passenger Survey). An over-estimation of the impact of 'under-enumeration' in the 1991 Census could also have been a factor.
- 5.8 It has proved difficult to assess the detailed reasons, as the release of the underlying data from Census 2001 has been programmed through a period from February 2003 to September 2003. When this information is available, further work will be undertaken on a number of areas, relating to the population factor for grant purposes, which give particular concern.
- 5.9 This is of particular significance as it is the key element for the distribution of Government grant, under the new Formula Grant system.
- 5.10 The data also highlights changes in the ethnic and age profiles within the City.

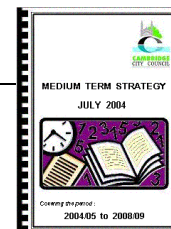
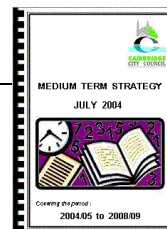


Table 3 : Cambridge City Population Projections 1999-2016

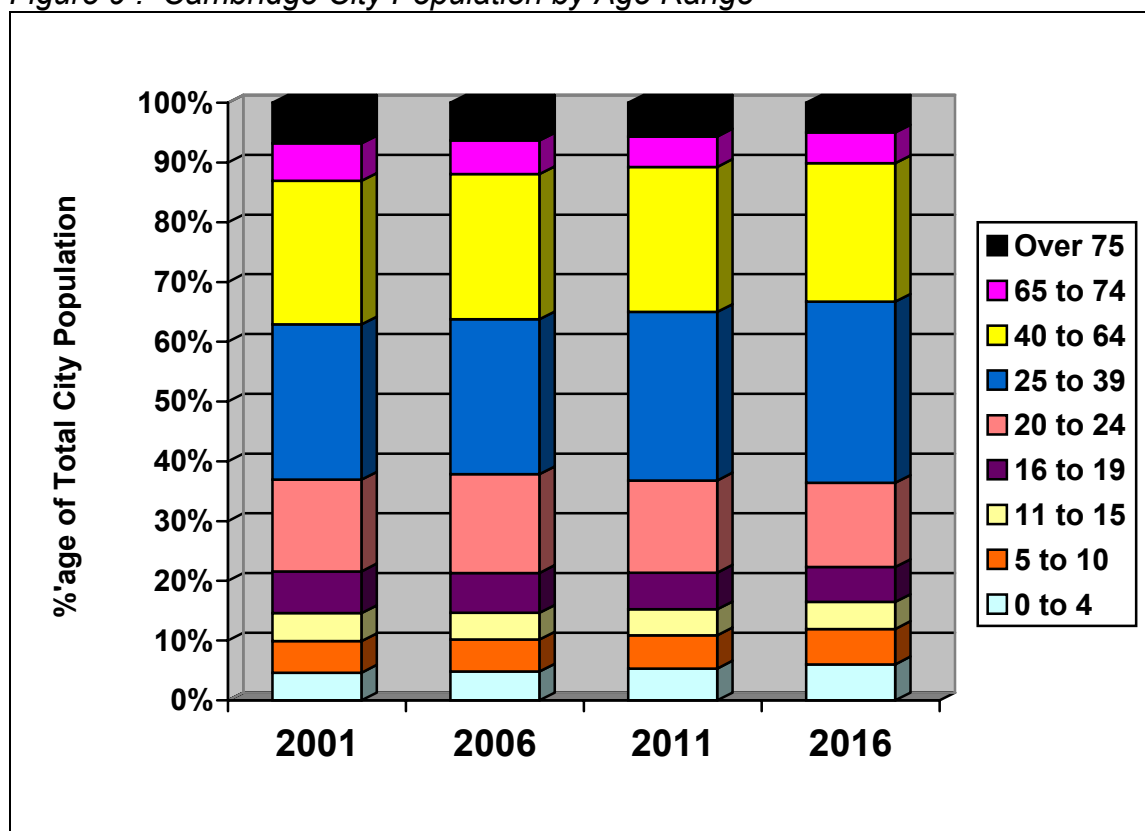
Year	Population	%'age Change (year-on-year)
2001	110,200	-
2002	110,000	-0.18%
2003	110,100	0.09%
2004	110,800	0.64%
2005	111,900	0.99%
2006	113,900	1.79%
2007	115,600	1.49%
2008	117,300	1.47%
2009	119,500	1.88%
2010	121,600	1.76%
2011	123,900	1.89%
2012	126,200	1.86%
2013	128,500	1.82%
2014	130,800	1.79%
2015	133,600	2.14%
2016	136,300	2.02%

- 5.11 This reflects a significant reduction in the rate of growth previously anticipated for the period through to 2010. From that date increased rate of growth is forecast at levels which results in a similar projected total by 2016.
- 5.12 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.
- 5.13 The buoyancy of the Cambridge economy and strong house prices have combined to stimulate a high rate of growth, e.g. the house building rate in 2003-04 was more than double that achieved in the previous four years. Current indications are that this will continue until 2006-07.



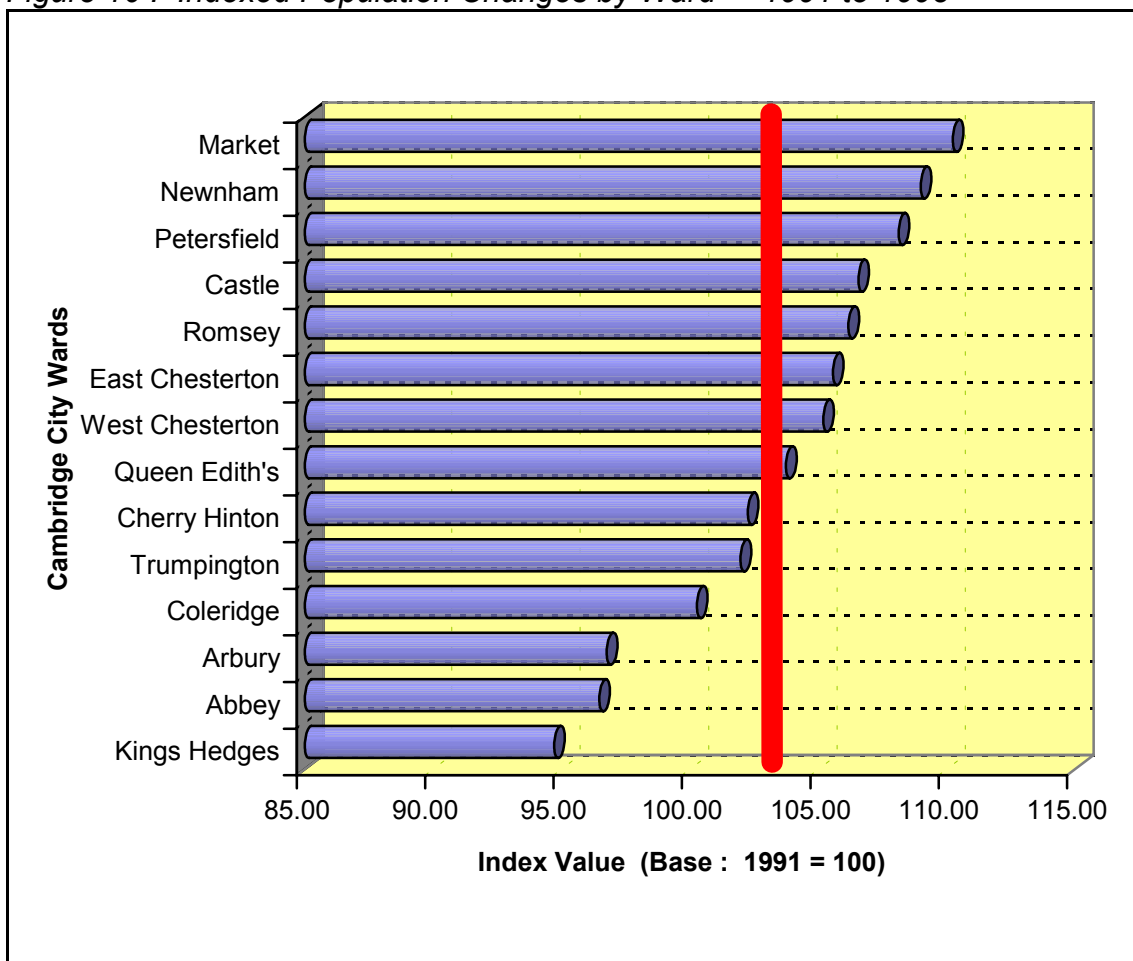
- 5.14 Between 2006-07 and 2009-10 the rate is expected to increase sharply as major sites currently in the Green Belt are released for development, e.g. the Southern Fringe and North West Cambridge. Outside the City Boundary we will expect to see development happening at Northstowe, Chesterton Sidings and Marshall's North Works. All of these developments will put increased pressure on the City's infrastructure and the demand for services.
- 5.15 The most immediate impact from this increase in the number of households will be on refuse and recycling services from 2005/06, at which point there will be a requirement to increase the number of rounds operated in the City. These have been treated as unavoidable expenditure requirements for the purposes of the MTS, and have been included in section 8 and 11 on this basis).
- 5.16 Changes over time in factors such as age profiles, unemployment levels and geographic spread can affect the relative demand for Council services, and hence funding.
- 5.17 Projections of the population trends analysed by age group, from 2001 to 2016, are illustrated in the graph below. The figures are included at Appendix A.

Figure 9 : Cambridge City Population by Age Range



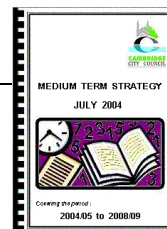
- 5.18 This analysis highlights increases in all age ranges except the over 75's with the 40-64 age range, as the one projected to increase most significantly over the period.
- 5.19 The final aspect is the changes in the geographic dispersion within the population, this is shown below; using 1991 as the base year.

Figure 10 : Indexed Population Changes by Ward - 1991 to 1998



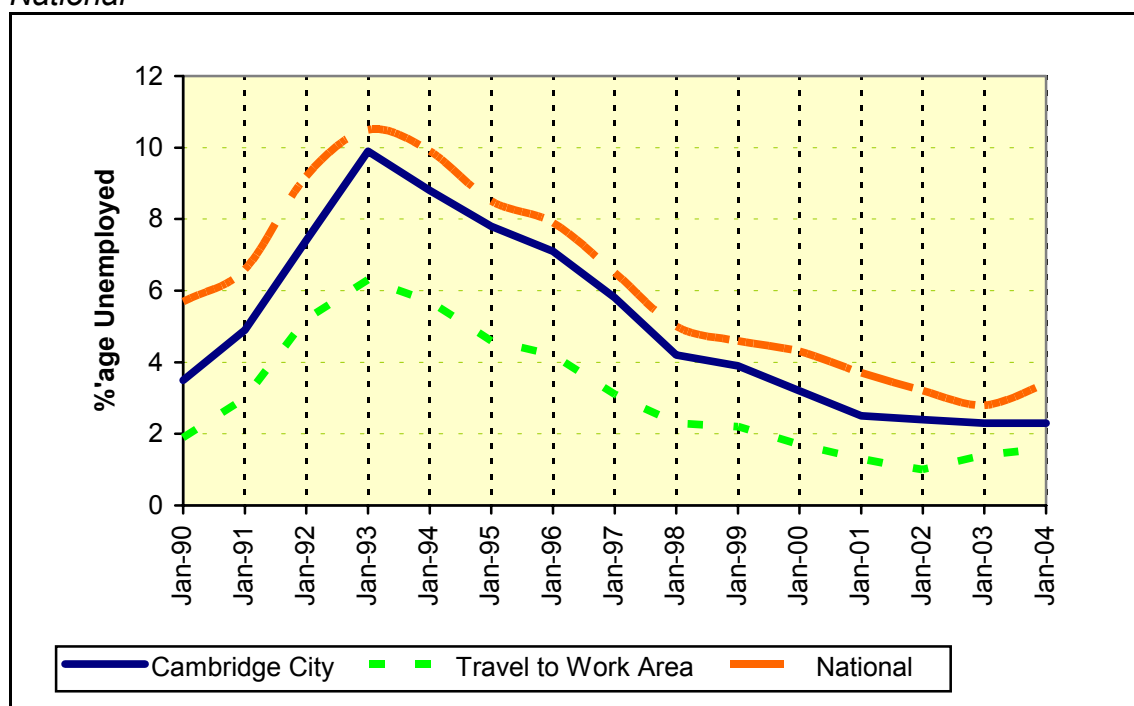
Unemployment

- 5.20 Unemployment rates are important, as they will influence many of the Council's services either directly or indirectly, as well as being an influence on Council policies.
- 5.21 Between January 1990 and January 1993 there was a dramatic rise in unemployment in the City (from 3.5% to 10.1%), which served to narrow the gap between the City and national rates. From that point the unemployment rate in the City has fallen steadily back to a current level of 1.6% (January 2003).



5.22 The gap between City and national levels has continued to narrow since 1993 (in the range 0.5% to 1.2%), the gap between the City and Travel to Work Area has remained significantly higher (in the range 1.2% to 3.8%), but narrowed in the last period.

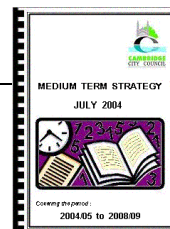
Figure 11 : Unemployment Rates – Cambridge, Travel to Work Area and National



Mapping Disadvantage

5.23 The first Mapping Poverty report was commissioned in November 1999, following a recommendation from the Council’s Committee of Inquiry into Income, Wealth and Opportunities in the City. The Social Disadvantage Research Group at Oxford University prepared a report which examined the distribution of poverty in the City using the Council’s Housing Benefit and Council Tax Benefit data, (a primary data source), in May 2000.

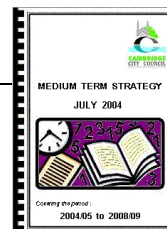
5.24 This report, including maps showing concentrations of claimants, was shared with partners and has been used widely in developing existing services and planning future services. City Board agreed that the information should be updated every two years in order to provide trends, as well as to ensure the availability of up to date information to facilitate decision making. It is Council policy to refer to Mapping Poverty research when considering service changes, to help assess the impacts of various groups who experience poverty.



- 5.25 A further Mapping Poverty report was produced in 2002 by the County Council's Research Group. This report showed that the number of City residents claiming benefits had fallen slightly since 2000 and that a number of other changes had occurred within groups of people claiming these benefits and the areas in which they live. This report was again widely shared and has been valued by partners and community groups.
- 5.26 A third report was produced in June 2004 and is being analysed, in order to be able to assess changes over time and long term patterns of poverty in the City.
- 5.27 This will be used along side the new national Index of Multiple Deprivation that has just been published by the Office of the Deputy Prime Minister. The Index is based on distinct dimensions of deprivation experienced by people living in an area. In terms of the City, overall, Cambridge is shown as having lower levels of multiple deprivation than many districts in the country with an average score ranking of 230 (with 1 being the most deprived and 354 the least deprived).
- 5.28 This time round the Index allows deprivation to be viewed across smaller areas and in seven domains of deprivation. The lower-level view reveals findings similar to the Mapping Poverty research, showing the marked contrast in the extent of deprivation between wards and highlighting pockets of poverty that exist in some wards with low deprivation scores. Newnham ward is one of the least deprived wards in the country whilst Kings Hedges ward can be ranked in the highest 25% of deprived wards in the country.

Local Plan

- 5.29 The new Local Plan was placed on deposit from 2 June 2003. This assumes the construction of around 13,500 new dwellings in, or on the edge of the City up to 2016. These will have implications in terms of additional Council Tax income and Formula Grant entitlement, but also in terms of additional costs reflected through the need to deliver additional services (e.g. the need to review refuse collection and recycling rounds).
- 5.30 Best estimates suggest that around 3,000 dwellings could be delivered by 2006, and 10,600 between 2006 and 2016. The initial impact is, therefore, expected to be towards the end of the current MTS period, with a build up in subsequent years.



6. Treasury Management

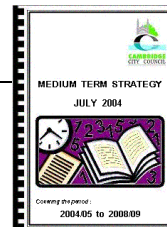
- 6.1 Treasury Management within the Council is regulated by the 2002 “Treasury Management in the Public Services – Code of Practice & Cross Sectoral Guidance Notes.” This is an area of activity which covers the management of the Council’s cash flows, its banking, money market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Current Treasury Management Strategy

- 6.2 The Council’s Treasury Management Strategy was considered by Strategy Scrutiny at its meeting on 26 January 2004, and adopted by Council on 12 February 2004. Extracts from the Strategy are attached as Appendix B, for ease of reference.
- 6.3 The Strategy specifies the overall borrowing limit, the short-term borrowing limit and the maximum proportion of interest on borrowing which is subject to variable rate interest for the year ahead (i.e. 2005/06).
- 6.4 The Council is required to formally determine such a policy before the start of the financial year to which, it will apply, under section 45 of the Local Government and Housing Act 1989. 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.
- 6.5 The Strategy is based upon not entering into any new external borrowing, and repaying existing money market borrowing as it matures. During the last financial year the Council operated within the treasury limits set out in the Treasury Management Strategy.

Debt Free Status

- 6.6 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 offers a range of significant benefits to the Council from 2003/04 onwards. These are :
- ‘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 is 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.

6.7 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 for 2004/05, as :

- the Council benefits 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%) and 2005/06 (50%).
- the Council has already assessed the affordability of revenue support for capital as part of previous MTS 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 scheme 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

6.8 This has meant that it is to the overall advantage of the Council to remain debt-free at present. However, with the ending of the transitional benefits and with particular reference to the implications for the Stock Option Appraisal work, the policy for future years is being reviewed in detail as part of the current MTS and budget process. This is considered further as part of section 10.

Amendments to the Approved Lending (Counterparties) List

- 6.9 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.
- 6.10 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 C (shown as highlighted counterparty names).



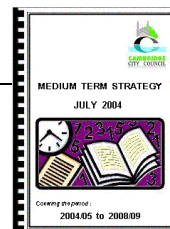
Treasury Management Activity During 2003/04

- 6.11 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 2003/04 needs to be produced. The Annual Treasury Management report is included in Appendix B. Extracts from the report are included below.
- 6.12 The Council manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 364 days dependent on the authority's cash flows and the interest rates on offer.
- 6.13 The expected short-term investment strategy was to determine an appropriate balance of investment maturities after due consideration of the likely movement in both interest rates and cash flow requirements. The value of surplus funds invested during 2003/04 was £393,450,000, and the value of investments that were repaid during the year was £382,110,000, resulting in a net increase in investments of £11,340,000 during the year. The average investment per working day of £1,555,138 compares with the £1,646,520, that was averaged in 2002/03.
- 6.14 The table below shows comparative investment outturn for 2003/04 and 2002/03:

Table 4 : Comparative Investment Outturn for 2003/04 and 2002/03

	2003/04			2002/03		
	Average Daily Investment	Rate of Return	Benchmark Return	Average Daily Investment	Rate of Return	Benchmark Return
Internally Managed Funds	£1,555,138	3.66%	3.57%	£1,646,520	4.01%	3.88%

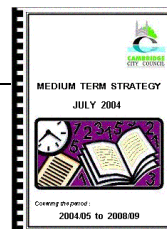
- 6.15 This shows that performance, in terms of rate of return, in both years was in excess of the benchmark. The lower overall rate of return in 2003/04 reflecting the unexpected rate cuts, to a low of 3.5% in July 2003.



Part C

Revenue





7. External Funding Projections - Revenue

General

- 7.1 The availability of external funding is a key factor for revenue projections on both the General Fund and Housing Revenue Account. Whilst City Services do not receive direct funding from Central Government, it is affected indirectly by external funding to the former accounts as this will have an influence on the levels of work placed with them.
- 7.2 Projections of external funding are always difficult at this time of year, given the highly limited nature of available information relating to future years. The best indications can be derived from the Government's Spending Review publications.

Spending Review 2004

- 7.3 Spending Reviews are published every two years and outline the plans for Government spending over a three-year period. The document also sets out the Government's targets for what its spending aims to achieve, with 'Public Service Agreements' (PSAs) linking specific commitments from every Government department.
- 7.4 The Chancellor of the Exchequer announced the outcome of the Spending Review 2004 (SR2004) on 12 July 2004, covering the period from 2005/06 to 2007/08 inclusive.
- 7.5 SR2004 will identify the detail, and the departmental spending targets and plans behind the national control totals announced as part of the March 2004 Budget.
- 7.6 SR2004 contains details of the national totals for Formula Spending shares (FSS), the Government's way of dividing up Total Assumed Spending between local authorities, using formulae to establish relative circumstances.
- 7.7 It also shows how this spending will be financed. The key components are Aggregate External Finance (AEF) and the Locally Financed element.
- 7.8 AEF reflects the total level of Government support through Revenue Support Grant (RSG), special grants of all kinds, and the amount redistributed from the national Business Rates pool. The Locally Financed element is the amount raised by authorities from Council Tax.
- 7.9 The amounts included in SR2004 are :

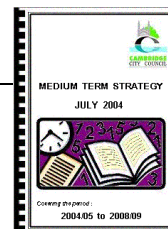


Table 5 : Timing of Government Funding Announcements for 2005/06

Category	2004/05 (£ m's)	2005/06 (£ m's)	2006/07 (£ m's)	2007/08 (£ m's)
Total FSS	60.990	64.522	68.099	71.597
- % Change year-on-year		+5.8%	+5.5%	+5.1%
<i>Financed by :</i>				
Net AEF	42.421	44.706	47.184	49.608
- % Change year-on-year		+5.4%	+5.5%	+5.1%
Locally Financed	18.569	19.816	20.915	21.989
- % Change year-on-year		+6.7%	+5.5%	+5.1%

- 7.10 This appears to suggest increases in the Locally Financed element (i.e. Council Tax), which are inconsistent with the Government's target of low single figure increases for 2005/06. The Local Government Association (LGA) has estimated that additional grant support of around £700m would be required in 2005/06 to limit increases in Council Tax to 3%.
- 7.11 Assumptions must be built into the Council's financial plans at this stage, but adequate levels of reserves need to be maintained in order to manage any variation in funding levels when they are announced.
- 7.12 The expected timetable for the announcement of external funding is :-

Table 6 : Timing of Government Funding Announcements for 2005/06

Fund	Timing of Announcement	
	Provisional	Final
General Fund	<i>mid</i> November 2004	<i>mid</i> January 2005
Housing Revenue Account	<i>early</i> December 2004	<i>end</i> December 2004

- 7.13 The crucial issue for the Council will be the timing of the announcement of the protection arrangements applying from 2005/06. There has already been Ministerial confirmation that it is intended to continue the system of 'Floors' and 'Ceilings', but the indication is that the level at which these will be set is not likely to be announced in advance of the Provisional Settlement announcement. This is very late in the budget process, particularly if the outcome is significantly different from the working assumptions, which have been adopted.



- 7.14 Briefing papers will be prepared on the levels of support, and the implications for the Council’s financial planning, once these announcements are received. It is hoped that this information will be available in time for the publication of the Executive’s budget and service plan proposals.
- 7.15 The new grant distribution model was introduced as part of the Provisional Settlement announcement for the 2003/04 budget in December 2002. The main impact of the new model for the City was the significant fall in the resident population level, outlined in section 5 above. The overall impact on grant entitlement for 2004/05 was :

Table 7 : Calculation of Cambridge Formula Grant Entitlement 2004/05

Calculation of Formula Grant (FG) Entitlement	2004/05 £'s
Formula Spending Share (FSS)	15,615,140
<i>Less</i> Business Rates income (from National Pool)	3,014,130
	12,601,010
<i>Less</i> Assumed National Council Tax (ANCT) income (*)	6,697,020
Formula Grant (FG)	5,903,990

But:

Minimum FG to get to ‘Floor’ (i.e. 3.0% increase)	7,711,300
--	------------------

- 7.16 This implies an element of grant for 2004/05 of £1,807,310 which results from the protection arrangements introduced through the system of ‘Floors’ and ‘Ceilings’ to limit the maximum increase and decrease.
- 7.17 The Assumed Notional Council Tax income (*), in the table above, is the amount, which the Government expects that the Council would raise from Council Tax payers if spending was at the level of FSS. The actual amount raised was £4,556,229, the difference of £2,111,998, due to the City’s Council Tax level at Band D of £131.65 being significantly less than the Government’s assumed level for a standard district of £182.08.

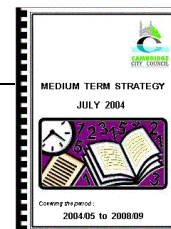


- 7.18 The new methodology introduced the concept of Formula Spending Shares (FSSs) to replace the previous system of Standard Spending Assessments (SSAs). The Formula Spending Share is used by the Government to divide up the Total Assumed Spending (the amount of spending by the whole of local government, which the Government is prepared to support through grants) between local authorities. The process excludes specific and special grants. This is directly related to the level of Formula Grant (FG), which authorities then receive from the government as funding.
- 7.19 In order to derive reasonable estimates of future Formula Grant entitlement from central government a number of key variables must be considered :
- Increase in Formula Spending Share
 - Resident Population
 - Assumed National Council Tax level
 - Council Tax base
 - Level at which 'Floors' and 'Ceilings' are set.
- 7.20 In projecting the change in FSS, the best indications available come from the national control totals for each of the Service Blocks contained within the Government's bi-annual Spending Review documents.
- 7.21 The Environmental, Protective and Cultural Services (EPCS) block covers the largest part of shire district services, but represents just 19% of the total of FSSs nationally. The two groupings relevant for the City (as a Shire District) are shown below.

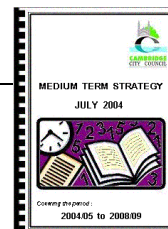
Table 8 : Spending Review 2004 : Key Control Totals

FSS Category	2004/05 (£ m's)	2005/06 (£ m's)	2006/07 (£ m's)	2007/08 (£ m's)
EPCS	11.152	11.217	11.606	12.040
- % Change year-on-year		+0.6%	+3.5%	+3.7%
Capital Financing	2.802	3.269	3.599	3.924
- % Change year-on-year		+16.7%	+10.1%	+9.0%

- 7.22 The EPCS figure for 2005/06 is significantly lower than that indicated in SR2002 (at 3.3%). This may be due to the fact that 2006/07 and 2007/08 contain additional funding to ensure that the increases in landfill tax in these years will be revenue neutral to local authorities. However, for 2005/06 the Government plan to announce a similar adjustment in funding as part of the Provisional Settlement announcement in the autumn.



- 7.23 Whilst these national control totals provide improved information for planning purposes there is still considerable uncertainty as to how this will be reflected in the relative changes to FSSs for individual authorities.
- 7.24 The indicated increases contained within SR2004 for EPCS has been used to predict the level of FSS for 2005/06. For future years, the assumption has been made that increases will be at the level of RPIX inflation assumed by the Government (2.5%).
- 7.25 The Government's approach to the withdrawal of funding protection arrangements following the implementation in 2003/04 of the revised funding methodology creates the greatest uncertainty in relation to medium-term financial planning for Cambridge.
- 7.26 In practice, all of the protection could be removed in 2005/06; whilst at the other extreme very small reductions could be made each year over a very long period until equalisation is achieved. Nationally there are conflicting 'interests' amongst councils, with those subject to the 'ceiling' wanting protection removed as quickly as possible so that they achieve full benefit at the earliest point - however this would imply an early removal of 'Floors' to make such a change affordable at national level.
- 7.27 The most appropriate basis on which to base an assumption on the setting of 'Floors' would appear to be the statement by Nick Raynsford MP, as part of the 2004/05 Settlement, that :
- "Floors and ceilings have become an accepted part of the settlement in recent years, and as already announced, we will continue to use this mechanism to set minimum and maximum limits on the percentage increases in grant received by authorities in each year, on a like for like basis. This is to ensure that all authorities receive an increase in grant, and to avoid sharp fluctuations which can make forward planning difficult."*
- 7.28 The statement could be construed as implying that future 'floors' will be set at a level above standstill in cash terms.
- 7.29 The level adopted in setting the model for the 2004/05 budget was a real-terms increase of 1%. This can be viewed in light of the indications provided by the national spending control totals announced as part of the Chancellor's Budget 2004 in March. After adjusting for the pre-announced commitments to the NHS (a 7% increase) and Education (a 3.2% increase) an average of only around 1.7% would remain nationally for other services. This, however, suggests that the initial 1.0% assumption is reasonably prudent at this stage.

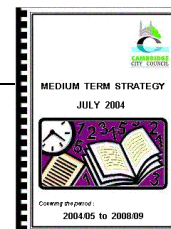


Efficiency

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

Reform Agenda

- 7.36 SR2004 also includes a number of measures in line with the Government's stated reform agenda.
- 7.37 There is a commitment to further strengthening of the local PSA approach, with a second generation of local PSAs seeking to focus on addressing local priorities and building more effective partnerships. A key aim is to identify and remove barriers to effective delivery and devolved decision-making, through collaborative working with local authorities.



- 7.38 A further step is the proposed development of Local Area Agreements (LAAs). These are seen as a single framework operating at the local level to provide additional funding to areas. These would involve Government departments, local authorities and voluntary and community organisations working together to agree where resources might most appropriately be allocated. It is intended that this approach will be piloted in each region during 2005/06.
- 7.39 Existing separate funds operated by ODPM and the Home Office will be amalgamated into a new single, Safer and Stronger Communities Fund. This will incorporate the liveability fund, neighbourhood wardens, neighbourhood management, the single community programme and the building safer communities funding.

Balance of Funding Review

- 7.40 The other factor which could impact on the future level of external support is the outcome of the Balance of Funding Review being conducted by the Government.
- 7.41 The Balance of Funding report was published on 20 July 2004. It recognised that the balance of funding is a major issue for local government finance, most notably because of the problem of gearing, and identified the options for reform as a reformed Council Tax supplemented by either relocalised business rates, a local income tax, or a combination of both.
- 7.42 In response to the publication of the report, the Government has announced a further independent inquiry, to be chaired by Sir Michael Lyons, which is scheduled to report by the end of 2005. This inquiry has been tasked with making recommendations on reforming Council Tax and considering the options for reform.

Council Tax Assumptions

- 7.43 The increase in the Government's Assumed National Council Tax (ANCT) for 2005/06 has been estimated at 4%. Although, as the graph below demonstrates, increases have been at a higher level in recent years, consideration has been given to the Government's intention to reduce this upward pressure.

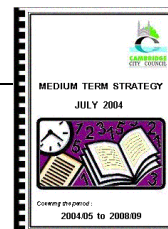
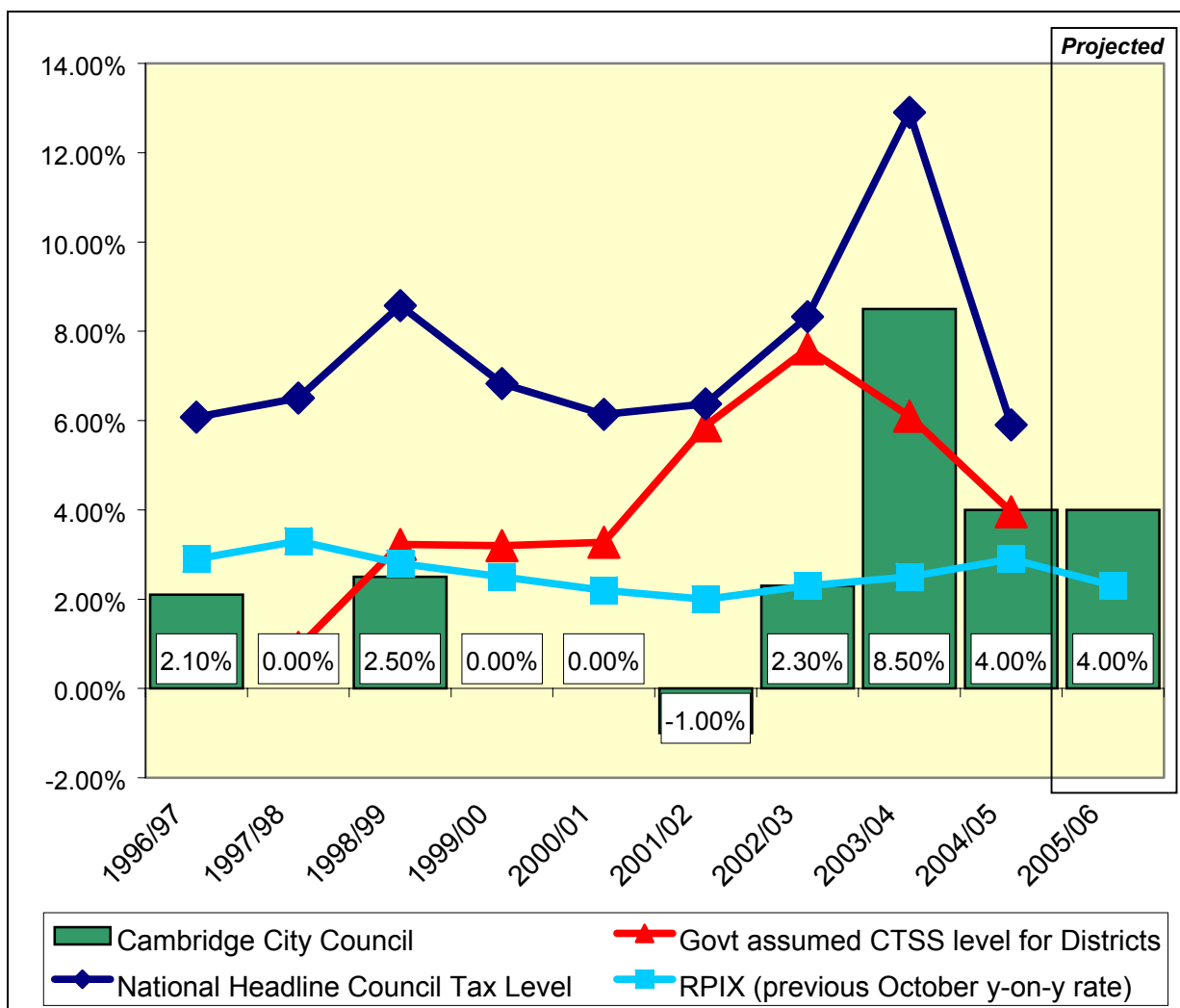


Figure 12 : Council Tax Increases - Actual and Government Assumptions



7.44 Analysis suggests that the projected level of relative change in both the resident population and Council Tax base levels, compared with national changes, is likely to be relatively insignificant in the wider context of this calculation.

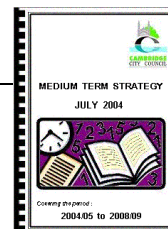
7.45 Based on the considerations outlined above, the following table summarises the assumptions made in arriving at Formula Grant projections for the MTS :



Table 9 : Formula Grant projection assumptions

Factors	Assumptions adopted
FSS	EPCS Quantum increases in SR2004, thereafter at Government RPIX inflation assumption level (2.5%).
ANCT	2004/05 level increased by 4.0% year-on-year.
Resident population	Insignificant effect in relation to overall national change.
Council Tax Base	Insignificant effect in relation to overall national change.
Level of 'Floor'	1.0% year-on-year real terms increase

- 7.46 Given the materiality of the effects if some of the key assumptions were to vary, a process of risk assessment has been conducted using sensitivity analysis, to determine the risks and potential mitigations.
- 7.47 In terms of the level at which the 'Floor' is set, if the outcome was a cash standstill it would result in a reduction in total grant entitlement for 2005/06 of only around £107,250. However, it would mean an overall reduction of £1.083m in grant over the 4 year period of the MTS.
- 7.48 Given the fact that this would be announced late in the budget cycle, it is proposed that in such circumstances reserves could be used in the first instance to meet the shortfall in expected funding. This would provide the time for the Council to consider a well-reasoned approach to the funding gap. This could be achieved without the level of reserves falling below the Council's agreed minimum level.
- 7.49 In terms of the level of ANCT that the Government includes in the formula, it is suggested that the actual level of increase proposed by the Council could be varied in a direct relationship should the increase not be at a 4.0% level. Although the financial effects do not match exactly, this would provide a logical response which could be tested as part of public budget consultation - assuming that the announcement is made sufficiently early in the process.
- 7.50 The result of these assumptions is a projection of future entitlement to Formula Grant, and protection. By adding this total level of external support to the actual amount raised in Council Tax (based on the projected increase), a level of funding available to support General Fund revenue spending has been derived. This has been used in setting the financial targets, in particular in assessing the level of 'affordability' and hence the savings targets; as outlined in section 13.



- 7.51 Given the spending pressures outlined in this document, and the policy context statements, a Council tax increase equal to the Government's expected ANCT increase, at 4% at the time budgets are proposed (October each year typically), has been used for the MTS as a working assumption.
- 7.52 This is aimed at continuing to deliver a stable final level of Council Tax for payers in the City, without unduly impacting on services, in line with the existing financial strategy.

Planning Periods

- 7.53 SR2004 also announced the Government's intention to move to three-year revenue and capital Settlements for local authorities, which will be introduced following full consultation. This is in response to the calls from authorities for greater certainty in financial Settlements, particularly in light of the adoption of three-year planning periods for Government departments.
- 7.54 The introduction of three-year Settlements could provide the increase in certainty over the medium term, which has long been called for by local authorities. It should also provide a better context for decisions regarding Prudential Borrowing. This will be of particular importance to authorities such as the City Council who are currently significantly affected by annual decisions on the level of 'Floors' and 'Ceilings' under the formula grant distribution process.
- 7.55 It is intended that the three-year periods will tie-in with the Spending Review periods, and that the Settlements for 2006/07 and 2007/08 will be agreed during 2005; following consultation with all stakeholders. The proposals on how changes in services, and demand factors such as taxbase and population will be dealt with, will be a crucial aspect of the consultation if the announcement is to cover all, or at least the substantive part, of available funding.

Housing Benefit Special Grant

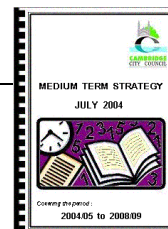
- 7.56 The Local Government Finance Settlement for 2004/05 incorporated a fundamental change to the funding treatment of all types of benefit (Rent Allowances, Rent Rebates and Council Tax Benefit), which were transferred to the Department of Work and Pensions, to be funded through a new Special Grant.
- 7.57 In addition to the creation of the new Special Grant the basis for the calculation of subsidy was changed, to reflect new incentivisation policies. This has required the recalculation of entitlement for each category of benefit award based on projected figures for 2004/05.



- 7.58 As this process is anticipated to result in gainers and losers, the Government has introduced protection arrangements such that no authority can lose more than 1% of subsidy in 2004/05; with the cost of this being met by a clawback arrangement from gainers.
- 7.59 Current projections suggest that the City Council will break-even under the new arrangements in comparative terms and this basis has been built into the financial projections.
- 7.60 The transfer of benefits from the HRA will also have a funding effect, but the Government's transitional arrangements for 2004/05 allow for a transfer from the HRA to be made to cover any additional cost which would, thus, fall on the General Fund. More detailed work is under way to assess the implications for future years.

National Non-Domestic Rates (NNDR)

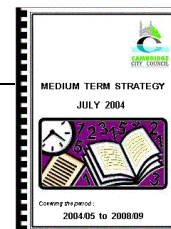
- 7.61 These are based on rate poundages set on a national basis by the government. The Council collects the monies due as agents of the government and pays them into a National Pool. The sums actually received by the Council from this Pool are based on a redistribution of the total available nationally, based on a per head of population calculation.
- 7.62 The amount received from the National Pool is included in the calculation of the Total External Support (TES) to which a Council is entitled under the grant distribution formula, as outlined above.
- 7.63 Compared with the total of over £60m collected by the Council and paid into the pool in 2004/05, only £3.014m will be received back - roughly 5%.
- 7.64 There are two main initiatives relating to NNDR, which have resulted from the 2003 Act, which may affect the amount receivable by the Council in future.
- 7.65 The first is 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.
- 7.66 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.



- 7.67 The sort of issues which it is envisaged could form the basis for such arrangements include :
- Improving public spaces
 - Reducing crime and the fear of crime
 - Improving public transport
 - Business support and job creation
 - Increased community involvement.
- 7.68 BIDs could offer local businesses advantages in terms of control in addressing key issues of concern, subject to co-ordination with local authorities and other relevant agencies. The initial round for BIDs would be from 1 April 2005.
- 7.69 The other initiative is the Local Authority Business Growth Incentives (LABGI). This seeks to 'reward' local authorities that achieve significant growth in the business sector within their area.
- 7.70 Details for the scheme have been the subject of lengthy consultations, and a second formal consultation was published during August 2004 with the closing date for comments being 29 October 2004. This consultation covers the technical and administrative principles to implement the scheme, and builds on the responses to the first consultation from summer 2003.
- 7.71 It appears likely that the basis for the scheme will be a national historic growth model, with local authorities being grouped and set baseline floors and ceilings.
- 7.72 Once the latest details have been reviewed the potential effects on external funding will be analysed and reported to Members as part of the budget process. It is planned that this will come into effect from 2005/06.

HRA Business Planning

- 7.73 The 2004/05 Business Plan has now been signed off as 'fit for purpose' by the Regional Office. This means that we will not now have to submit a revised Business Plan for three years. The government will however require regular updates on the progress being made to complete the tasks included in the action plan attached to the Business Plan.
- 7.74 The first update on the action plan will be submitted to the Regional Office in the autumn after the Council has reviewed its performance plans. The statistical returns will continue to be submitted to the government by the end of July as in previous years.

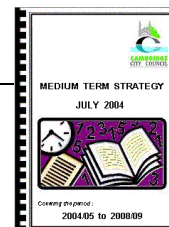


HRA Rent Restructuring

- 7.75 The rent increase in April 2004 was the third phase of the government's rent-restructuring programme to bring local authority and Registered Social Landlords (RSLs) rent for similar dwelling into line. The programme is due to take ten years to complete. The data used to calculate rents is based on 1999 prices, now five years out of date. When the scheme was introduced the government indicated that it would review the system at the end of five years operation. We are awaiting the results of the survey and any changes that may be introduced.
- 7.76 Rent increases are capped to a figure of inflation plus half a percent plus £2 per week. This, because of high house prices which is one of the factors used to calculate the rents, means that for many dwellings they are unlikely to reach the target rent by the end of the ten year phased programme.
- 7.77 Also in April 2004 a number of new service charges were separated out for tenants in line with the Government's wish to ensure that rent is pure rent and that tenants can account for the services being provided. In the longer-term the introduction of service charges will have positive effect on the HRA as they are not subject to subsidy calculations. In the short-term however some rents cannot increase in line with their profile to the level of target rents and more properties may not reach their target rent by the end of the process.
- 7.78 Average rent increases for 2004/05 were 2.55% (from £56.00 to £57.43).

Housing Revenue Account Subsidy

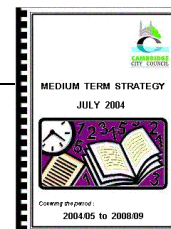
- 7.79 This is an assessment of entitlement to Government support, which is based on calculations derived from a 'notional' Housing Revenue Account for each authority. This calculation is based on a number of key rules and assumptions about a standard level of service and the associated need to spend.
- 7.80 Forward projections of HRA subsidy entitlement can be modelled with far greater certainty than those for RSG, as better guidance is given on anticipated future trends, but they are still subject to changes in the rules for any particular year.
- 7.81 As a result of the introduction of Resource Accounting in 2001/02, the HRA returned to a positive subsidy situation as a new element, the Major Repairs Allowance (MRA), was included in the subsidy calculation. 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 9 includes figures for the MRA.
- 7.82 Another key element of the subsidy calculation is the Government's assumptions on rent increases, which are based on achieving a target rent in 10 years time under rent restructuring guidelines.



- 7.83 The removal of rent rebate expenditure and subsidy in respect of HRA properties from the HRA to the General Fund from 1 April 2004 marks a significant change to the subsidy mechanism and results in a negative subsidy entitlement for the Council and the majority of Authorities across the country. The General Fund will receive direct grant from The Department of Works and Pensions to meet its expenditure on rent rebates.
- 7.84 Another key component is the Management and Maintenance (M&M) Allowance. The formula for allocating allowances between authorities is over 10 years old and a consultation exercise was undertaken in summer 2003 on a new allocation mechanism. The changes set out in this paper have largely been adopted, however the changes proposed will be introduced on a gradual basis and all authorities will receive at least an inflation increase in Management and maintenance allowances in 2004/05 and 2005/06.
- 7.85 As a result of the review in 2004/05, the target level of the allowance increased by 20.9% to £1,160.27 whilst the actuals increased by 14.6% to £1,097.87. The move towards the targets is dampened and the allowance is received through subsidy. The assumptions included in the Business Plan submitted to Members in January 2004 anticipated that these allowances would increase by around 6% pa in real terms at least for the next 2 years and then by 2% pa. Further work needs to be undertaken in this area to review the increases and ensure our future projections are consistent with the HQN consultants work on stock options.
- 7.86 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 ODPM. Redemption premium charged to the HRA are also claimed within housing subsidy over a 10 year period.

Table 10 : HRA Subsidy Projection - 2004/05 to 2008/09

Factor	HRA Subsidy (£ 000's)				
	2004/05	2005/06	2006/07	2007/08	2008/09
Rent Rebate element	0	0	0	0	0
Housing element	(13,589)	(13,810)	(14,529)	(15,389)	(16,188)
Other	(84)	15	13	11	9
MRA	4,716	4,743	4,761	4,813	4,850
Net Subsidy	(8,957)	(9,052)	(9,755)	(10,565)	(11,329)



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 2004/05. Where known and unavoidable factors are identified they have been built into the revenue projections in Section 9.
- 8.2 This section also highlights bids which have come forward from Executive Councillors / Scrutiny Committees during the current cycle.
- 8.3 In addition, a list of remaining material areas of uncertainty is included in Appendix F. 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 next triennial revaluation of the Fund is based on the position as at 31 March 2004. For interim periods the actuaries to the Fund review the impact of changes in the key assumptions to identify the need for any immediate consideration.
- 8.6 Overall the last full valuation, at 31 March 2001, indicated that the assets of the Fund were valued at 107% of the accrued benefits payable to members of the scheme (compared with 110% in the 1998 valuation). For the City Council element of the Fund this figure is 106.9% (compared with 108.5% in 1998).
- 8.7 On this basis, the Fund was the second highest funded in the country, within a range of 70% - 110% funding levels; and was only one of seven Funds which were in a fully funded position.
- 8.8 Contribution rates are calculated on an individual basis for each participating employer. The actuary proposed a phased increase over the three year period to the next revaluation, with consecutive increase of 1%, 0.7% and 0.7%. For the City Council the result has been a requirement to increase the rate as follows :

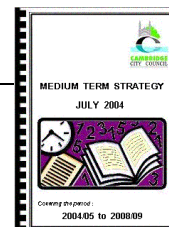


Table 11 : Employers Pension Fund Contribution Rates

	Previous Valuation	31 March 2001 Valuation				Underlying Rate
		2001/02	2002/03	2003/04	2004/05	
Minimum Contribution Rate	7.0%	8.0%	8.7%	9.4%	12.2%	

- 8.9 Previous budgets have already approved the inclusion of these increases in base budgets.
- 8.10 It should also be noted that the final rate of 9.4% in 2004/05 is still effectively being 'subsidised' by the current surplus position of the Fund to the extent of 2.8%. In the longer term, as the Fund uses up the surplus the contribution level will move towards the underlying rate of 12.2%.
- 8.11 Since the last full revaluation date there has been a material decline in world stockmarkets, which will have had a negative impact on the financial position of the Fund, though this will have been mitigated to some extent by the smoothing mechanism incorporated in the valuation process. The latest view by the actuary is that the Fund is probably now only 70-75% funded, implying that significant increases in employer contribution rates are likely from 2005/06.
- 8.12 To reflect this, and based on the latest advice from the actuary, increases of 1% in the contribution rate in each of the years from 2005/06 to 2007/08 were included in the final budget package approved by Council in February 2004.
- 8.13 The most recent advice from the actuary, based on further detailed work, suggests that the increase may need to be around an extra 1.5% in each of those years. This has been treated as an unavoidable pressure for the basis of this work and built into the MTS projections.
- 8.14 If the actual increases required are at this level it will take the overall contribution rate up from 9.4% in the current year to 13.9% in 2007/08. The County Council have indicated that consultation on the draft actuarial report and associated funding strategy should take place in November 2004.
- 8.15 .New regulations affecting the Local Government Pension Scheme (LGPS) are due to come into force from April 2005. The detail of this is still currently at consultation stage, and is not expected to be finalised until the autumn of 2004.



8.16 It is anticipated that the City Council will need to review and agree policy changes to fit local needs and affordability, in light of these changes. There is currently no indication of potential employer costs, and these will be in part dependant on our decisions. The emphasis is expected to be on keeping people in the scheme as long as possible and restricting compensation for those who do leave early, thus reducing the current effects of 'actuarial strain'. Potential issues include :

- Regional assemblies - likely to incur redundancy cost and increase pressure on the pension scheme.
- Age discrimination legislation 2006
- Increase in earliest retirement age
- Future LGPS changes
- Overall membership levels within the scheme

Single Status Agreement

8.17 Provisions have been included in revenue projections for each Fund reflecting the latest estimates for the effects of the implementation of the Single Status Agreement; central to which has been the introduction of a new national job evaluation scheme, and associated 'payline'.

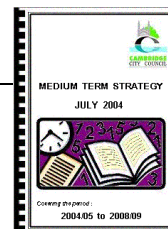
8.18 Whilst the main pay determination work has been completed and implemented, a number of areas are still to be resolved in negotiation with the Unions. The effects of the outcome of these elements will be monitored and reflected in detailed budget work during 2004/05.

8.19 A key aspect which will affect all staff is the finalisation of incremental progression arrangements. The current budget includes a central provision of £180k to cover the anticipated effects of implementation in 2004/05, but actual costs will depend on the details of the final agreement with the Unions.

Asset Management Revenue Account (AMRA)

8.20 The AMRA is the accounting mechanism required to operate the current capital accounting regime. It receives the notional charges to all services for holding and using capital assets, and is also where the actual principal and interest payments made by the authority are recorded.

8.21 Due to the nature of the account it is treated as an exclusion from the cash limit process operated for budget purposes, but changes within the account can have a significant impact on the overall financial position and are reported separately to Strategy Scrutiny Committee.



8.22 The Debt-Free Status has a major impact on this fund, since this is where the cost of borrowing was previously charged. This, together with the reduced income from external interest makes up the net saving identified and built into the forecast projections.

Best Value

8.23 Best Value requires councils to review their services where:

- There is a need to improve performance on a shared or local priority
- Authorities are unclear whether a service is still needed or whether its contribution is as effective as it could be
- There is a clear and proven case for a new service or a different way of providing an existing service
- There is evidence that the costs of a service are significantly out of line with comparable services elsewhere
- There is a clear opportunity to work with other authorities to deliver common services, through for example, new technology.

8.24 Details of the revised programme of Best Value Fundamental Service Reviews (BVFSRs) are shown in Appendix R. The limited number of remaining reviews reflects the fact that the CPA Improvement Plan which was agreed as a result of the CPA review work, is now providing the key focus for improvement activity and challenge to services.

8.25 Each BVFSR has an individual timetable, and many will be reporting their findings at different points in the year. Where the reviews highlight available savings or the need for additional resources there is a danger that if reviews are dealt with in a piecemeal fashion effective prioritisation cannot be adequately achieved.

8.26 It has, therefore, been agreed that recommendations resulting from outcomes from reviews which have been completed are submitted at three key points in the budget process :

- June – so that findings can be considered in conjunction with the MTS
- November – so that findings can be considered in conjunction with revised budget proposals
- January - so that findings can be considered in conjunction with detailed budget proposals.

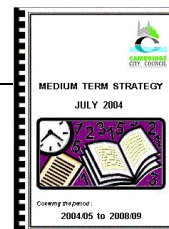


- 8.27 There have been no specific bids for funding changes to be agreed as part of the current budget cycle, so resource statements from the completed reviews will be used as the basis for bids and savings in the November or January cycles.
- 8.28 It should also be noted that existing action plans from previous BVFSRs may still have additional actions for which funding has not already been agreed. It is important that services raise these as part of the budget and service planning process.
- 8.29 Action Plans which have identified potential levels of overall savings to the service provide a valuable starting point for detailed work in the budget process. In a number of instances these savings indications have been provided by external consultants and have not been subject to detailed assessment. For the purposes of the MTS none of these savings have been assumed as definite, and the services have been assessed for a standard savings target in the same way as other services.
- 8.30 It is important to bear in mind that the resultant action plans from the BVFSRs may require significant funding changes, particularly where they seek to achieve a step-change in the service. A current example is the impact of achieving the Government and local targets for recycling / waste management.

GENERAL FUND PRESSURES & OPPORTUNITIES

Priority Policies

- 8.31 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 committee level the 'Priority Policy Fund' (PPF) approach will continue in 2005/06.
- 8.32 The proposed financial strategy for the 2005/06 budget includes an annual sum of £500k to provide funding for developments which can demonstrate significant contribution to the Medium Term Objectives.
- 8.33 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.



- 8.34 The Fund will be administered by the Executive Councillor for Strategy who will consider the applications and deal with prioritisation using the 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.

IT Facilities Management Contract

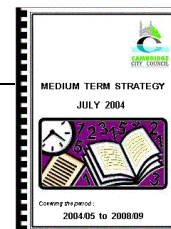
- 8.35 The IT service contract currently held by ITNET expires at the end of November 2005, though it can be renewed for a further two years by agreement between the two parties.
- 8.36 The Council is currently considering whether it would like to extend the contract (with some re-negotiation) or go out to tender for a new supplier. Market trends, current supplier performance, possible changes to the size and structure of the Council and technology requirements will all inform this decision.
- 8.37 It is too early in the process to safely predict any effect on overall cost of the service, though any potential savings from a new contract would be likely to be absorbed by increased e-government spending. There may also be a need to review the client-side provision under any new contract letting to ensure that it is consistent with delivering the IEG and IT strategy.
- 8.38 A provisional sum of £50,000 was been included in the budget for 2004/05 to facilitate the work on determining contract extension or re-letting.

Charging for Discretionary Services

- 8.39 The proposals contained within the Local Government Act relating to powers to charge for discretionary services have been considered, but are deemed to currently provide limited immediate scope for the Council in practice.

Parking Services

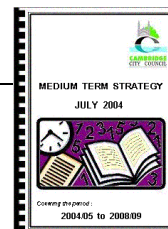
- 8.40 There are a number of factors currently impacting on this service.
- 8.41 Concerns have arisen over the realism of the current base budget for total car park income, based on :
- the achievability of the current income budget, based on 2003/04 performance and experience in the year to date
 - the implications of the changes associated with the Grand Arcade construction period



- the effect on usage (and hence total income yield) from future pricing strategies
- 8.42 The loss in revenue with the closure of the Lion Yard car park as part of the Grand Arcade development is reflected in compensation arrangements negotiated with the developers. However, this is a fixed negotiated settlement and will not reflect the changes in attitudes and usage patterns during the period of closure, which may affect longer-term demand.
- 8.43 Retail and business interests are keen to support City initiatives that will explore and develop the potential for using spare parking capacity during and beyond the Grand Arcade development period, for example to encourage the evening economy.
- 8.44 The introduction of Local Authority Parking Enforcement in Cambridge (LAPE) is expected to encourage additional off-street parking usage. In the longer term this will lead to additional income, as a result of greater compliance with parking regulations and from the displacement of vehicles "off-street". However, in the early years of LAPE this revenue is committed through the Agency Agreement with the County Council towards offsetting the initial set-up costs of LAPE.
- 8.45 In addition, the scale of refurbishment and maintenance required to sustain high quality parking facilities has also increased in the last two years. The multi-storey car parks at the Grafton Centre and Park Street all require significant investment. As a consequence, a fundamental review of the historic provision for repairs and renewals is now being undertaken.
- 8.46 Strategies will be needed that enable and foster opportunities to consider possible business initiatives and the integration with wider transport management policies.
- 8.47 In light of this situation, it is recommended that the car park income budget is dealt with outside of the main Cash Limit framework (as for Property Income), and (initially) re-based for 2005/06, with no increase in total income yield assumed. This basis has been included in the MTS projections.

Decriminalisation of Parking Enforcement (DPE)

- 8.48 DPE allows local authorities to take over the enforcement of parking restrictions from the Police (enforced currently using Traffic Wardens).
- 8.49 Cambridge City Council and Cambridgeshire County Council have agreed to implement DPE, referred to as Local Authority Parking Enforcement (LAPE), with effect from October 2004. Under an agreement between the City and County Councils, the City Council will manage the new service as an addition to our current parking service.



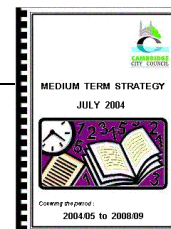
- 8.50 The enforcement On and Off-Street is being externalised, in conjunction with the provision of a specialist IT system for processing penalty charge notices and recovering parking debt. Administration of the new service including the processes for dealing with challenges and appeals against parking tickets and the monitoring of the enforcement and IT contract services is being undertaken by the City Council.
- 8.51 The new parking administration service and the enforcement contractor will be based in accommodation at the Mill Road Storeyard.
- 8.52 Under LAPE the revenue from enforcement operations – parking ticket income On and Off-Street, and increased paid parking revenue - is used to fund the enforcement and its administration. Whilst LAPE will eventually become self-financing, in the initial years the costs of setting up the service will produce a deficit on the LAPE account.
- 8.53 The agreement between the City and County Councils sets out the basis for funding the deficit in the early years, and for sharing in any future surpluses that may accrue, once the start-up costs have been repaid and enforcement begins to improve compliance in regard to paid parking On and Off-Street.
- 8.54 In 2004/05 the City Council will make a £50K contribution to the funding of LAPE. In 2005/6 this contribution will be £100K. In subsequent years, this is expected to reduce, once the LAPE account goes into surplus, after which the City will receive a 50% share of future surpluses.

Community Safety

- 8.55 In 2004/05 approximately £49,000 of community safety related youth projects are being funded by external funding and from the Safer City Grants pot. These resources cannot be guaranteed for this type of projects in future years. In addition £25,000 of external funding is being used to support the Council's Anti-social behaviour work and this is only guaranteed until the end of 2005/06

Cambridge Infrastructure Partnership and Growth Areas Delivery Grant

- 8.56 The Cambridgeshire Infrastructure Partnership will be fully established by the end of 2004/5 with the help of a £2 million grant from the Government for its first two years. It will co-ordinate the implementation of the Cambridge sub-regional strategy as a key part of the Government's Sustainable Communities Plan.
- 8.57 The Government has already awarded Growth Area Delivery Grants of £7million towards the Addenbrooke's Access Road and £2 million towards access improvements to the Northern Fringe East. Further capital bids have been made via the East of England Regional Assembly's bid into the Government's forthcoming Comprehensive Spending Review.

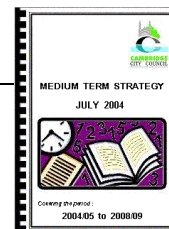


Planning Delivery Grant (PDG)

- 8.58 As part of the Spending Review 2002, the government identified £350m, over the three year period of the review, to provide funding to local authorities to ensure that they deliver the high quality services vital to securing Communities Plan objectives.
- 8.59 Investment provided to support the planning reforms set out in the Barker Review, includes £425m to be delivered through the Planning Delivery Grant system over the SR2004 period.
- 8.60 In 2003/04 the Council received £101,000 in Grant. In 2004/05 £235,656 was received in Grant, in three components: housing and growth areas, £34,388; plan making, £76,109; development control, £111,304.
- 8.61 In May 2004, the government announced the criteria for allocating Grant in 2005/06. It hopes to announce the 2005/06 allocations in February 2005, although there is a possibility that there will be two announcements, with a separate announcement of allocations for plan-making following later in the year.
- 8.62 The following will be rewarded: development control performance against the Government's Best Value targets (the highest proportion); progress in plan making, particularly against the requirement for the submission of a Local development Scheme within 6 months of commencement of the Planning Act. The possibility of rewarding authorities that are reviewing their plans under existing and transitional arrangements (as this Council is) is also being reviewed; high housing demand and Growth Areas in the "wider south east"; progress in e-planning, particularly against the Pendleton criteria in BV205 (Quality of Service Checklist)

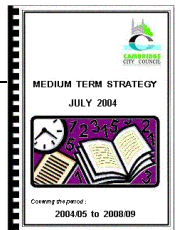
Licensing Act 2003

- 8.63 This new legislation was enacted in July 2003, and will introduce a single integrated scheme for licensing premises that sell alcohol, provide public entertainment or provide refreshment late at night. Local authorities will grant 'personal licences' to individuals and 'premises licences' in compliance with defined licensing objectives.
- 8.64 Fees are yet to be determined and will be set nationally. It is expected that they will not cover any additional costs associated with member and officer training, additional committee meetings, administrative and staffing costs and information technology support.
- 8.65 For the purpose of the MTS this has been treated as an unavoidable additional cost, and the latest projections have been built into the revenue projections based on the specific report to the relevant scrutiny committee. There has been a delay in the implementation of the act. It is now anticipated that applications will be received from December 2004.



Waste Minimisation and Recycling

- 8.66 SR2004 announced that an extra £20m per annum will be provided (by 2007/08) for the Waste Management Performance Reward Grant, which is to be introduced from 2005. This grant will be used to reward local authorities for sustainable waste management - supported by an increase in provision for PFI credits for investment in new value for money recycling and waste disposal facilities of £155m in 2007/08.
- 8.67 Additional support will be provided for programmes aimed at waste minimisation by businesses, increasing energy efficiency, and further development of the market for recyclates and diversion of waste from landfill. This will be funded from the recycling of landfill tax revenues, and is expected to reach £146m by 2007/08.
- 8.68 SR2004 targets £300m of efficiency savings on waste services, achieved in part through the roll-out of best practice from more efficient local authorities, and the standardisation of procurement operations.
- 8.69 The Cambridge Councils' Association Waste Forum (CCAWF) comprises seven partner authorities, and has been planning a long-term strategy in Waste Management for several years now. The key elements of the strategy are to increase recycling, promote waste minimisation and meet various statutory requirements related to waste diversion from landfill and recycling.
- 8.70 The CCWAF has been progressing a Private Finance Initiative to seek Government funds to meet some of the growing costs for waste processing in order to achieve future legal requirements regarding the use of landfill. The Council will decide in September 2004 whether or not to agree a long-term partnership agreement with Cambridgeshire County Council.
- 8.71 The Council has a statutory recycling target for 2005/6 of 36% and will need to invest in new recycling schemes to meet this obligation. It will also need to expand the Black Bin and Black Box services to cope with population growth. Some capital and revenue costs may be offset by a successful bid to the new Performance Reward Grant Fund.
- 8.72 The Council is planning to consult residents late in 2004 on the options available for waste minimisation and recycling.
- 8.73 The Waste Electrical and Electronic Equipment (WEEE) Directive is likely to have operational consequences for the Council but the financial burden should fall on the producer. The Waste and Emissions Trading (WET) Act enables the Waste Disposal Authority to direct the Council on segregation of waste to maximise recycling and introduces the landfill allowance trading scheme which limits the amount of biodegradable waste that the disposal authority can landfill.
- 8.74 There are also proposals to amend the recycling credit scheme which may also have an impact on the Council's budget.



‘Unavoidable’ Pressures

8.75 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 summarised below :

Table 12 : ‘Unavoidable’ General Fund Revenue Pressures

Factor	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)
Employers pension contribution	-	114,000	228,000	342,000	342,000
Car Park income re-basing	-	285,000	285,000	285,000	285,000
Additional refuse round	12,000	142,000	142,000	142,000	142,000
Additional recycling round	12,000	149,500	149,500	149,500	149,500
Net Increase in Expenditure	24,000	690,500	804,500	918,500	918,500

New Bids from Service Committees

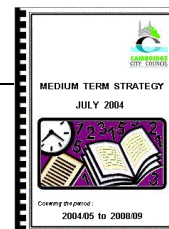
8.76 The following new bids were approved as part of the June / July cycle of Scrutiny Committees, and have been built into the revenue projections :

Table 13 : New Revenue Bids - June / July Committee Cycle

Committee	Service Area	2004/05 (£'s)	2005/06 (1 yr only) (£'s)
Strategy	Telecommunications Liason Officer - 15 month contract extension	5,000	20,000
Total Additional Cost		5,000	20,000

HOUSING REVENUE ACCOUNT PRESSURES AND OPPORTUNITIES

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



- 8.78 Spending on housing, including regional and local programmes, will be over £1.3b higher in 2007/08 than in 2004/05; equivalent to an average annual growth of 4.1%. Substantial investment (£450m per annum by 2007/08) is planned for areas of low housing demand, enabling an extended programme for the North and the Midlands - directed through the nine existing Market Renewal Pathfinders.
- 8.79 New social housing building is projected to increase by 50% (10,000 homes a year) to tackle the growth in homelessness. This will be funded through a £430m increase in direct investment by 2007/08, an expanded PFI programme and significant efficiency savings. Hostel provision for homeless people will also be one of the six priority areas for the new 'Invest to Save - Inclusive Communities Fund' (worth £90m over the SR2004 period).
- 8.80 The Sustainable Communities Plan is targeted at delivering an additional 200,000 homes in the Thames gateway and other growth areas, assisted by the Department of Transport's £150m Community Infrastructure Fund (by 2007/08).

Decent Homes

- 8.81 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 the driving force of the Government's housing initiative. In a stock condition survey undertaken by FPD Savills in May 2003 the level of non-decent homes was revised upwards to a figure of 4,134 dwelling, about 50% of the stock, with the remaining dwelling becoming non-decent over the period up to 2010. In June 2003 the Council committed to a six-year programme of work that would ensure that the Council could meet the governments 'decent homes' target.
- 8.82 The Government's definition of 'Decent Homes' is very basic and so in June 2003 the Council embarked on a process to establish a standard to which both the Council and tenants would wish to see as dwelling repaired and improved in the future. This standard has come to be known as the Cambridge Standard and deals with housing management issues as well as property issues.

Stock Options

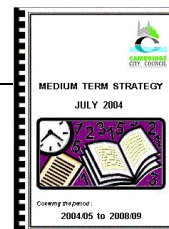
- 8.83 As required following the introduction of the Communities Plan in March 2003 the Council has embarked on a Stock Option Appraisal. The results of the appraisal have to be approved by the government by July 2005.



- 8.84 In June the consultants appointed to undertake a financial appraisal, Housing Quality Network (HQN), presented an initial report to the Housing & Health Committee which set out how each of the four options open to the Council could contribute to the Council's strategy of maintaining and improving its own dwellings and provide additional low cost houses for rent. The HQN report was based upon the financial estimates that had been included in the stock condition survey undertaken by FPD Savills (see above). In the report Savills had set out three sets of financial estimates, one for achieving the governments target of 'decent homes', the second the minimum level of investment a 'good' landlord should make and finally an aspirational level of investment.
- 8.85 In order to refine the financial appraisal to reflect a level of aspirational investment wanted by the Council a consultation process was undertaken with tenants, staff and other interested parties to develop the 'Cambridge Standard'. The H&H Committee approved the standard in March 2004. Since then a revised financial appraisal has been prepared by HQN.
- 8.86 A two-stage approach has been adopted, with a special meeting of the Housing and Health Scrutiny Committee on 8 September determining a shortlist of viable options, based on consideration of the degree to which they meet the Council's strategic aims. These options will then be submitted to a Tenant preference exercise to be conducted by ballot in October 2004, with the outcome being reported to the November meeting of the scrutiny committee. All of the work has been supported by appropriate risk analysis.
- 8.87 Once the outcome has been considered further by the Scrutiny Committee, in November 2004, the aim will be to submit the results of the appraisal process to the government by late December 2004 or early January 2005.
- 8.88 Work to date has determined that a Private Finance Initiative (PFI) would not be an appropriate option for the Council, and has confirmed that a more detailed exercise will subsequently need to be undertaken in respect of the issues faced by Sheltered Accommodation whatever the outcome of the main option appraisal.
- 8.89 One of the issues that the Government will want the Council to tackle as a part of the process is the provision of additional affordable housing in the City. To this end the options of the use of Council's capital receipts and prudential borrowing are important factors.

Supporting People

- 8.90 As part of the Supporting people regime the Council has contributed towards the countrywide review of sheltered housing and it is anticipated that the report will be available in the autumn of 2004.



- 8.91 The Council has yet to contribute to the one-off risk sharing agreement for fairer charging costs for 2003/4. The estimate, which has been provided for in the accounts, is £41,700, but as yet the actual costs of fairer charging are still unknown.
- 8.92 The Supporting People funding for 2004/5 was subject to a nil inflation increase in April 2004, resulting in an estimated £20,000 unbudgeted reduction in income. There is no indication whether future years will be subject to the same procedure.
- 8.93 In addition, the Supporting People retrenchment requirements for 2004/5, required by the Commissioning Body to meet under-funding in 2004/5 amount to £38,355 for support services for 'older people', and £13,995 for Cambridge Women's Aid, the latter of which has already been budgeted for within the General Fund.
- 8.94 The Council has also been given early warning of an anticipated efficiency saving requirement by the ODPM of 2% for 2005/6. Clarification surrounding this is expected imminently.
- 8.95 The current costs of providing support services for 'older people' are being revisited to tackle the nil inflation increase, 2004/5 retrenchment and 2005/6 anticipated savings. The costs of Supporting People, although delivering services for council tenants, are entirely a charge on the General Fund and these issues highlighted above could have implications for the level of contributions needed from the GF.
- 8.96 In July 2004 the H&H Committee will be considering a report highlighting issues of the need for investment in the emergency call system in sheltered schemes that have arisen as a result of the CareCall Best Value review considered by the Committee in March 2004.

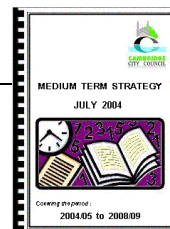
Support for Non-Sheltered Tenants

- 8.97 The Housing Support Service has been increased to provide support for tenants living in the Council's general housing stock. Five new Housing Support Co-ordinators have been appointed to support non-sheltered tenants. The Tenant Sustainment Officer works with former street homeless tenants. Two other members of the team will work with tenants over the age of fifty-five years and the remaining staff will work with vulnerable tenants or prospective tenants and those experiencing short-term difficulties in maintaining their tenancies because of rent arrears, anti-social behaviour or drug/alcohol abuse.
- 8.98 The cost of providing these services is funded from the Supporting People budget.



Conclusion

- 8.99 It is estimated that as a result of the transfer of Supporting People cost from the Housing Revenue Account around £350,000 will be available for other projects, however about £88,000 will be required to give transitional protection to existing HRA tenants not on full housing benefit. Remaining money will initially be used for fencing, door entry systems and other community safety projects.



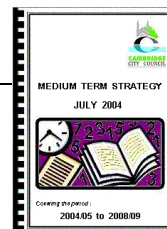
9. Revenue Forecasts and Reserves

General Factors

- 9.1 The major assumptions on which the revenue forecasts are based are summarised in Appendix E.
- 9.2 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.
- 9.3 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.
- 9.4 Where factors vary between Funds these are specifically highlighted.
- 9.5 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 F, and must be borne in mind when setting the financial strategy in general, and the individual committee cash limits in particular.

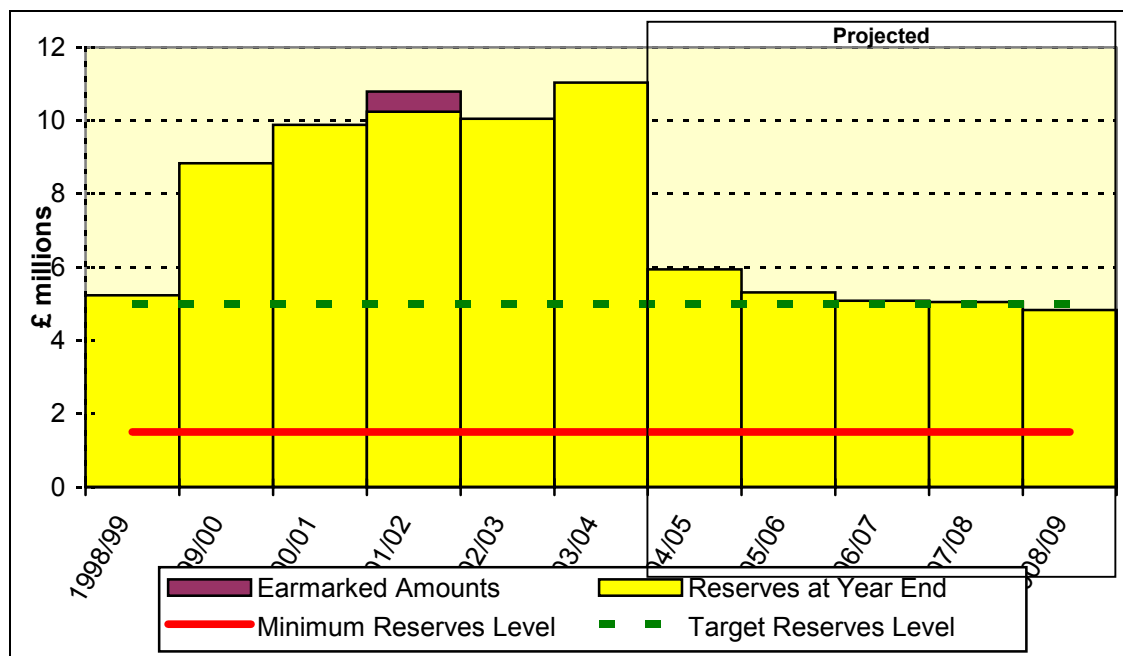
General Fund

- 9.6 The anticipated net spending for the period 2004/05 to 2008/09 is set out in Appendix G.
- 9.7 The original budget for 2004/05 approved net General Fund spending at a level of £19,352,980, which included a use of reserves of £3,425,430. This reflected a contribution of £3,005,000 to fund capital expenditure.
- 9.8 The projected position for the General Fund reserves is shown in Appendix G. This projection includes the effects of changes in the Asset Management Revenue Account (AMRA) and the requested carry forwards from 2003/04.
- 9.9 The revised projection of the use of reserves in the current year (2004/05) now indicates that there is expected to be a net increase of £1,376,750, in addition to the effective transfer of £290,480 to fund the approved level of carry forward items, this primarily reflects the reprofiling of capital expenditure.
- 9.10 These have been built into the latest projection.
- 9.11 The final reserves position for 31 March 2004 was £11,035,910. This included £290,480 which will be used to fund the approved carry forward items.



9.12 The projected position for General Fund reserves to 2008/09 is shown below :-

Figure 13 : General Fund Reserves Projection - 1998/99 to 2007/08



9.13 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.

9.14 The use of reserves to manage the peaks and troughs of Capital Plan spending can be seen in the unusually high level in 2001/02 falling to a position below the target level at the end of 2002/03. Importantly, the projection also shows that the reserves position returns to the target level from 2003/04 onwards, demonstrating the sustainability of the current financial plans.

9.15 In terms of the assumptions on the level of ‘Floor’ (Section 7), it is possible that the Council could receive a real-terms standstill for 2005/06 within the terms of the most recent Ministerial statement on approach. Whilst this would result in a reduction in total grant entitlement for 2005/06 of only around £107,250, it would mean an overall reduction of £1.083m in grant over the 4 year period of the MTS. This could, initially, be contained within the reserves available whilst staying above the minimum working balance of £1.5m.

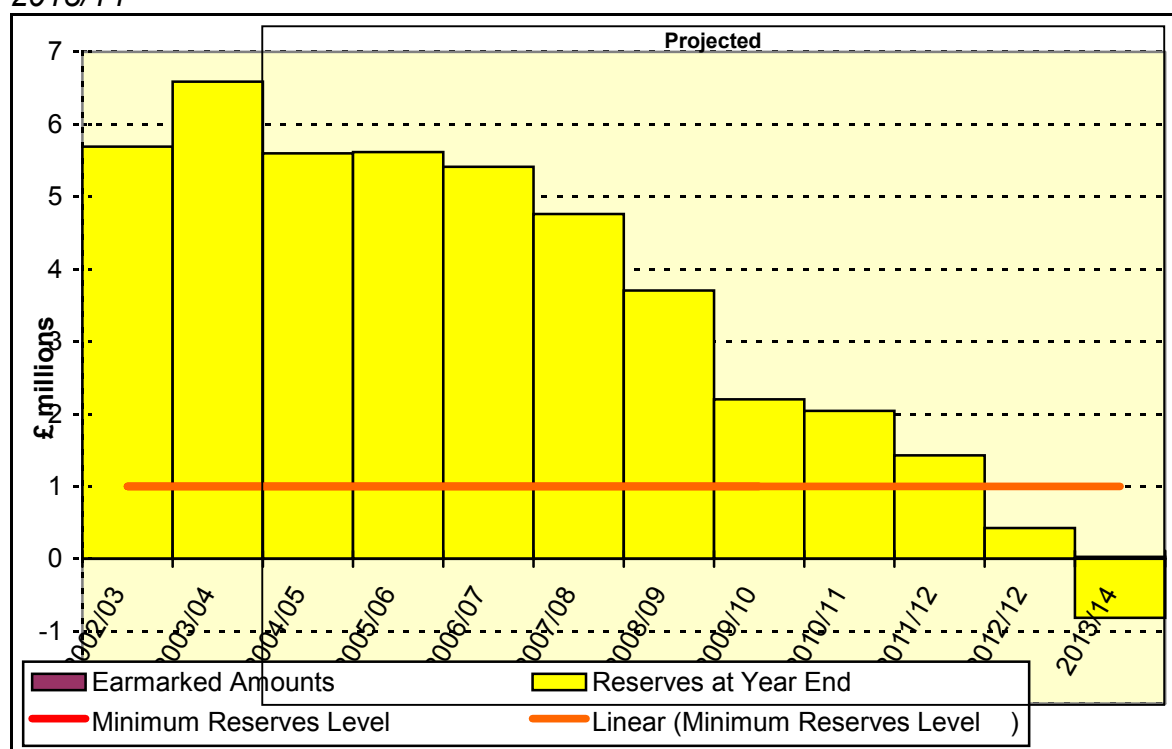
9.16 This MTS document already provides an appropriate means of assessing this factor as part of the setting of the Council’s overall financial strategy.

9.17 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.

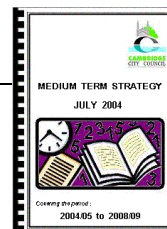
Housing Revenue Account (HRA)

- 9.18 A similar forecasting exercise has been undertaken for the Housing Revenue Account, details of which are included at Appendix H. 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 target level.

Figure 14 : Housing Revenue Account Reserves Projection - 2002/03 to 2013/14



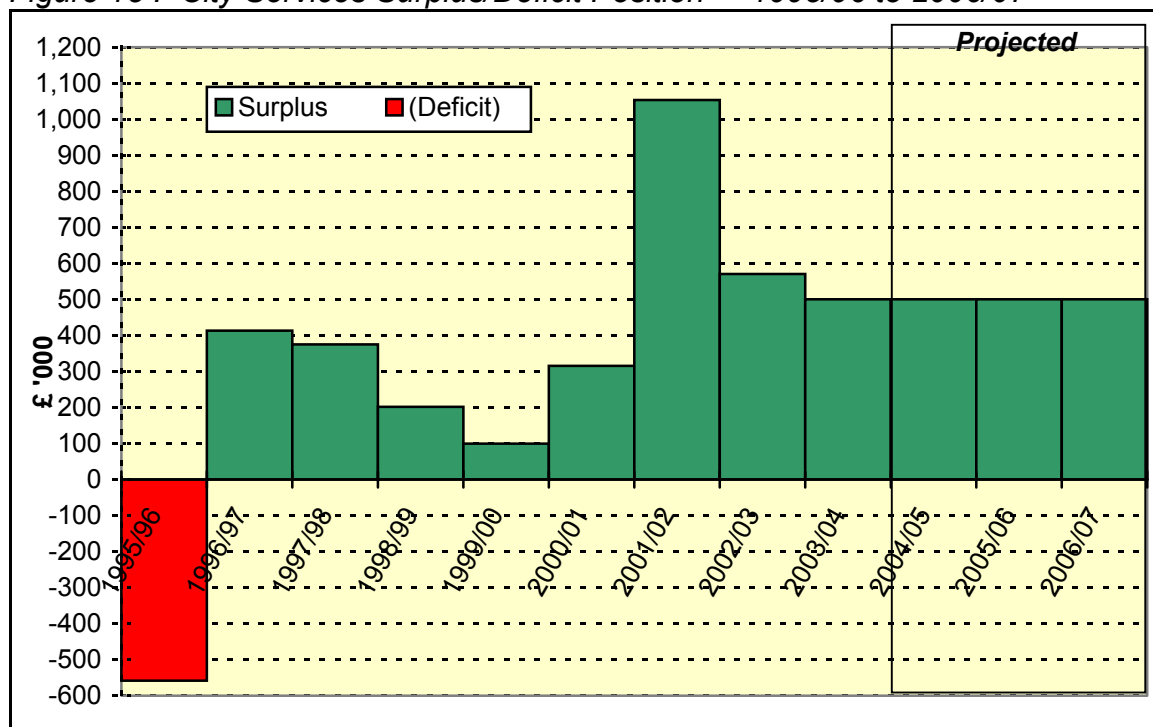
- 9.19 This serves to highlight that the level of reserves is projected to remain above the minimum level agreed until 2012/13, but then it moves to a level below minimum level before going into deficit position from 2013/14 onward.
- 9.20 This reflects the position reported to Members in the January cycle, though further work is being undertaken to review the longer-term implications of the more favourable allowances in the 2004/05 subsidy announcement.
- 9.21 Housing and Health scrutiny committee met on 7 July 2004 to consider the specific detailed strategy and forecasts for the HRA, and the Council's Housing Investment Programme (HIP) submission and Business Plan for 2005/06.
- 9.22 Planning for the HRA is being undertaken for 2005/06 in conjunction with the financial work underpinning the Stock Options Appraisal exercise, which will be reported to the special meeting of Housing and Health scrutiny committee on 8 September 2004.



City Services

- 9.23 City Services have drawn up detailed Business Plans for all of their services, which were considered and approved for 2004/05, at the Commercial and Human Resources Committee on 14th January 2004, and the Environment Scrutiny Committee on 21st January 2004.
- 9.24 The graph below illustrates the surplus/deficit position for City Services since 1995/96. For 2003/04 the final overall position reflected a surplus of £709,576 compared with an original projection of £570,400.

Figure 15 : City Services Surplus/Deficit Position - 1995/96 to 2006/07



- 9.25 Since January 2000, City Services has operated as a trading operation within the General Fund providing direct services for both the General Fund and the HRA.
- 9.26 The accounting arrangements for City Services results in a net trading surplus or deficit at the end of each financial year. For the purposes of drawing up the final accounts this is treated as a contribution to the General Fund reserves.
- 9.27 Throughout the year City Services made an ongoing return of surplus funds to the HRA and General Fund. This ensures the real cost of service provision is reflected, as required by the Best Value Accounting Code of Practice (BVACOP), and it provides funds that can be reinvested back into the service during that year.



- 9.28 No longer under CCT legislation, City Services has taken the opportunity for its accounting and reporting practices to be aligned largely with Council practice. Whilst so, it has been important to acknowledge that there are a number of trading units within City Services (principally Building Maintenance and Projects and the PVCu Factory) which undertake work for external organizations and it is clearly important that decisions regarding this type of work are made in a fully informed environment.
- 9.29 The scrutiny committees play a leading role in monitoring and challenging service delivery. External Trading is included in the Commercial and Human Resources portfolio, whilst the remaining City Services' services are within the Environment and Community Development & Leisure Scrutiny Committees remit.
- 9.30 The table below illustrates, using the projections for 2003/04, the categories for which turnover and resultant surplus / deficit will effectively be analysed.

Table 14 : City Services trading by Fund

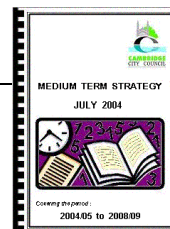
Cost Centre	General Fund		Housing Revenue Account
	Internal Trading	External Trading	
Building Maintenance		8	19
Building Projects		13	148
PVCu Factory		22	170
Rangers			
Building Cleaning			
Waste Management	260	(*)	
Street Scene		3	(~)
Design & Print	1		
TOTALS	261	46	337

Note : (*) Already identified through a separate Commercial Waste heading.
 (~) Already effected for Grounds Maintenance through a separate calculation of relative charges to GF and HRA

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

- 9.31 A number of key external contracts are due to be retendered during 2004/05, and the outcome of these tenders will be crucial to the wider financial planning for the services in question.
- 9.32 With the re-integration of City Services within the main Funds of the Council, consideration must also be given to the impact of significant new spending pressures (e.g. National Insurance and pension contribution increases which are unavoidable). These issues were covered in section 8, and will be built into General Fund and HRA projections as appropriate.

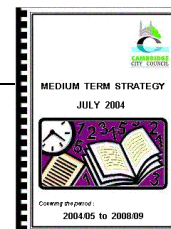




Part D

Capital





10. External Funding Projections - Capital

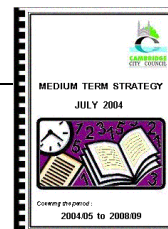
- 10.1 The legislative and regulatory changes introduced from 1 April 2004 have resulted in significant changes to the funding regime for capital.
- 10.2 This has seen the previous capital controls, principally under Part IV of the Local Government and Housing Act 1989, replaced; with a move away from 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.
- 10.3 The main factors are reviewed below.

Prudential Framework

- 10.4 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.
- 10.5 One of the consequences of the new system is that all capital allocations for 2004/05 and future years will be expressed in a different way.
- 10.6 Previously the Council received a Single Capital Pot Annual Capital Guideline together with Basic Credit Approvals and Supplementary Credit Approvals. From 2004/05 Government support for capital investment is described as either Supported Capital Expenditure (Revenue), known as SCE(R), or Supported Capital Expenditure (Capital), known as SCE(C).
- 10.7 Under the new system a local authority is free to make its own borrowing decisions based on what it can afford. However, central government support for borrowing through RSG and HRA Subsidy will continue to be given based on a specified amount of capital expenditure which the borrowing will support.
- 10.8 The SCE(R) for Housing that the Government has assumed in its calculation of our RSG and Housing Subsidy entitlement is £968,000 for 2004/05. Decisions are still to be taken on the form in which funds will be provided in future years, the possibility of capital grants is being considered.

Prudential Borrowing

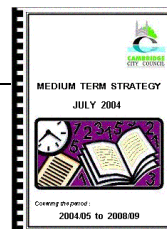
- 10.9 Under the Prudential Framework local authorities are now free to make their own judgements as to whether new borrowing is affordable and prudent, subject to a duty to follow agreed professional principles.



- 10.10 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).
- 10.11 Under the Framework the Secretary of State retains a national 'long stop' limit on the power to borrow, so as to be able to ensure that the overall position is consistent with national economic policy. It is not anticipated that this power would be exercised in practice, and it was confirmed that it would not be used on 2004/05 spending plans.
- 10.12 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.
- 10.13 The new Prudential Framework seeks to formalise and standardize good practice, particularly in terms of making clear the revenue consequences of capital spending decisions. To this end a set of Prudential Indicators are to be approved and published by authorities each year (shown in the Treasury Strategy at Appendix B).
- 10.14 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

- 10.15 Another change which has been introduced as a result of the Local Government Act 2003 is the national pooling of housing capital receipts.
- 10.16 The redistribution of housing capital receipts has been, and remains, a fundamental principle of national housing capital finance. Under the previous regime this was effectively achieved through the requirement to 'set-aside' a specified part of receipts for debt repayment.
- 10.17 Section 11 of the Act gives the Secretary of State powers to determine the use of housing capital receipts, and regulations have been made under this power, the Local Authorities (Capital Finance and Accounting) Regulations 2004, to introduce a new national pooling regime from 1 April 2004.



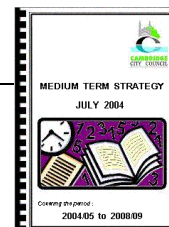
- 10.18 Pooling applies to 75% of receipts from Right-to-Buy sales and 50% of other receipts, unless they can be excluded. The pooling arrangements also apply to non-monetary receipts. It applies to all new receipts from 1 April 2004, but was not applied retrospectively.
- 10.19 Capital receipts below £10,000, nomination rights and stock transfer receipts are specifically excluded from pooling. The regulations also allow the deduction of administrative costs of disposal and costs of improvements made to the asset within 3 years of disposal.
- 10.20 Authorities are also allowed to exclude amounts relating to their Capital Allowance, which includes the amount of any spend (or resolution to spend) on the provision of affordable housing or regeneration. To this extent the definition of these two areas are critical to effective capital planning.
- 10.21 Recognising the impact of the changes on debt-free authorities (such as the City Council) the regulations also included transitional arrangements covering the first 3 years of the regime. Under this authorities are able to reduce the amount that must be paid into the pool by 75%, 50% and 25% respectively for 2004/05, 2005/06 and 2006/07. To claim this for a particular year the authority must remain debt-free.
- 10.22 This is of significant advantage to the Council, and therefore, it is not in the Council's overall interest to undertake any new long-term borrowing in 2004/05. However, this assumption will need to be reconsidered in the future in light of pressures on capital and in conjunction with the work on Housing Stock Options.
- 10.23 Key decisions on capital funding are usually taken in the January cycle of committees. It is anticipated that there will be greater clarity available by this stage, and specific updates will be provided.

Major Repairs Allowance (MRA)

- 10.24 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 2004/05 is £4.557m and this is predicted to be increased for inflation in each of the 10 years, with reductions for Right-to-Buy sales.

Right to Buy Sales (RTB)

- 10.25 This has been the major source of ongoing capital receipts for many years. The Council has, for a number of years, committed to earmark all of the usable receipts from Right to Buy (RTB) sales of council houses to be used for housing purposes.



10.26 The level of sales under this scheme were slightly higher than in 2002/03 at 121 units in total. However, the average useable receipt per property was higher due to the increased market values in Cambridge, resulting in a significant increase in the total receipt in the year.

Table 15 : Right to Buy Sales - 2001/02 to 2006/07

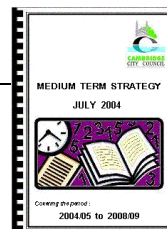
	Actual Sales			Forecast Sales		
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Sales - Houses	67	68	69	60	60	60
- Flats	56	43	46	50	50	50
- RTMs	0	0	6	0	0	0
Total Sales	155	111	121	110	110	110
Net Capital Receipt	£7.155m	£7.602m	£9.960m	£8.993m	£9.245m	£9.501m
- of which 'Usable'	£1.788m	£1.901m	£9.960m	£6.700m	£4.600m	£2.300m

10.27 The projected level of sales for future years remains at a level of 110 sales, reflecting the underlying trend. 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.

10.28 As the Council became debt-free with effect from 1 April 2003, this meant that for 2003/04 100% of the Right to Buy receipts were usable. However, in subsequent years, the introduction of national pooling of housing receipts will mean a significant fall in direct access to such receipts, even allowing for the transitional arrangements available until 2006/07 (see 10.21).

Asset Management Plan (AMP)

10.29 Whilst this does not have to be submitted in 2003, due to last year's 'good' rating it is felt to still be important to keep the AMP updated, as it fulfils a key role in considering how the deployment and use of assets (land and buildings) can be optimised in terms of benefits for the delivery of council services and the achievement of a financial return.



- 10.30 A key element of the AMP is monitoring the performance of assets to identify any that are currently held which are deemed to be under-achieving or which are no longer appropriate to hold in the portfolio. This enables consideration to be given to alternate uses or disposal. The Council has effectively undertaken such a process for a number of years through the annual Property Portfolio Review.
- 10.31 There is ongoing development work to enhance the performance indicators for the property portfolio and the AMP, and build trend information and comparators, which is the subject of separate reporting to Members. A remit has been agreed with a property specialist from PricewaterhouseCoopers to support this process.

Property Portfolio Review

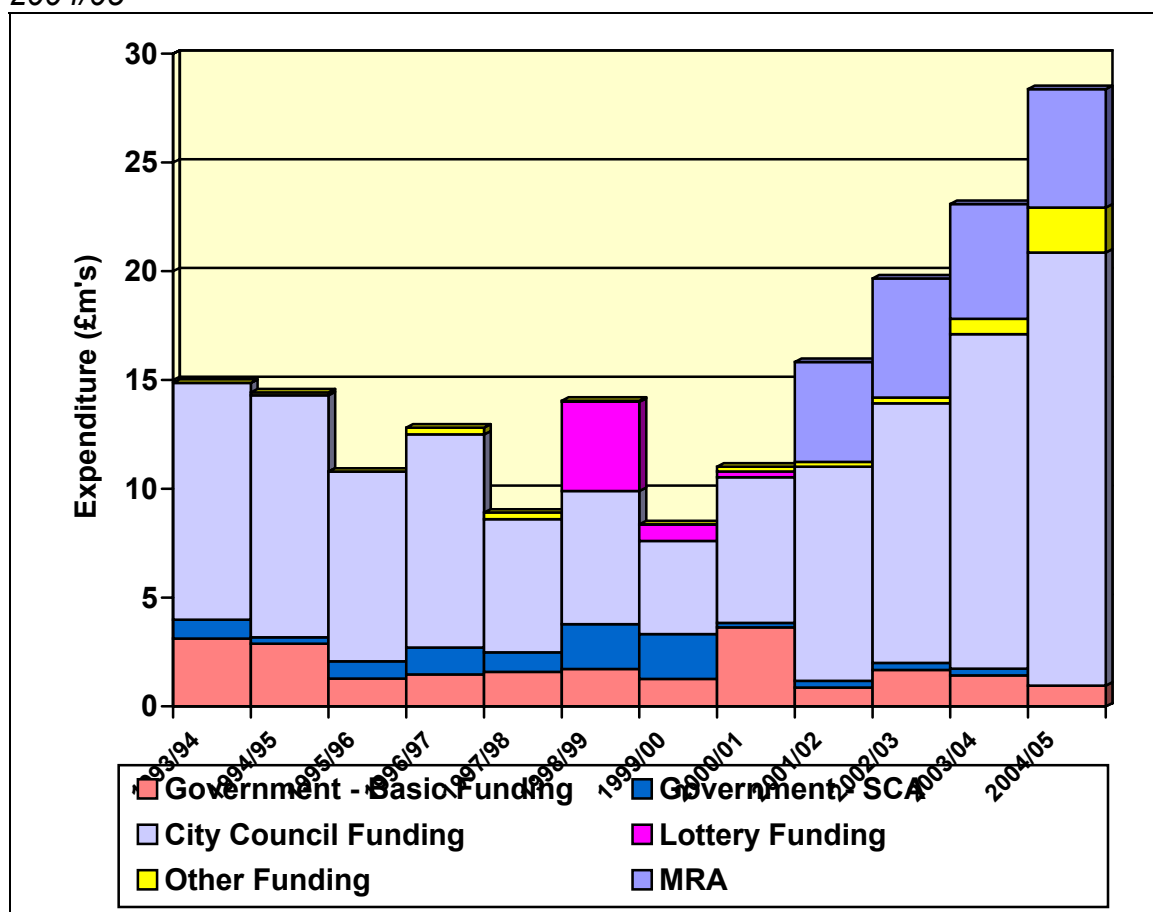
- 10.32 The main additional significant capital receipt, which has now been realised is in connection with the negotiations for the granting of a lease extension in respect of Lion Yard. This resulted in a gross receipt of some £2m, however £1m of this has been earmarked to meet the Council's required contribution to the next phases of redevelopment work at the scheme (Capital Plan SC221).
- 10.33 The significant degree of development around the City may provide the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. This may result in significant opportunities for capital spending over the medium-term as the receipts are realised.
- 10.34 Major sites where this would apply include land at Clay Farm for housing and land along Cowley Road for housing or commercial uses. Given the pressure for development other windfall sites may be identified, e.g. the redevelopment on land currently occupied by low density housing that is in need of renewal.
- 10.35 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.
- 10.36 Figures for rental income built into the forecast allow for projected disposals. Detailed findings from the review are normally reported to Commercial and Human Resources Scrutiny Committee, as they contain confidential information which is exempt from general publication.
- 10.37 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.

Summary

10.38 Whilst bidding to specific funding sources continues to be a key part of obtaining capital funding, the move toward a single capital pot will confer far greater flexibility in the application of the funding available.

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

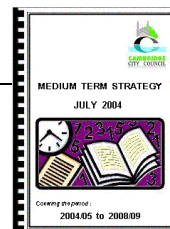
Figure 16 : Cambridge City Council Capital Funding Sources - 1993/94 to 2004/05



10.40 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 is due to the Council being able to utilise 100% of Right-to-Buy receipts.



10.41 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.



11. Capital Spending Pressures

Review of Approved Capital Programmes

- 11.1 Of the programmes within the current Capital Plan a number have funding remits which end after 2004/05 or 2005/06. The programmes in question are:-

Funding only to 2004/05

- PR9 Development of Joint-Use Facilities
(extended to 2004/05 to enable Manor College to proceed)

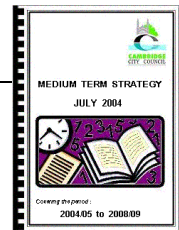
Funding only to 2005/06

- PR6 Safer City Programme
- PR16 Public Conveniences

- 11.2 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.

Review of Hold List

- 11.3 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.
- 11.4 Details of the current Hold List items are shown in Appendix N.
- 11.5 An initial review of the Hold List items has confirmed that there is no requirement for any immediate funding decisions at the 9 September meeting of Council.
- 11.6 The proposals for changes to reception facilities at Mandela / Hobson House will be reviewed in conjunction with the current Customer Access Strategy review, and the outcome will be reported back as part of the budget process.



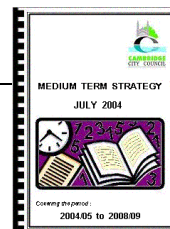
Unavoidable Pressures and Bids to the June Cycle of Scrutiny Committees

11.7 New bids for schemes raised by service committees during the July cycle of committee meetings, with requests for immediate inclusion in the Capital Plan, are shown in the table below :-

Table 16 : New Capital Bids - July Scrutiny Committee Cycle

Scheme	Scheme Cost			Funding Source
	2004/05 (£ 000's)	2005/06 (£ 000's)	Total (£ 000's)	
IT Strategic Scrutiny Committee				
- ServiceMail upgrade	25	3	28	R&R Fund
Approvals under Urgency Powers				
- LAPE	656	0	656	County Council funded
- Mandela House electrical improvements	25	0	25	IT Infrastructure R&R Fund
- Refurbishment of 23 Market Street	25	0	25	External funding £40k, Property Strategy Fund £78k & £17k reserves
- Lion House office relocation	370	0	370	External funding £230K, R&R Funds £82K & DRF £58k
Unavoidable Pressures				
- Lion Yard contribution to landlord works	1,000	0	1,000	Capital receipt from lease extension
- Additional refuse round	165	0	165	Uncommitted capital funding
- Additional recycling round	145	0	145	Uncommitted capital funding
Total	2,411	3	2,414	

11.10 These schemes and changes have been included in the Capital Plan, to reflect the position if all of these requests are accepted.



Implementing Electronic Government (IEG)

11.11 The City Council has to date received two payments of £200,000 as part of ODPM funding for e-government, in response to successful submission of IEG statements. A further £500,000 is due, as follows:

- The 2003 statement has been accepted by ODPM following completion of required claim form the money was received in July 2004.
- A further £150,000 is available on successful submission of IEG4 statements, and is likely to be paid in 2005/6.

11.12 It should be noted that the ODPM “reserves the right to invoke retroactive ‘recovery’ of IEG grants in exceptional circumstances where there is evidence that grants have not been used to support IEG activity.”

Technology Investment Fund (TIF)

11.13 The TIF will have £502,100 to end of year 2004/5, plus IEG funds of £400,000 and the expected further £350,000 in 2004/5. A further £40,000 partnership Local Government Online funding has also been received for Website work. This gives a total available of £1,292,100 to end 2004/5 taking account of approved commitments and including the IEG funds.

11.14 Expected further commitments will be to fund the IEG related work – CRM, web transactions, e-Forms, e-payments – and for strategic IT investment, document management, remote access, etc.

11.15 Bids are also expected for online planning applications, online payments, building control and corporate GIS.

Housing Capital Expenditure

11.16 The Council’s debt free status has meant that the pressures on capital expenditure related to housing services have reduced, as 100% of Right-to-Buy receipts are usable in 2003/04. In the following three years the Council benefits from the transitional arrangements for debt-free authorities, which allow the amount to be paid into the new national pool to be reduced by 75%, 50% and 25% respectively. The additional capital receipts available and to be allocated to meet strategic housing priorities have been estimated as:

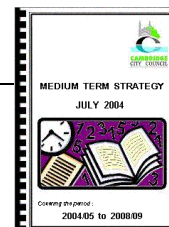
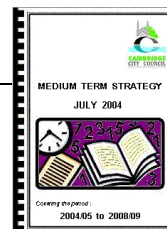


Table 17 : Capital Receipts available for Housing Purposes - 2004/05 to 2008/09

	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Estimated capital receipts available for Housing	4,389	3,479	29	328	136

- 11.17 The removal of the Local Authority Social Housing Grant (LASHG) scheme with effect from 1 April 2003 has meant that Council spending in this area is no longer refunded by the Housing Corporation. Registered Social Landlords (RSLs) now receive all their funding direct from the Housing Corporation, with overall resource allocation determined through Regional Housing Boards.
- 11.18 The Council's ability to influence the provision of social housing within the City, through funding RSLs is therefore restricted, as it would result in the use of Council resources. Transitional arrangements are in place covering the current year, enabling authorities to consider the longer-term implications of this change in the funding regime.



12. Capital Plan Forecast

Financing Strategy

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 In light of the success of this strategy in recent years it is recommended that it is continued.

Resource Availability

- 12.5 The projected availability of resources for capital is outlined in Appendix J.
- 12.6 The usable capital receipts assessment is based on 100% usable in 2003/04. For 2004/05 to 2006/07 transitional arrangements, for debt-free authorities, proposed by the Government, due to the introduction of capital receipts pooling have been assumed. This assumes 75% usable receipts in 2004/05, 50% in 2005/06 and 25% in 2006/07. Any changes to the transitional arrangements will impact on the figures included.
- 12.7 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.
- 12.8 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. No other substantive new receipts have been anticipated in this projection.



Capital Plan

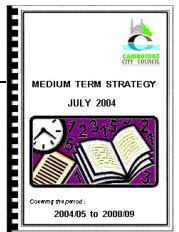
- 12.9 The current Capital Plan is shown at Appendix K. This includes re-phasing to reflect movement in scheme costs between 2003/04 and 2004/05, with appropriate adjustments made to the funding profile. The changes are detailed in Appendix L and M.
- 12.10 The items currently on the Hold List are shown in Appendix N.
- 12.11 The Housing Investment Programme (HIP) is subject to separate scrutiny and control by the Housing and Health Committee. It is recommended that this practice continues, with HIP 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 Scrutiny Committee.

Commitment of Available Funds

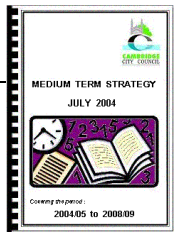
- 12.12 A projection of the level of funding available over the period through to 2008/09 has been drawn up based on the analysis included in Section 9 of this document.
- 12.13 When compared with the projected funding available for capital expenditure the overall position is :-

Table 18 : Commitments Against Available Capital Funding - 2004/05 to 2008/09

	2004/05 (£ 000's)	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)
Programmes	13,780	11,077	10,267	10,251	10,856
Schemes	10,043	655	10	0	0
Total Spend	23,823	11,732	10,277	10,251	10,856
Available Funding	29,002	15,416	10,711	10,984	11,991
Surplus / (Shortfall) in Funding	5,179	3,684	434	733	1,135
<i>comprising :</i>					
Available for Housing	4,389	3,479	29	328	136
Available for GF	790	205	405	405	999



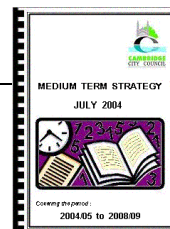
- 12.14 This reflects the standard policy of returning any unapplied use of reserves at this stage of the process, so that more effective consideration of its application can be made. The main decision point for funding will be made following the January 2005 meeting of the Strategy Scrutiny Committee, 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



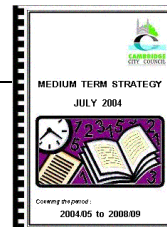


13. Budget Strategy and Process

REVENUE - GENERAL FUND

The Budget Process

- 13.1 The introduction of cash limited budgets from the 1997/98 budget cycle onward has enabled the completion of the budget process to the agreed timescales and enabled overall control of the budget to be maintained whilst allowing additional discretion within individual spending committees.
- 13.2 In this way, once the requirement of affordability at a Council-wide level is met, committees have the opportunity to direct the benefit gained from any additional savings to develop and enhance their services. This is in line with the aims of the Annual statement.
- 13.3 In reviewing the budget process for 2005/06 one area of change is recommended, this relates to Central and Support Services.
- 13.4 As these services will be subjected to a BVFSR in 2004/05, and that it is felt to be the most appropriate means of reflecting fundamental challenge and review, it is recommended that a revised approach is adopted for 2005/06 (as for 2004/05); such that :
- each SLA service should continue to have a separate savings target
 - services requirements are determined and scrutinised using the Service Plan process, as for direct services
 - this replaces the need for the earlier September / October SLA Panel processes
 - interim figures are supplied to direct services for use in their budget planning and drafting.
- 13.5 No further changes to the process are anticipated and the budget and decision making process is illustrated in Appendix D.
- 13.6 Key features of the process are :
- Executive Councillors are responsible for putting together a package of budget proposals for consideration by each Scrutiny Committee



- Service Plans have been introduced for all services, to reinforce the performance management process. The staff performance review process has also been revised to integrate with this development
- There is an emphasis on review of current year performance as part of the process. This is the focus for Scrutiny Committees in the November cycle, resulting in revised estimates for the current year (2004/05)
- Consideration of 2005/06 budgets only takes place during one cycle of Scrutiny Committee meetings, in January 2005

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

The Calculation of Cash Limits

13.8 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.

13.9 For 2005/06 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.

13.10 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.

13.11 The calculation of the affordability of the projected base position for 2005/06 was outlined earlier, and results in the determination of the level of savings required as shown below :-



Table 19 : Calculation of 2005/06 Savings Requirement

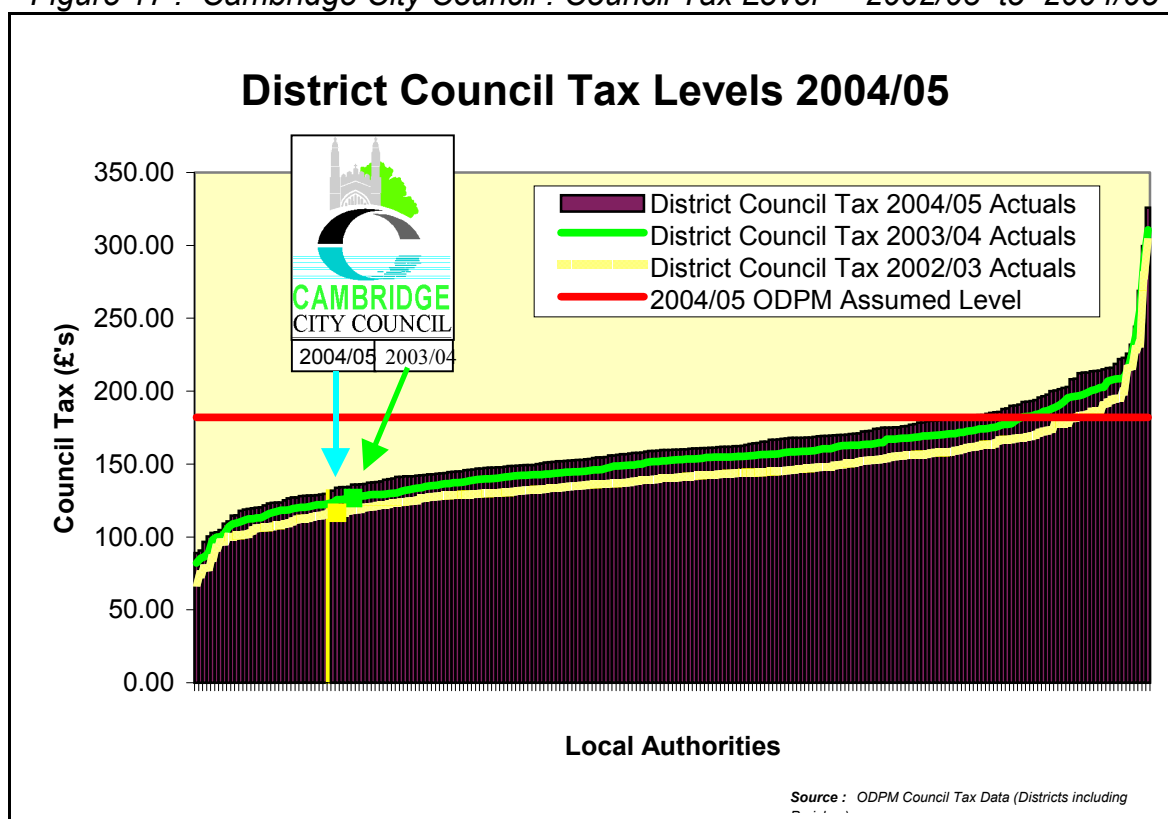
		(£ 000's)	(£ 000's)
SPEND	Inflated Committee Base	19,204	
	Capital adj. (AMRA & MRP)	(4,817)	
	Other appropriations	1,368	15,755
<i>add</i> NEW REQUIREMENTS	Unavoidable costs	1,039	
		0	
	Priority Policy Fund	500	
	Other items	155	1,694
			17,449
<i>less</i> AFFORDABILITY	Use of Reserves	635	
	Council Tax	5,053	
	Total External Support	10,833	16,521
	Need to reduce overall base by :-		928

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



- 13.13 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. Given that the incidence of these contracts / agreements is very uneven between committees (the vast proportion are within Environment Committee), the impact can be disproportionate.
- 13.14 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.
- 13.15 This year, the approach being adopted is to exclude any major external contracts which are 'within term' during 2005/06. In practice this means that only the current IT contract with ITNet and Pools Management will be excluded.
- 13.16 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.
- 13.17 The effect of this is an implied reduction of 2.60% in the calculation of committee cash limits (compared with 2.93% last year), based on an adjusted gross expenditure base of £35.744m.
- 13.18 The more detailed calculation of cash limits for individual committees is contained in Appendix P.
- 13.19 Given the current indications for FSS for 2005/06 based on the assumptions discussed in Section 7, it would seem prudent at this stage to plan based on an overall net spend (after use of reserves) of £15,885,450. This figure includes a one-off projected net balance on the Council Tax and Poll Tax Collection Funds for that year.
- 13.20 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% at the meeting in February, and retains the flexibility to consider higher or lower increases in the Council Tax level - depending on the Settlement and ensuring that service delivery is not compromised (as outlined in the Annual Statement).
- 13.21 The City Council had the 34th lowest level of Council Tax for a district council, based on ODPM statistics, as illustrated in the table below. At £131.65 at Band 'D' the level was 27.7% lower than the level assumed by the Government in its calculation of grant entitlement of £182.08.

Figure 17 : Cambridge City Council : Council Tax Level - 2002/03 to 2004/05



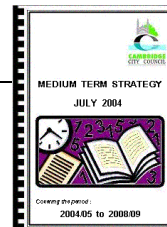
13.22 This strategy is designed to continue to deliver a broadly stable level for the City's element of Council Tax without unduly impacting on services, in line with previous aims.

13.23 The reserves table (shown at Appendix G) 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

13.24 The minimum target level for HRA balances has been set at £1m. It is proposed that this approach is continued.

13.25 The HRA Business Plan assumes that spending on day-to-day repairs will reduce in line with the reduction in the stock but there is no similar assumption about the spending on housing management. Last year the Council decided to reduce spending on management by 2%.



Use of balances

13.26 The balances at the end of 2003/04 stands at about £6.1m. The plan assumes that the balances will be used to counter the effect of negative subsidy and direct revenue funding (DRF) of capital to achieve Decent Homes standard. This will enable the Council to operate, within the current arrangements until 2012/13.

CAPITAL

The Budget Process

13.27 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.

13.28 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 / 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 for inclusion in the Capital Plan.

13.29 The Housing Investment Programme (Capital Plan PR1) is subject to separate detailed scrutiny and control by Housing and Health Committee. It is recommended that this practice continues, with control over the overall allocation of resources being retained by Strategy through the inclusion of the single programme line in the Capital Plan.

13.30 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.

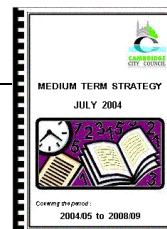


Table 20 : Capital Bidding Process

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

13.31 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.

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

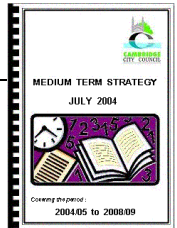


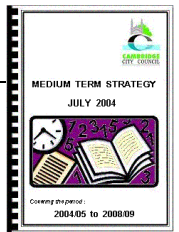
Table 21 : Consideration of Capital Items

Strategy Scrutiny date	Issues to be considered
July	<p>Overview of the existing capital position, including the implications of the outturn for the prior year.</p> <p>Review of current Hold List.</p> <p>Preview of anticipated spending pressures and likely external funding for the next financial year.</p> <p>Consideration of any bids referred from committees.</p> <p>Housing Investment Programme bid made to the DETR.</p>
January	<p>Review of the projections for the next financial year, in light of the provisional allocation announcement.</p> <p>Bids from Executive Councillors' budget proposals forwarded to Strategy Scrutiny Committee. Overall decision on Capital Plan by Leader.</p>
February	<p>Final Government Capital Notification allows confirmation of the final funding decision for the Capital Plan. This will include proposals to ensure full funding of the commitments for the next financial year.</p> <p>Council confirms new Capital Plan.</p>

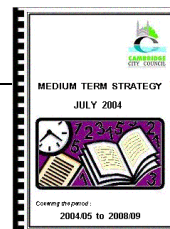
13.33 The Council's Asset Management Group (AMG) is currently looking at the mechanisms in respect of monitoring and reporting capital, to ensure a corporate and consistent approach is followed across the Council.

Summary

13.34 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. 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.



13.35 2005/06 and future years will be particularly difficult for the General Fund, due to the uncertainty surrounding 'floor' and 'ceiling' arrangements for future revenue support grant settlements. 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. The MTS shows that the major pressures faced for 2005/06 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

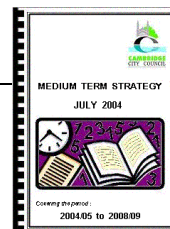


Appendix A

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 2016.

Age Group	Total No.				Population			
	2001	2006	2011	2016	2001	2006	2011	2016
0 - 4	5,100	5,500	6,600	8,200	4.63%	4.83%	5.33%	6.02%
5 - 9	5,800	6,100	6,900	8,100	5.26%	5.36%	5.57%	5.94%
10 - 15	5,200	5,100	5,400	6,200	4.72%	4.48%	4.36%	4.55%
16 - 19	7,700	7,600	7,600	7,900	6.99%	6.67%	6.13%	5.80%
20 - 24	16,900	18,800	19,100	19,200	15.34%	16.51%	15.42%	14.09%
25 - 39	28,600	29,500	34,900	41,300	25.95%	25.90%	28.17%	30.30%
40 - 64	26,500	27,700	30,100	31,600	24.05%	24.32%	24.29%	23.18%
65 - 74	6,900	6,400	6,300	7,000	6.26%	5.62%	5.08%	5.14%
Over 75	7,500	7,200	7,000	6,800	6.81%	6.32%	5.65%	4.99%
Total	110,200	113,900	123,900	136,300	100.00%	100.00%	100.00%	100.00%



Appendix B

Treasury Strategy Statement & Annual Treasury Report 2004/05

TREASURY MANAGEMENT STRATEGY STATEMENT 2004/05

1. Introduction

The Council has customarily considered an annual Treasury Strategy Statement under the requirement of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 13th February 2003. The 2003 Prudential Code for Capital Finance in local authorities has introduced new requirements for the manner in which capital spending plans are to be considered and approved and, in conjunction with this, the development of an integrated treasury management strategy.

The Prudential Code requires the Council to set a number of Prudential Indicators, certain of which replace the borrowing/variable interest limits previously determined as part of the strategy statement, whilst also extending the period covered from one to three years. This report, therefore, incorporates the indicators to which regard should be given when determining the Council's treasury management strategy for the next 3 financial years.

The suggested strategy for 2004/05 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:

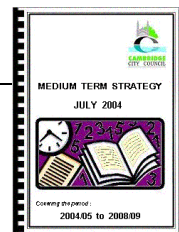
- the current treasury position;
- prospects for interest rates;
- treasury limits in force which will limit the treasury risk and activities of the Council;
- the borrowing strategy;
- the investment strategy.

2. Treasury Limits for 2004/05 to 2006/07

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 its 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/rent levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be



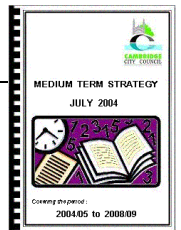
set, on a rolling basis, for the forthcoming financial year and two successive financial years.

3. Prudential Indicators for 2004/05 – 2006/07

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

PRUDENTIAL INDICATOR	2003/04	2004/05	2005/06	2006/07
Affordable Borrowing Limit	£	p	£	p
increase in council tax B7 (band D, per annum)	0.00	0.00	0.00	0.00
increase in housing rent per week				
(no increases in either council tax or housing rents anticipated as a result of the Council setting its borrowing limits below)	0.00	0.00	0.00	0.00
Capital Financing Requirement (as at 31 March)	£'000	£'000	£'000	£'000
Non – HRA	1,433	1,433	1,433	1,433
HRA	(1,083)	(1,083)	(1,083)	(1,083)
TOTAL	350	350	350	350

PRUDENTIAL INDICATOR	2003/04	2004/05	2005/06	2006/07
TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'000	£'000	£'000	£'000
Authorised limit for external debt				
borrowing	11,370	11,662	11,016	11,016
other long term liabilities	0	0	0	0
TOTAL	11,370	11,662	11,016	11,016
Operational boundary -				
borrowing	5,070	5,162	4,516	4,516
Other long term liabilities	0	0	0	0
TOTAL	5,070	5,070	5,070	5,070
Upper limit for fixed interest rate exposure				
Net interest re fixed rate borrowing/investments	-1,226	-1,471	-1,502	-1,507
Upper limit for variable rate exposure				
Net interest re variable rate borrowing/investments	53	57	67	70
Upper limit for total principal sums invested for over 364 days (per maturity date)	0	0	0	0



Maturity structure of new fixed rate borrowing during 2004/05	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 31/12/03 comprised:

		Principal	Ave. rate
		£m	%
Fixed rate funding	Local bonds	0.029	4.20
Variable rate funding	Short-term borrowing	1.439	3.66
TOTAL DEBT		1.468	3.68
TOTAL INVESTMENTS		48.320	3.76

5. Borrowing Requirement

	2003/04	2004/05	2005/06	2006/07
	£'000	£'000	£'000	£'000
New borrowing	0	0	0	0
Alternative financing arrangements	0	0	0	0
Replacement borrowing	0	0	0	0
TOTAL	0	0	0	0

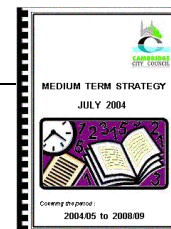
6. Prospects for Interest Rates

The Council's external treasury adviser (Sector Treasury Services) has assisted with the formulation of a view on interest rates. Attachment 1 to this Appendix draws together a number of current City forecasts for short term or variable (the base rate or repo rate) and longer fixed interest rates. The following table gives the Sector central view:

Sector View interest rate forecast – December 2003

(%)	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Base Rate	3.75%	4.00%	4.00%	4.25%	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%
5yr Gilt Yield	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
10yr PWLB	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
25yr PWLB	5.00%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

There is a risk that base rate might rise more quickly in 2004 if world economic recovery is stronger and faster than forecast. In addition, there is a risk that PWLB rates between



10 and 25 years could fall by up to 0.50% below the above forecasts for limited periods if there were exceptional selling pressure on equities.

Shorter-term rates

Base rate was cut by 0.25% in July 2003, to a new 48-year low of 3.5% due to hesitant recovery after the Iraq war and a climbing pound. With hindsight, this now appears to have been an over cautious move by the Monetary Policy Committee (MPC) as this cut was reversed in November. However, the Chancellor has committed himself to announce a switch of inflation target from RPIX of 2.5% (plus or minus 1%) to 2% (plus or minus 1%) on CPI (consumer prices index). CPI has been running at 1.1% – 1.6% throughout 2003 and is forecast to average 1.4% in 2003 and 1.7% in 2004 i.e. below the likely target. In addition, wage inflation and producer price inflation are running at benign levels and oil prices are likely to come down from current high levels. There is therefore likely to be little inflationary pressure to raise base rate. In addition, the potential for a rise in base rate is limited by the heightened sensitivity of consumers to interest rate rises due to the huge increase in personal borrowing in recent years e.g. an increase in base rate from 3.5% to 4.5% is an increase of 29% in likely borrowing rates. In view of the likely fragility of consumer demand in 2004 in the UK, and due to the likelihood of growth in the US falling back in 2004 to only a modest rate and weak growth expected in the Eurozone in 2004, it is expected that base rate will only rise to 4.25% by the end of 2004 after being at 4.0% for most of the year.

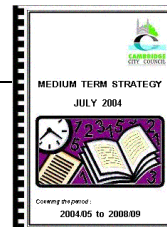
Longer-term interest rates

PWLB rates were at low levels during the first half of 2003 due to investor fears over the Iraq war which depressed share values and gilt yields. Equity values have increased by about 25-30% from the low point to which they plummeted before the Iraq war, on expectations that the surge in economic recovery in the second half of 2003 will last well into 2004 and beyond and so boost corporate earnings. Gilt prices have consequently fallen, causing increases in both the yield on gilts and the rate of interest on long-term PWLB rates. As an example, the rate on a 20 to 25-year lower-quota loan is currently (mid December) 5.05%; this compares to a low of 4.45% in mid May. The forecast is for such loan rates to stabilise around 5.0% for most of 2004/05 and a rise in long-term PWLB rates during that year looks unlikely.

There could be other technical factors that overlay existing pressures on long-term interest rates from time to time. Government budgetary deficits are already forecast to be on a rising trend over the next few years but tax revenues have been undermined by weaker economic growth than previously forecast. This is expected to lead to a greater increase than originally expected in gilt issuance which may put some downward pressure on gilt prices i.e. increase gilt yields and, thereby, increase PWLB rates.

7. Capital Borrowings and the Borrowing Portfolio Strategy

It is not anticipated that the Council will need to borrow for capital purposes during 2004/05.



8. Annual Investment Strategy

The Office of The Deputy Prime Minister (ODPM) has issued draft guidance (under Section 15(1) of the Local Government Act 2003), to which all local authorities must have regard, on the production of an 'Annual Investment Strategy'. This is intended to supplement the basic principles for making and managing investments given in CIPFA's 'Code of Practice on Treasury Management'.

The ODPM guidance is intended to come into effect on 1st April, 2004 and requires full Council to approve an Annual Investment Strategy before the start of each financial year. There are a number of issues which the ODPM specifically require to be addressed in the investment strategy and these are dealt with below.

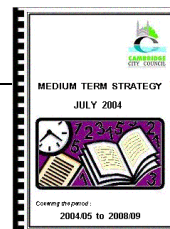
Security of Investments

Specified investments

The idea of specified investments is to identify investments offering high security and high liquidity. These are where the investment:

- is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- has a maturity of no more than a year.
- does not involve the acquisition of share capital or loan capital in any body corporate
- meets either of the following:
 - ◆ is made with the UK Government or a UK local authority, parish or community council.
 - ◆ is made with a body or in an investment scheme which has been awarded a "high" credit rating by a credit rating agency (i.e. Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd).

For this Council, a "high" credit rating means (currently) a minimum of a 'F1' for Fitch and 'P-1' for Moody's for all institutions under d) (ii) above. Advice on credit ratings is sent by the Council's treasury advisors, SECTOR Treasury Services, on a regular basis (often daily). If a credit rating of an institution on the Council's approved lending list goes down, i.e. below the minimum limits of F1 or P-1, then no further lending to that institution will occur. If a minimum credit rating of F1 or P-1 is given to an institution 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 which, 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. However, the Council does not anticipate becoming involved, at least for 2004/05, in any investment which is not 'specified'. If circumstances did change, then no action would be taken until professional advice had been sought and a full report made to Council.

Liquidity of Investments

As in past years, any investment decision will have regard to the Council's cash flow requirements. There will, therefore, be a mix of maturity periods at any one time. The prudent commitment of funds would be a basic principle.

The ODPM also require the Council to state the minimum amount which is to be held during the financial year in short term investments (i.e. those with a maturity of less than one year). In my judgement I consider it prudent, for 2004/05, to maintain a level of £15m, sufficient to cover my ideal level of reserves and a contingency for cash-flow requirements.

9. Temporary Investments Strategy

In general terms, the Council will aim to weight its investments to shorter periods when rates are rising and longer periods when rates are falling.

The money market yield curve is currently anticipating a rising base rate for the next year. This appears to be the consensus view, the only minor difference being timing. I would, therefore, expect this authority's investment returns to be in the region of 4.125%.



Appendix B - Attachment 1

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final two represent 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 View interest rate forecast – December 2003

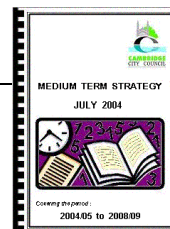
(%)	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Base Rate	3.75%	4.00%	4.00%	4.25%	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%
5yr Gilt Yield	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
10yr PWLB	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
25yr PWLB	5.00%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

UBS Economic interest rate forecast (for quarter ends) - December 2003

(%)	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Base Rate	3.75%	4.00%	4.00%	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
10yr PWLB	5.15%	5.15%	5.15%	5.25%	5.25%	5.40%	5.40%	5.40%	5.40%	5.40%
25yr PWLB	5.20%	5.25%	5.35%	5.45%	5.45%	5.65%	5.65%	5.65%	5.65%	5.65%

Capital Economics interest rate forecast – December 2003

(%)	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Base Rate	3.75%	4.00%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.50%
5yr Gilt Yield	4.90%	5.10%	5.00%	4.80%	4.50%	4.40%	4.40%	4.50%	4.50%	4.80%
10yr PWLB	5.25%	5.35%	5.25%	5.15%	4.85%	4.75%	4.75%	4.85%	4.85%	5.05%
25yr PWLB	5.05%	5.05%	5.05%	5.05%	4.95%	4.85%	4.95%	4.95%	4.95%	4.95%



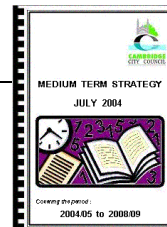
2. SURVEYS OF ECONOMIC FORECASTS

HM Treasury - summary of 35 independent forecasters views of **base rate** – as at November 2003
(2004 – 2007 are as at Aug 2003 but are based on 11 forecasts)

(%)	2003	2004	2005	2006	2007
	Year end	Year end	Average	Average	Average
Average	3.67%	4.27%	4.78%	5.05%	4.93%
Highest	3.90%	5.00%	5.72%	5.60%	5.60%
Lowest	3.48%	3.14%	4.00%	3.81%	3.84%

Consensus Forecasts - summary view of 25 city houses on the likely change in short term and 10 year fixed interest rates (November 2003)

(%)		Nov– 03	Feb - 04	Nov – 04
3 month interbank –	av.	3.88%	3.70%	4.10%
	High	3.88%	4.00%	4.70%
	Low	3.88%	3.50%	3.30%
10yr PWLB Rate –	av.	5.20%	4.85%	4.95%
	High	5.20%	5.15%	5.55%
	Low	5.20%	4.45%	4.25%



ANNUAL TREASURY REPORT 2003/04

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. 2003/04.

2.0 The Council's Strategy for 2003/04

Interest rates

Short-term interest rates

Base Rate was forecast to stay at 4% during 2003, with a risk that it might fall if growth prospects weakened further. This was based upon the "average" City view which anticipated that the weak outlook for growth for the UK and US economies would prompt the MPC to leave the base rate at 4%. The risk remained that growth was not as weak as forecast and a quick recovery in the US would remove pressures to keep rates low. If this was the case, then UK base rates could rise by the end of 2003.

Longer-term interest rates

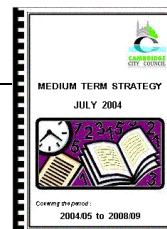
Long-term PWLB rates were forecast to fall slightly to 4.40% and remain around that level for the year.

Borrowing

External borrowing was not anticipated for either capital or revenue purposes. Use of the Council's "Provision for Credit Liabilities Account" (i.e. set-aside capital receipts and set-aside revenue provision) would continue to be used to finance capital expenditure 'authorized' by Government 'credit approvals' (i.e. permissions to borrow).

Investments

The Council would aim to weight its investments to longer periods when rates are falling and to shorter periods when rates are rising. Expectations were that average investment returns would average 4.00%.



3.0 Outturn for 2003/04

Interest rates

Short-term interest rates

Base rate was unexpectedly cut from 4.0% to 3.75% in February 2003 as Iraq war fears dampened growth prospects. A further cut to 3.50% in July was the bottom of this interest rate cycle. Rapidly improving growth prospects in the US from late July provoked a turn around in market expectations to increases in base rate, the first of which duly came in November to 3.75%, to be followed by a further increase in February 2004 to 4.0%.

Longer-term interest rates

The PWLB lower quota 25-30 year rate started the year at 4.80% but fell to a bottom of 4.40% in mid June 2003. However, the rapid increase in growth prospects in the US in July pushed this rate back up to a range of 4.90 – 5.05% until late December, after which it eased back to 4.75% by the end of March 2004.

Borrowing

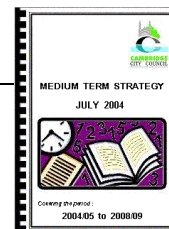
As anticipated in the Strategy, the Council did not undertake any borrowing for either capital or revenue purposes. The Council's allocation of Credit Approvals (i.e. the Government's assessment of the need to borrow) were financed by use of the Council's "Provision for Credit Liabilities Account" (i.e. set-aside capital receipts and set-aside revenue provision).

The Council remains technically 'debt-free', even though it still had, at 31 March 2004, £28,800 of monies owing to Local Bond holders and £1,439,423 of Temporary Borrowing (note: both sums are allowed to be 'disregarded' when considering 'debt free' status).

Investments

The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The Council invests for a range of periods from overnight to 364 days dependent on the Council's cash flows, its interest rate view and the interest rates on offer.

As in past years, cash flow remained 'healthy' throughout 2003/04. However, unexpected rate cuts, to a low of 3.5% in July 2003, meant that the actual investment return for the year was 3.66% as opposed to the forecasted 4.00%. Despite this drop, the figure of 3.66% still compared favourably with the average 7-day LIBOR rate of 3.57%, used as a benchmark by the externally run Local Authority Treasury Benchmarking Club.



Statistical information on the level of the Council's investments for 2003/04 is given below:

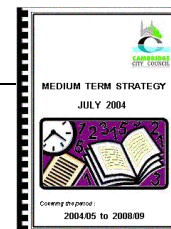
Investment Outturn for 2003/04

Surplus Funds Invested	Surplus Funds Repaid	Average Daily Investment	Rate of Return	Benchmark Return
£393,450,000	£382,110,000	£1,555,138	3.66%	3.57%

No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

4.0 Compliance with Treasury Limits

During the financial year the Council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement.



Appendix C

Investments : Revised Counter Party List

I am recommending to Council a minor amendment to paragraph (8.d.ii) of the Council's approved Annual Investment Strategy, that the credit-rating criteria for the approved lending list be amended to the following:

UK & Foreign Banks - Fitch Short-Term rating of F1 or F1+; Fitch Support rating of 1, 2, or 3; and a Fitch individual rating.

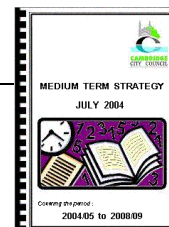
UK Building Societies - Fitch Support rating of 1, 2, or 3; assets greater than £2.5bn.

The list of institutions is based on information supplied by the Council's Treasury Advisors (Sector Treasury Services), and uses credit-rating information supplied by Fitch Ratings Ltd.

I am also recommending to Council that the following names be adopted as the Council's approved lending list.

UK Building Societies

Britannia Building Society	UK Building Society
Chelsea Building Society	UK Building Society
Cheshire Building Society	UK Building Society
Coventry Building Society	UK Building Society
Derbyshire Building Society	UK Building Society
Leeds & Holbeck Building Society	UK Building Society
Nationwide Building Society	UK Building Society
Newcastle Building Society	UK Building Society
Norwich & Peterborough Building Society	UK Building Society
Portman 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

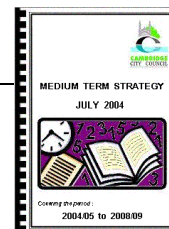
Abbey National plc	United Kingdom
Alliance & Leicester	United Kingdom
Bank of Butterfield (UK) Limited	United Kingdom
Bank of Scotland Plc	United Kingdom
Barclays Bank plc	United Kingdom
Bradford & Bingley	United Kingdom
Bristol & West	United Kingdom
Co-operative Bank	United Kingdom
Crown Agents Financial Services	United Kingdom
Egg Banking plc	United Kingdom
Halifax Plc	United Kingdom
HBOS Treasury Services Plc	United Kingdom
HFC Bank plc	United Kingdom
HSBC Bank plc	United Kingdom
Lloyds TSB Bank	United Kingdom
Merrill Lynch International Bank Ltd	United Kingdom
National Westminster Bank	United Kingdom
Northern Rock	United Kingdom
Royal Bank of Scotland plc (The)	United Kingdom

Foreign Banks

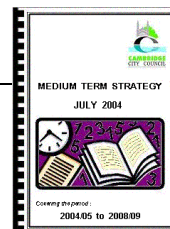
Australia & New Zealand Banking Group	Australia
Commonwealth Bank of Australia	Australia
National Australia Bank	Australia
Westpac Banking Corporation	Australia
Erste Bank der oesterreichischen Sparkassen	Austria
Dexia Bank	Belgium
Fortis Bank	Belgium
ING Belgium	Belgium



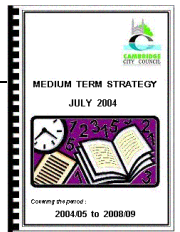
KBC Bank	Belgium
Bank of Montreal	Canada
Bank of Nova Scotia	Canada
Canadian Imperial Bank of Commerce	Canada
National Bank of Canada	Canada
Royal Bank of Canada	Canada
Toronto-Dominion Bank	Canada
Danske Bank	Denmark
Jyske Bank	Denmark
Nordea Bank Denmark	Denmark
Nordea Bank Finland plc	Finland
Banque Sanpaola	France
BNP Paribas	France
CDC Ixis Capital Markets	France
Credit Agricole	France
Credit Lyonnais	France
Dexia Credit Local	France
Entenial	France
Societe Generale (SG)	France
Bankgesellschaft Berlin	Germany
Bayerische Hypo- und Vereinsbank	Germany
Bayerische Landesbank Girozentrale (Guaranteed)	Germany
DePfa Deutsche Pfandbriefbank AG	Germany
Deutsche Bank AG	Germany
Deutsche Postbank AG	Germany
Dresdner Bank, AG	Germany
DZ Bank AG	Germany
HSH Nordbank AG	Germany
ING BHF-BANK AG	Germany
Landesbank Baden-Wuerttemberg (Guaranteed)	Germany
Landesbank Hessen-Thuringen Girozentrale (Guaranteed)	Germany
Landesbank Rheinland-Pflaz Girozentrale	Germany
Landwirtschaftliche Rentenbank	Germany



Norddeutsche Landesbank Girozentrale (Guaranteed)	Germany
SEB AG	Germany
WestLB AG	Germany
American Express Bank, Ltd.	Hong Kong
DBS Bank (Hong Kong)	Hong Kong
Hongkong and Shanghai Banking Corporation	Hong Kong
Landsbanki Islands hf	Iceland
Banca Intesa	Italy
Banca Monte dei Paschi di Siena	Italy
Banca Popolare di Verona e Novara	Italy
IntesaBci	Italy
Sanpaolo IMI	Italy
UniCredito Italiano	Italy
Bank of Tokyo-Mitsubishi	Japan
Mitsubishi Trust & Banking Corporation (MTBC)	Japan
National Bank of Kuwait	Kuwait
Banque Generale du Luxembourg	Luxembourg
Dexia Banque Internationale a Luxembourg	Luxembourg
ABN AMRO Bank N.V.	Netherlands
Bank Netherlandse Gemeenten	Netherlands
Friesland Bank NV	Netherlands
ING Bank NV	Netherlands
NIB Capital Bank NV	Netherlands
Rabobank International	Netherlands
SNS Bank Nederland NV	Netherlands
Nordea Bank Norge ASA	Norway
Banco Comercial Portugues	Portugal
Banco Espirito Santo	Portugal
Banco Totta e Acores	Portugal
Caixa Geral de Depositos	Portugal
Allied Irish Banks	Republic of Ireland
Anglo Irish Bank Corporation plc	Republic of Ireland
Bank of Ireland	Republic of Ireland



DEPFA BANK plc	Republic of Ireland
First Active plc.	Republic of Ireland
IIB Bank Limited	Republic of Ireland
Development Bank of Singapore	Singapore
Koram Bank	South Korea
Banco Bilbao Vizcaya Argentaria (BBVA)	Spain
Banco de Credito Local de Espana SA	Spain
Banco de Sabadell	Spain
Banco Espanol de Credito	Spain
Banco Santander Central Hispano	Spain
Caja de Ahorros de Galicia	Spain
Confederacion Espanola de Cajas de Ahorros	Spain
Landshypotek	Sweden
Skandinaviska Enskilda Banken AB	Sweden
Svenska Handelsbanken	Sweden
Swedbank (ForeningsSparbanken AB)	Sweden
Credit Suisse First Boston	Switzerland
UBS AG	Switzerland
Emirates Bank International	<i>United Arab Emirates</i>
National Bank of Abu Dhabi	<i>United Arab Emirates</i>
Bank of America, N.A.	United States
Bank of New York	United States
Bank One, N.A. (Chicago)	United States
Citibank, N.A.	United States
Fleet National Bank	United States
HSBC Bank USA	United States
JP Morgan Chase Bank	United States
<i>Mellon Bank NA</i>	United States
Northern Trust Company (The)	United States
State Street Bank & Trust Co	United States
Wachovia Bank, NA	United States



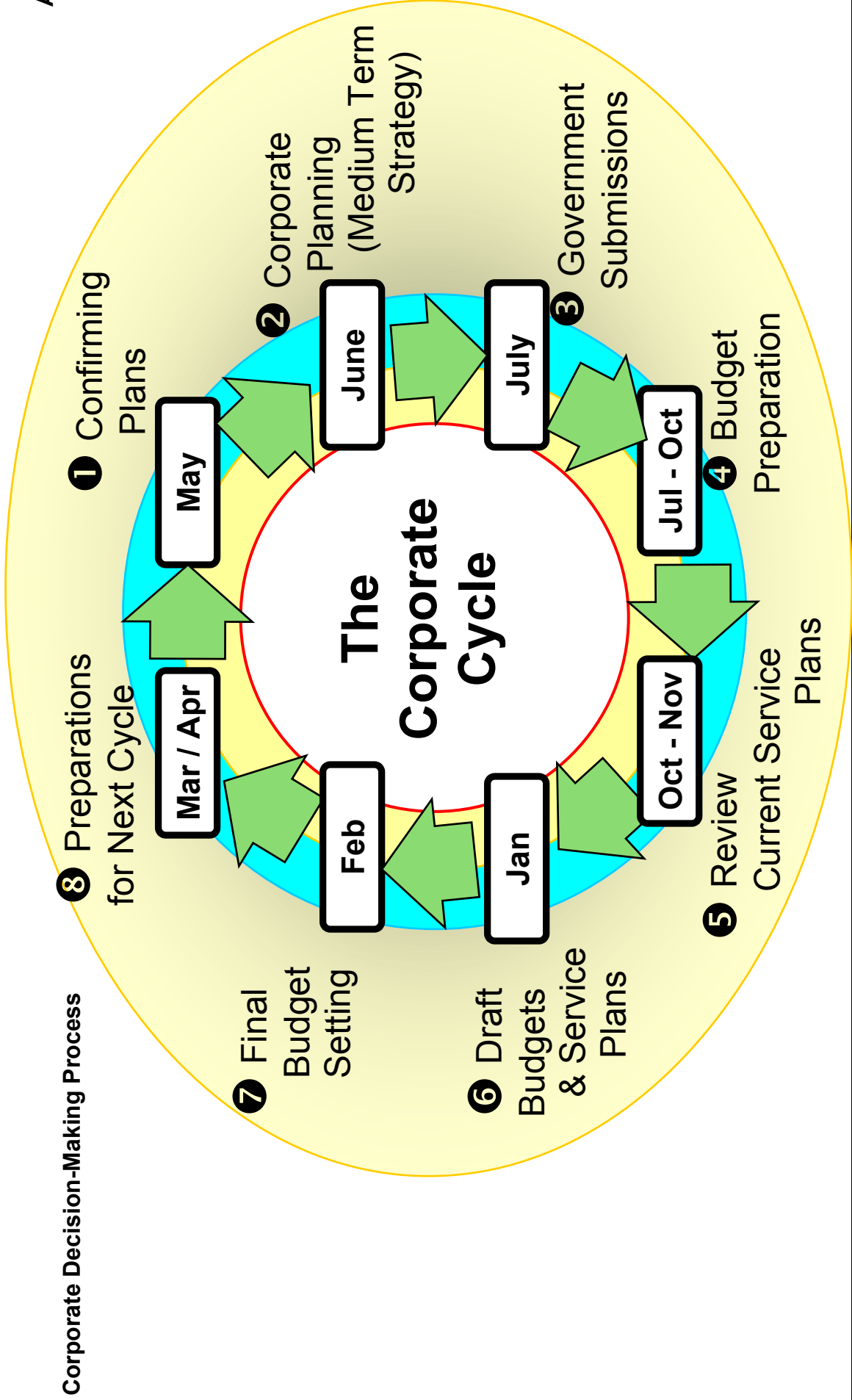
Local Authorities - All UK Local Authorities

Police Authorities - All UK Police Authorities

Nationalised Industries - All UK Nationalised Industries



Appendix D



Corporate Decision-Making Process

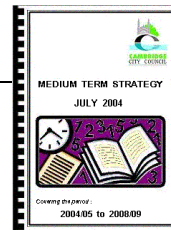


Appendix E

Budget Assumptions

The main assumptions included in the budget forecast are :-

Ref.	Assumption
(1)	Base - 2004/05 Approved Budget, as amended, with known changes.
(2)	General inflation on expenditure - included at 2.3%
(3)	<p>Employee budgets include :</p> <ul style="list-style-type: none"> - cost of pay award allowance 2.95% - allowance for incremental progression 1.19% total allowance for pay and increments 4.14% <p>- the allowance for incremental progression has been included pending the detailed budget adjustments reflecting the single status implementation, and will be held centrally until the full detail is known.</p> <p><i>Managers will be advised by Human Resources of the appropriate approach to costing pay budgets for the purposes of the 2005/06 budget process.</i></p>
(4)	Employee budgets - assume an employee turnover saving of 3.0% of gross pay budget
(5)	<p>Service Level Agreements – calculated based on the impact of the inflation allowances on providing the services (i.e. excluding capital charges, etc.)</p> <ul style="list-style-type: none"> - SLAs, typically 3.96% - Admin. Buildings 2.00%
(6)	Property Rental income – based on projections from the portfolio, reflecting actual incidence of rent reviews. Overall effect is equal to 1.71%.
(7)	Income and Charges – general assumption of 2.3% built into base, but reviews of all charges required by committees.
(8)	Interest rate – based on latest market projections (on average 4.75%).
(9)	Major contracts / agreements, in term – rolled forward based on the specified inflation indices in the contract / agreement.
(10)	Grants / Subsidies – To reflect sensitivity analysis based on possible range of implications dependent on the Government’s approach to the withdrawal of protection arrangements.

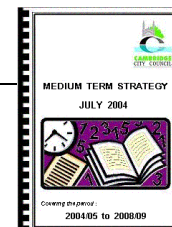


Appendix F

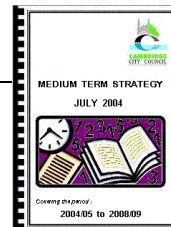
Areas of Uncertainty

The main areas of uncertainty, for which no allowance has been made in the forecast but which are potentially material, are :-

Ref.	Fund	Area of Uncertainty
(1)	All	<p>Rating Revaluation Appeals</p> <ul style="list-style-type: none"> - <i>the Council has registered appeals with the Valuation Office regarding a number of its properties. If the appeals are successful then the ongoing business rates payable each year will be reduced, and there will also be a lump sum receivable in respect of prior years.</i> - <i>A new rating list is due to come into effect from 1 April 2005, which will require further detailed consideration. Although initial estimates suggest an average 17.9% increase in rateable values nationally, the rate poundage set by the Government will be reduced to reflect this. The key factor will be the relative level of change for the Council's premises, which cannot be determined at this stage.</i>
(2)		<p>External Contracts</p> <ul style="list-style-type: none"> - <i>the effects of formal external contracts, which come to the end of their term. The base implies provision for inflation and built in savings targets.</i> - <i>the contract for ITNET is due to finish in December 2005. Consultancy advice will be sought regarding the future shape of the contract.</i>
(3)		<p>Employee Costs</p> <ul style="list-style-type: none"> - <i>a number of aspects of the Single Status process are currently still to be finalised and implemented. The main pay implications are being included within base budgets for all services, the implications of the additional aspects will be included as soon as they are quantified.</i> - <i>the implications of proposed changes to Pensions provisions are currently being assessed, and will be reported once full details are available.</i>



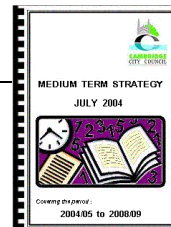
Ref.	Fund	Area of Uncertainty
(4)		<p>VAT</p> <p>- effects of the partial exemption regulations. The calculation has previously been close to the threshold, however actions to 'opt to tax' on selected assets has reduced the potential of a breach, and the associated cost implications in terms of non-recoverable VAT.</p>
(5)		<p>Best Value</p> <p>- outcomes from the current programme of Best Value Fundamental Reviews. No assumptions have been built into the projections. Key dates for linking to the budget process identified : June and November.</p> <p>- financial implications from action plans resulting from completed BVFSRs will be incorporated in budget proposals, and bids, by the relevant services.</p>
(6)		<p>Procurement</p> <p>- as part of the CPA Improvement Plan the Council is targeting work to develop its approach to procurement. This is expected to generate efficiency savings, though these cannot be quantified at this time.</p>
(7)		<p>Benefits Special Grant</p> <p>- the introduction of the new DWP Special Grant to cover the funding of all types of Benefit (Rent Allowances, Rent Rebates and Council Tax Benefit) has resulted in significant uncertainty as to the implications of the revised funding regime. In particular, the effect between the HRA and GF with the transfer of Rent Rebates and the associated transitional arrangements. Current projections reflect an assumed break-even position.</p>
(8)		<p>General Fund / Housing Revenue Account Transfers</p> <p>- the basis for the transfers, relating to services shared by the whole community, is being reviewed. This involves grounds maintenance, street cleaning, bulky refuse, communal and street lighting, housing needs, racial harassment, strategy and staff time.</p>



Ref.	Fund	Area of Uncertainty
(9)		<p>Bed & Breakfast Placements</p> <p>- <i>the impact of actions which have been taken to manage the significant growth in the usage of bed & breakfast placements will be reviewed in detail as part of the 2005/06 budget process.</i></p>
(10)		<p>Pensions Contributions</p> <p>- <i>the triennial revaluation of the County Pension Fund is being undertaken as at 31 March 2004. Based on initial advice from the actuaries, an increase of 1.0% had been included as part of the 2004/05 budget process. This is being increased to 1.5% as part of this MTS. Actual implications should be known around November 2004.</i></p>
(11)		<p>Housing Stock Options Appraisal</p> <p>- <i>the Council is currently using consultants to assist with a review of stock options. The results of this work could have a significant impact on the HRA and the General Fund in the medium to longer term. The wider corporate implications are being assessed and linked with the Central & Support Service BVFSR work currently under way.</i></p> <p>- <i>A report to the special meeting of Housing & Health on 8 September 2004 will determine a number of feasible options to be put to tenants for an 'expression of opinion'. This will be reported back in November, when the final option determination will take place.</i></p>
(12)		<p>Capital Issues</p> <p>- there is uncertainty regarding a number of capital related issues. These include:</p> <ul style="list-style-type: none"> • <i>the comparative advantage of transitional benefits from debt-free status and Prudential Borrowing</i> • <i>the definitions of 'affordable housing' and 'redevelopment' which are excluded from the requirement to pay housing receipts into the national pool</i>



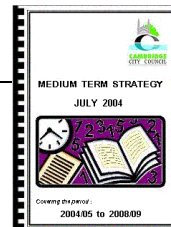
Ref.	Fund	Area of Uncertainty
(13)		<p>IT Issues</p> <p>- the Council is facing a number of significant IT issues, which have not been able to be fully quantified. An action plan is being developed to respond to the priority areas identified in the IEG3 statement, and significant funding has been earmarked through the Technology Investment Fund (TIF).</p>
(14)		<p>CPA Improvement Plan</p> <p>- the Plan has now been confirmed, and provides the focus for key improvements targeted across the Council. Financial implications will be reported by the relevant services.</p>
(15)		<p>Office Accommodation</p> <p>- lease negotiations for accommodation to replace the Downing Street offices are nearing completion, with a move targeted for autumn 2004. Whilst capital and revenue implications have been estimated and budgeted, these will need to be reviewed in practice.</p> <p>- additionally, work to review reception arrangements at Hobson / Mandela House (capital Hold List scheme) and the Guildhall are being continued in conjunction with the development of the customer access strategy.</p>
(16)		<p>New Legislation / Regulation</p> <p>- there are a significant number of areas affected by proposed changes, reflected in the White Paper, including Business Improvement Districts. The Housing Sustainable Communities Plan could also have far reaching implications.</p>
(17)		<p>Supporting People</p> <p>- the full impact of the new supporting people initiative and fairer charging is still to be clarified. A County-wide review of sheltered accommodation in 2004/05 could have significant implications on future service delivery.</p>
(18)	General Fund	<p>Major Development Schemes</p> <p>- The Council has a role as landowner / landlord in a number of schemes. There could be disruption to some services during the construction periods, however it is anticipated that schemes could generate additional income once completed, for example, the Cattle Market.</p>



Ref.	Fund	Area of Uncertainty
(19)		<p>Community Safety, Safer City, Police Community Support Officers</p> <p><i>- there is uncertainty regarding future external funding for these initiatives.</i></p>
(20)		<p>Car Park Income</p> <p><i>- Experience in 2003/04 and the current year has confirmed that recent above inflation price rises are not producing the projected total yield due to the impact on usage. It is essential that realistic projections are included for future years and so, with the implications of the Grand Arcade compensation as well, possible alternative budget treatments for this service are being reviewed.</i></p>
(21)		<p>Local Plan</p> <p><i>- the Local Plan assumes the construction of up to 13,500 new dwellings in or on the edge of the City up to 2016. These will have implications in terms of the need to deliver services and Council Tax income. 3,000 dwellings could be delivered by 2006, which will impact on the current medium-term strategy.</i></p> <p><i>- the Local Plan also anticipates major areas of new land coming forward for development, including Council holdings. This could result in significant revenue to the Council.</i></p>
(22)		<p>Waste Management</p> <p><i>- the Council was successful in bidding for DEFRA funding to introduce new measures. However, meeting the European and the Government's targets for recycling could require significant further additional investment in new schemes / facilities. The focus of activity is around the development of partnering agreements between the districts and the County Council, to fit with the 2007 tendering date. This will require a review of all service delivery options.</i></p>
(23)		<p>Integrated Transport Strategy</p> <p><i>- it is anticipated that investment in this area will come directly or indirectly from the County Council. However, the Council will have a role in securing S106 contributions and there could be knock-on effects on the City's services, such as future car parking revenues as a result of the Strategy.</i></p>



Ref.	Fund	Area of Uncertainty
(24)		<p>Decriminalisation of Parking Enforcement</p> <p><i>- this scheme will be operating with effect from October 2004. Initial budgets have been put in place, but will need to be reviewed once the scheme is fully operational.</i></p>
(25)		<p>Transfer of Licensing Responsibilities (Licensing Act 2003)</p> <p><i>- new legislation has introduced a single integrated scheme for licensing premises that sell alcohol, provide public entertainment or provide refreshments late at night. Additional costs will be associated with this including Member and Officer training, additional Committee meetings and administrative support. The MTS includes the latest estimates, though there is pressure for the Government to ensure that the final Regulations make the transfer self-financing.</i></p>
(26)		<p>Highways Agency</p> <p><i>- the implications of the ending of the agency agreement for the provision of highways services to the County Council have been considered, together with the impact of negotiating a 'reverse agency agreement' to cover residual service implications. These will need to be reviewed in practice.</i></p>
(27)		<p>Pools Service Contract</p> <p><i>- the estimates included for the new contract are being reviewed as part of the budget process to compare the final outcomes against the projections included in 2004/05.</i></p>
(28)		<p>Compulsory Purchase Orders</p> <p><i>- the current programme is based on the projection of two cases per year. CPOs involve revenue costs in addition to the capital cost of the CPO. The capital impact is based on receipts from the disposal of the properties repaying the initial outlay, though there may be uncertainties regarding the amount of time from the CPO to disposal.</i></p>
(29)		<p>Funding for Social Housing (RSLs)</p> <p><i>- following the abolition of LASHG, from 1 April 2003, a new long-term policy is needed to identify the approach to support for Registered Social Landlords.</i></p>



Ref.	Fund	Area of Uncertainty
(30)		<p>Grand Arcade Development</p> <p>- the Council is facing a number of uncertainties due to the Grand Arcade development. Compensation has been agreed relating to a number of services, but the full implications are uncertain and it could have an impact on:</p> <ul style="list-style-type: none"> * Lion Yard Car parking income (in addition to the compensation agreed) * Corn Exchange attendances * other Council services, including relocation of Downing Street staff and IT training facilities.
(31)		<p>Planning Delivery Grant</p> <p>- projections assume that any grant receivable in future years will be earmarked to improve service provision in those areas. Further details regarding the basis for assessment relating to 2005/06 are expected over the next few months.</p>
(32)		<p>City Services Trading</p> <p>- current assumptions regarding ongoing net profitability on trading have been built into Fund projections. This will be dependent on the result of tendering for some significant external contracts.</p>
(33)		<p>Refuse Collection Rounds</p> <p>- discussion with City Services have highlighted issues regarding the domestic refuse collection rounds and the potential need to operate additional rounds to deal with demand. This requires additional revenue and capital investment, which has been built into the MTS.</p>
(34)		<p>Housing Act 2005</p> <p>- this is expected to introduce HMO Licensing and the new Housing & Health rating System. If the Council were to introduce a Landlord Accreditation System associated with this there would be associated set-up and running costs.</p>



Ref.	Fund	Area of Uncertainty
(35)		<p>Poll Tax and / or Council Tax Collection Fund deficit / surplus contributions</p> <ul style="list-style-type: none"> - <i>these have a one-off effect, and are assessed in January each year.</i> - <i>projections for 2005/06 will be completed as part of the budget process.</i>
(36)	Housing Revenue Account	<p>Rent Subsidy</p> <ul style="list-style-type: none"> - <i>the key factor will be any further changes to the formulae. Recent changes have proved significantly beneficial to the Council's position.</i>
(37)		<p>Right to Buy Sales</p> <ul style="list-style-type: none"> - <i>the number of sales now appears to be steady, however receipts are increasing as a result of increasing house prices.</i>
(38)		<p>Rent Restructuring Review</p> <ul style="list-style-type: none"> - <i>the continuing implications of the Government's rent restructuring initiative are being assessed as part of the budget preparation work.</i>
(39)		<p>Achievement of Decent Homes</p> <ul style="list-style-type: none"> - <i>as part of the Housing Stock Options Appraisal work an aspirational Cambridge Standard has been determined, in addition to the Government's Decent Homes standard, as the basis for detailed option analysis. The implications will be reported as part of the Stock Options project plan.</i>



Appendix G

General Fund Projection 2004/05 to 2008/09

General Fund category	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	Comments / Notes
Net Spending (Cttee Totals)	18,703,450	19,204,230	19,484,810	19,255,230	19,206,390	Inflated base budgets (includes savings, inflation and PF effects from prior years)
<i>add</i> Carry Forwards	290,480	-	-	-	-	
	18,993,930	19,204,230	19,484,810	19,255,230	19,206,390	
<i>less</i> Asset Management Revenue Account	(3,479,270)	(3,469,230)	(3,466,910)	(3,467,400)	(3,467,400)	
<i>less</i> Minimum Revenue Provision Adj.	(1,348,200)	(1,348,200)	(1,348,200)	(1,348,200)	(1,348,200)	
	14,166,460	14,386,800	14,669,700	14,439,630	14,390,790	
<i>less</i> Contribution to :						
Technology Investment Fund (TIF)	155,000	155,000	0	0	0	IT contract saving contribution
Capital Plan	6,452,000	1,368,000	836,000	831,000	1,400,000	Revenue contribution to fund capital spending
	20,773,460	15,909,800	15,505,700	15,270,630	15,790,790	
<i>add</i> Anticipated changes						
Employers Pension contribution	-	228,000	456,000	684,000	684,000	Additional 1% p.a. from 2005/06 to 2007/08 - approved Feb 2004



General Fund category	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	Comments / Notes
Anticipated Changes (Cont'd)						
Employers Pension contribution	-	114,000	228,000	342,000	342,000	Additional 0.5% p.a. from 2005/06 to 2007/08
Additional domestic refuse round	12,000	142,000	142,000	142,000	142,000	Commencing April 2005
Additional recycling round	12,000	149,500	149,500	149,500	149,500	Commencing April 2005
Car Park income - re-basing	-	125,000	125,000	125,000	125,000	Based on change in usage patterns
- inflation adj.	-	160,000	160,000	160,000	160,000	Net adjustment against standard inflation assumption
Additional external interest	(175,000)	(85,000)	(85,000)	(85,000)	(85,000)	Based on latest market projections
JNC pay review	-	185,400	185,400	185,400	185,400	Provision against outcome of review
Telecommunications Liaison Officer	5,000	20,000	0	0	0	15 month extension approved at Strategy July 2004
	20,627,460	16,948,700	16,866,600	16,973,530	17,493,690	
add						
Priority Policy Fund (PPF)						Additional PPF (ongoing) included in each year
	-	500,000	500,000	500,000	500,000	
	20,627,460	17,448,700	17,366,600	17,473,530	17,993,690	
less						
Net savings Requirement	-	(927,770)	(941,330)	(930,230)	(927,870)	New savings required in each budget year
Total Net Spending Requirement	20,627,460	16,520,930	16,425,270	16,543,300	17,065,820	



General Fund – Funding Statement 2004/05 to 2008/09

General Fund category	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	Comments / Notes
Total Net Spending Requirement	20,627,460	16,520,930	16,425,270	16,543,300	17,065,820	
less External Support	(10,725,430)	(10,832,690)	(10,941,010)	(11,050,420)	(11,160,930)	Formula Grant (RSG and NNDR Pool share)
	9,902,030	5,688,240	5,484,260	5,492,880	5,904,890	
less Collection Fund (Surplus) / Deficit						
- Council Tax	0	0	0	0	0	
- Poll Tax	(31,260)	0	0	0	0	
	9,870,770	5,688,240	5,484,260	5,492,880	5,904,890	
less Income from Council Tax	(4,778,110)	(5,052,760)	(5,254,990)	(5,465,330)	(5,683,800)	
Contribution (To) / From Reserves	5,092,660	635,480	229,270	27,550	221,090	

Memo Items :

Council Tax					
- Taxbase	36,294	36,903	36,903	36,903	36,903
- Council Tax at Band 'D'	£131.65	£136.92	£142.40	£148.10	£154.02
- Implied annual Council Tax increase	-	4.00%	4.00%	4.00%	4.00%



General Fund Reserves Projection 2004/05 to 2008/09

General Fund category	2004/05 (£'s)	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	Comments / Notes
Balance as at 1 April (b/f)	11,035,910	5,943,250	5,307,770	5,078,500	5,050,950	
less Contribution (to) / from General Fund	(5,092,660)	(635,480)	(229,270)	(27,550)	(221,090)	
Balance as at 31 March (c/f)	5,943,250	5,307,770	5,078,500	5,050,950	4,829,860	Minimum working balance £1.5m, target level £5m



Appendix H

HRA Summary Forecast - 2004/05 to 2008/09

Description	2004/2005 £ 000's	2005/2006 £ 000's	2006/2007 £ 000's	2007/2008 £ 000's	2008/2009 £ 000's
Supervision & Management –General	4,526	4,673	4,825	4,982	5,144
Supervision & Management – Special	3,163	3,266	3,372	3,482	3,595
Repairs & Maintenance	4,112	3,964	4,080	4,192	4,306
Rent Rebates	0	0	0	0	0
Capital Payments	21,566	22,018	22,644	23,211	23,787
Depreciation – Transferred to Major Repairs Reserve	7,299	7,298	7,299	7,298	7,298
Other Expenditure	413	506	553	605	618
Total Expenditure	41,079	41,726	42,773	43,769	44,748
Rental Income	(24,896)	(25,724)	(26,592)	(27,389)	(28,162)
HRA Subsidy (including MIRA)	8,957	9,052	9,755	10,565	11,329
Other Income	(2,585)	(2,650)	(2,708)	(2,774)	(2,835)
Total Income	(18,525)	(19,322)	(19,545)	(19,599)	(19,669)
Net Cost of services	22,554	22,403	23,228	24,170	25,079



Description	2004/2005 £ 000's	2005/2006 £ 000's	2006/2007 £ 000's	2007/2008 £ 000's	2008/2009 £ 000's
AMRA					
Capital Charges – Interest charged to HRA	(21,566)	(22,018)	(22,644)	(23,211)	(23,787)
Loan Interest	33	33	33	33	33
Interest Receivable	(216)	(204)	(198)	(182)	(153)
Mortgage Interest receipts	(14)	(6)	(6)	0	0
Redemption Premium charged to Revenue	550	550	550	550	550
Net Operating Expenditure	1,341	758	963	1,360	1,723
Appropriations					
Housing Set Aside	0	0	0	0	0
Depreciation adjustment - MRA	(2,583)	(2,555)	(2,538)	(2,485)	(2,448)
Direct Revenue Financing of Capital	1,780	1,780	1,780	1,780	1,780
(Surplus) / Deficit for Year	538	(17)	205	655	1,054
(Surplus) / Deficit B/F	(6,138)	(5,600)	(5,618)	(5,413)	(4,758)
Total Balance Carried Forward	(5,600)	(5,618)	(5,413)	(4,758)	(3,704)



Appendix I

Remits for Capital Programmes

PR1 HOUSING INVESTMENT PROGRAMME

Approved Timescale : Ongoing

Remit :

The Housing Investment programme is the City Council's annual bid to the Office of the Deputy Prime Minister (ODPM) for funding for Housing investment in Cambridge. In making the Council's bid Housing & Health Committee is asked to pursue a strategy that attempts to maximise the resources won for the City from discretionary allocations or top sliced resources from the ODPM.

PR2 CITY LOTTERY FUND PROGRAMME (see * below)

Approved Timescale : 1996/97 to 2004/05

Lead Officer : A. Jackson

Remit :

Under the City Lottery Fund Programme grants can be bid for by Cambridge based Community or Voluntary Sector groups making applications for lottery funding particularly under the heritage, charities and Millennium programmes. City Lottery Fund grants will not be more than 10% of the total of any lottery application and the maximum grant available will be £5,000. Larger bids for Lottery funding, or other external sources of funding, which are seeking a measure of City Council support, particularly for sports or arts related projects, can be considered for inclusion in the Council's bid list or Capital Plan on a project by project basis. Requests for funding will be carefully considered against the priorities for investment outlined in the City Council's Leisure Strategy.

* The Funding was converted to revenue by Strategy Scrutiny Committee on 15 July 2002.



PR3 CITY CENTRE MANAGEMENT PROGRAMME

Approved Timescale : 1997/98 to 2003/04

Lead Officer : A. Joyce

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. Matching external funding equal to the annual total of the programme will be sought by the Council.

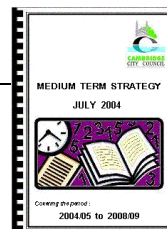
PR4 SUSTAINABLE CITY PROGRAMME

Approved Timescale : 1997/98 to 2003/04

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. Bids to this programme will not be considered from groups active or based in areas where funding could be sought from the Council's Neighbourhood Fund Programme (PR5).



PR5 NEIGHBOURHOOD FUND PROGRAMME

Approved Timescale : 1997/98 to 2002/03

Lead Officer : K. Hay

Remit :

The Neighbourhood Fund programme makes available capital money that can be bid for by individual Neighbourhood Community Plan Steering Groups established under the Council's Community Plan.

With effect from 8 May 2000, the release of funding is no longer dependent on the provision of match funding.

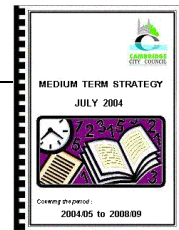
PR6 SAFER CITY PROGRAMME

Approved Timescale : 1996/97 & 1997/98 to 2005/06

Lead Officer : L. Kilkelly

Remit :

The Safer City Programme is designed to provide capital money which can be bid for by local residents and tenants groups for small-scale crime prevention measures. The maximum grant available to any one group in any year will be £7,500. Bids to this programme will not be considered from groups active or based in areas where funding could be sought from the Council's Neighbourhood Fund programme (PR5).



PR7 CYCLEWAYS

Approved Timescale : 1999/2001 to 2002/03 and ongoing

Lead Officer : S. Thirion

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. The priority area for investment at present is to improve links for cyclists from the edges of the City to the centre by looking at different corridors of approach to the City Centre in turn.

PR9 DEVELOPMENT OF JOINT-USE FACILITIES

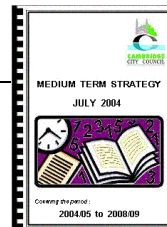
Approved Timescale : 1999/2000 to 2003/04 *

Lead Officer : J. Roebuck

Remit :

The programme is designed to make available capital money that can be bid for by organisations in respect of schemes to provide additional joint-use leisure facilities in the City. Schemes would normally be expected to involve external funding. Assessment will be based on the additional facilities available to the community which are provided, and the contribution made to meeting the aims of the Council's strategy.

(*) The programme has been extended to 2004/05 to allow a scheme to go ahead at Manor College.



PR10 ENVIRONMENTAL IMPROVEMENTS PROGRAMME

Approved Timescale : 2000/01 and ongoing

Lead Officer : A. Thompson

Remit :

This programme allows local people and organisations to put forward ideas to improve their neighbourhood. Priority is given to small scale schemes that have local support, but larger scale schemes will also be considered if there is likely to be a significant and long term improvement in the appearance of a street or place.

PR11 ENVIRONMENTAL IMPROVEMENTS - PAVEMENTS

Approved Timescale : 2001/02 and ongoing

Lead Officer : T. Radford

Remit :

This budget is provided to enhance the standard of footways across the City with a view to ensuring that pavements are smoother and less likely to result in trips, particularly for people who have some mobility problems but are still capable of walking. It can also be used to provide a higher standard of materials than would otherwise be the case. It supplements budgets provided for maintenance by the Highway Authority, but does not replace them.

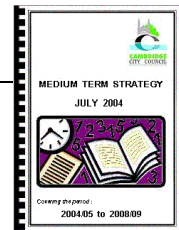
PR12 ROAD SAFETY SCHEMES – TRAFFIC CALMING

Approved Timescale : 2000/01 and ongoing

Lead Officer : G. Lowe

Remit :

This budget is provided to enable works to be carried out in residential areas of the City aimed at reducing the impact of traffic on those areas. A programme of schemes will be developed and prioritised following consultation with residents and Ward Councillors.



PR13 ROAD SAFETY SCHEMES – CROSSINGS

Approved Timescale : 2000/01 and ongoing

Lead Officer : G. Lowe

Remit :

This budget is aimed at providing better and safer facilities for pedestrians. A programme of schemes will be developed and prioritised following consultation with residents and Ward Councillors.

PR14 ENVIRONMENTAL SAFETY FUND

Approved Timescale : 2001/02 and ongoing

Lead Officer : P. Littlefair

Remit :

This budget is provided to improve Street lighting in areas where this is likely to result in a reduction in crime and / or fear of crime. It can be used together with additional funding from the County Council on busier traffic routes where there is also 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.

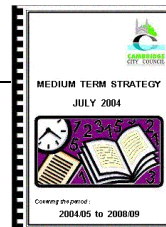
PR15 REPAIR AND REFURBISHMENT PROGRAMME – HOBSONS CONDUIT

Approved Timescale : 2002/03 to 2006/07

Lead Officer : P. Littlefair

Remit :

This budget is to provide improvements to Hobson Conduit banking and runnels. Schemes are to be prioritised over five years by Hobsons Trust.



PR16 PUBLIC CONVENIENCES

Approved Timescale : 2002/03 to 2005/06

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.

PR17 CITY SERVICES VEHICLE REPLACEMENT

Approved Timescale : ongoing

Lead Officer : G. Watts

Remit :

This reflects the vehicle replacement programme, and associated provision of earmarked repair and renewal funding, which has been set up to cover the vehicle fleet operated by City Services.

PR18 BUS SHELTERS

Approved Timescale : 2004/05 to 2007/08

Lead Officer : S. Thirion

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.

Appendix J

Capital Funding Availability Projection - 2004/05 to 2008/09

Source	Funding Type	Financial Year					
		2004/05 £'s	2005/06 £'s	2006/07 £'s	2007/08 £'s	2008/09 £'s	
	Basic Credit Approval (BCA)	(968,000)	(1,006,000)	-	-	-	
	Specified Capital Grants (SCG)	(233,000)	(211,000)	(211,000)	(211,000)	(211,000)	
External Support	Supplementary Credit Approvals (SCA)	0	0	0	0	0	
	Other Sources	(1,424,000)	(80,000)	(55,000)	(55,000)	(55,000)	
	Major Repairs Allowance (MRA)	(5,439,000)	(4,760,000)	(4,799,000)	(4,837,000)	(4,875,000)	
	Section 106	(879,000)	(190,000)	0	0	0	
	TOTAL - External Support	(8,943,000)	(6,247,000)	(5,065,000)	(5,103,000)	(5,141,000)	
	Usable Capital Receipts	(9,583,000)	(5,429,000)	(2,600,000)	(2,600,000)	(2,600,000)	
	Direct Revenue Financing (DRF) - HRA	(1,780,000)	(1,780,000)	(1,780,000)	(1,780,000)	(1,780,000)	
City Council	Direct Revenue Financing (DRF) - GF Services	(401,000)	(120,000)	(120,000)	(120,000)	(120,000)	
	Repair & Renewals Fund	(1,507,000)	(472,000)	(310,000)	(550,000)	(950,000)	
	Earmarked Reserves	(336,000)	0	0	0	0	
	Direct Revenue Financing (DRF) - Use of Reserves	(6,452,000)	(1,368,000)	(836,000)	(831,000)	(1,400,000)	
	TOTAL - City Council	(20,059,000)	(9,169,000)	(5,646,000)	(5,881,000)	(6,850,000)	
	Total Available Finance	(29,002,000)	(15,416,000)	(10,711,000)	(10,984,000)	(11,991,000)	



Appendix K

Capital Plan Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2004/05 Budget (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
CATEGORY TOTALS												
	Approved Schemes		15,247	4,586	10,043	655	10	0	0	15,294	1,348	
	Approved Programmes		8,152	6,300	13,780	11,077	10,267	10,251	10,856	62,531	325	
	TOTAL CAPITAL PLAN		22,731	10,886	23,823	11,732	10,277	10,251	10,856	77,825	1,673	



Capital Plan - Approved Items

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CAPITAL SCHEMES												
SC011	Chesterton Community College Sports Hall	J. Roebuck	250	19	231	0	0	0	0	250	0	Project appraisal to July 2002 CD&L Scrutiny Committee
SC033B	CCTV Street Lighting	A Thompson	47	7	40	0	0	0	0	47	0	Held in reserve for implementation of lighting strategy in association with the County Council. Additional £6k external contribution received.
SC036	Office Relocation	J. Cowin	74	74	26	0	0	0	0	74	0	Provisional sum. Funded from earmarked reserves. Dependent on Grand Arcade Development. City Board 26/11/01 approved £42k for Hobson House conversion for Parks & Rec's move. Balance of £26k transferred to SC201 for Downing Street relocation to Lion House – Council 9/9/2044.
SC062	Stairwell Mirrors in all Car Parks	P. Necus	15	10	2	0	0	0	0	12	0	City Board 1/2/99 approval. Costs less than originally anticipated.
SC067	Replacement and upgrade of PS2000	L. Harrington	177	96	81	0	0	0	0	177	17	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.



Capital Plan - Approved Items

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SC072	Poster Boards	J. Hunter	33	23	10	0	0	0	0	33	0	Approved City Board 29/3/99. Funded from use of reserves. Work almost complete. Funding for Phase 2 approved at 31/01/00 City Board. Additional £13k approved City Board 29/1/01
SC073	New Information Boards	J. Roebuck	15	0	15	0	0	0	0	15	0	Approved City Board 29/3/99. Funded from use of reserves. Design work in progress.
SC074	Mill Road Conservation Area Enhancement Scheme	J. Preston	45	42	0	0	0	0	0	42	3	Approved City Board 29/3/99. Grants allocated for repairs/enhancement to shops and frontage walls in Mill Road, to the Bath House/Gwydir Street car park and to properties in streets leading off Mill Road.
SC080	Nuns Way Community Building	J. Roebuck	383	358	32	0	0	0	0	390	2	Approved 31/1/00 City Board. Funded from use of reserves. Working in conjunction with above scheme. Consultation has taken place. Now combined with SC079. Contracts placed. £6k has been transferred from PR005.
SC086	Revenues First Software - Phase 2	J. Frost	158	136	23	0	0	0	0	159	8	Approved 31/1/00 City Board. Funded from R&R. Web-enabled programme earmarked for 2003/04.
SC094	Allotment Improvements	J. Roebuck	108	107	1	0	0	0	0	108	(2)	Scheme funded from S106 agreement re disposal of land at Nuffield Road (£107,500).



Capital Plan - Approved Items

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SC098	Support for the building programme for the Junction CDC Ltd	A. Jackson	395	60	335	0	0	0	0	395	293	Approved at City Board 14/9/00 and Full Council 7/12/00. Funded from use of reserves.
SC104	Nuns Way Community/Neighbourhood Park	J. Roebuck	229	225	6	0	0	0	0	231	0	Approved at City Board 29/01/01. Funded from reserves. Now includes additional £15,446 S106 contribution.
SC105	East Chesterton Community Centre	K. Hay	1,450	65	1,064	322	0	0	0	1,451	66	Approved at City Board 29/1/01. Funded from use of reserves. £100K transferred to SC106-approvd at City Board 9/7/01. Planning application has been submitted and is expected to go committee in August. Completion of scheme is expected in early 2005.
SC106	Enhance Existing Community Facilities - East Chesterton	K. Hay	150	105	45	0	0	0	0	150	0	Approved at City Board 29/1/01. Funded from use of reserves. £100k transferred from SC105 - approved at City Board 9/7/01. Grant of £100k awarded to St. George's Church for hall refurbishment.
SC107	Recycling Centre for Green Waste	J. Roebuck	35	24	14	0	0	0	0	38	0	Approved at City Board 29/1/01. Funded from use of reserves. Project appraisal to November 2002 CD&L Committee.
SC110	Corn Exchange Air Handling	G. Saxby	60	0	60	0	0	0	0	60	0	Approved at City Board 29/1/01. Funded from reserves. Further investigation needed after outcome of BVFSR approved.
SC116	New Lift to replace Schindler Lift at Lion Yard	P. Necus	30	26	4	0	0	0	0	30	0	Approved at City Board 29/1/01. Funded from R&R.



Capital Plan - Approved Items

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SC117	Market Square	A. Joyce	40	37	3	0	0	0	0	40	1	Approved at City Board 29/1/01. Funded from reserves. Meter storeroom insulation to be carried out in summer to minimise dampness.
SC121	Sports Development	J. Roebuck	403	203	90	0	0	0	0	293	10	Earmarked fund set up for further developments based on the amount of the underspend on the Parkside Pool Development (£403,062). Approved at City Board 26/3/01. Report to June 2001 CD&L Committee. £110k in 2004/05 tr'd to SC206.
SC125	IT Infrastructure Upgrade	J. Nightingale	1,160	1,047	113	0	0	0	0	1,160	179	Apprvd at City Bd 9/7/01. (£550k R&R/£350k use of reserves - now R&R). Additional project appraisals at 11/2/02 City Bd & 15/7/02 Strategy Scrutiny Committee totalling £240k - funded from R&R. £20k in 2003/04 from Local Gov. On-Line.
SC127	Improvements to Committee Rooms 1 and 2	J. Cowin	9	6	3	0	0	0	0	9	0	Scheme approved at 13/9/01 City Board (£8,500). Funded from use of reserves. Suitable lighting scheme under review for 2003/04.
SC128	Car Parks Pay on Foot Systems	P. Necus	635	628	7	0	0	0	0	635	0	Approved at City Board 26/11/01. Funded £300k R&R, £450k reserves. Systems installed. Scheme costs reduced by £115k.
SC131A	Access to Buildings - Improvements (171 Arbury Road/Lichfield Hall/Cherry Hinton Road)	R. Hollingsworth	9	4	0	0	0	0	0	4	0	Allocation of DDA funding, £16,500 approved. £8k underspend transferred to unallocated budget for redistribution.



Capital Plan - Approved Items

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SC131B	Access to Buildings - Improvements (All Saints Market)	A. Joyce	1	0	1	0	0	0	0	1	0	Allocation of DDA funding.
SC131C	Access to Buildings - Improvements (Arbury Court)	J. Cowin	30	40	0	0	0	0	0	40	0	Allocation of DDA funding. Work almost complete.
SC131D	Access to Buildings - Improvements (Corn Exchange)	G. Saxby	1	1	0	0	0	0	0	1	0	Allocation of DDA funding.
SC131E	Access to Buildings - Improvements (Hobson House/Mandela House/Guildhall)	T. Attewell	23	6	17	0	0	0	0	23	0	Allocation of DDA funding, £23,500 approved. New reception desk and lift improvement programmed for 2003/04.
SC131F	Access to Buildings - Improvements (Abbey Pool)	J. Roebuck	6	0	6	0	0	0	0	6	5	Allocation of DDA funding.
SC131G	Access to Buildings - Improvements Year 2 (EFS Lift)	A. Scovell	12	12	0	0	0	0	0	12	0	Allocation of DDA funding.
SC131H	Access to Buildings - Improvements Year 2 (Community Centres)	K. Hay	44	10	34	0	0	0	0	44	27	Allocation of DDA funding.
SC131I	Access to Buildings - Improvements Year 2 & 3 - Conveniences on Recreation Grounds	J. Roebuck	76	0	76	0	0	0	0	76	0	Allocation of DDA funding.



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SC131J	Access to Buildings - Improvements Year 2 & 3 (E&P)	P. Studdert	76	0	41	0	0	0	0	41	0	Allocation of DDA funding. £35k transferred to SC211.
SC132	City Services - Environmental Improvements	G. Watts	99	95	4	0	0	0	0	99	2	Approved at City Board 11/02/02. Funded from use of reserves. Work delayed due to other schemes taking precedence.
SC138	Cycling and Walking Strategy	C. Rankin	53	0	53	0	0	0	0	53	0	Approved at City Board 11/02/02. Funded from use of reserves. Strategy adopted in July 2002. Strategy Scrutiny 28/1/03 agreed for £50k to Cycleways (PR07).
SC142	On-Line (E Gov) Payments Implementation of Cash Management System	J. Frost	60	0	94	0	0	0	0	94	17	Approved at City Board 11/02/02. Funded from R&R. Decision yet to be made whether scheme will be Council-wide. Project Appraisal to Strategy Scrutiny 4 May 04 included additional £34k TIF funding.
SC143	Guildhall Passenger Lifts	J. Cowin	120	75	45	0	0	0	0	120	43	Approved at City Board 11/02/02. Funded £35k from R&R and £35k from use of reserves. Additional £50k approved at C&HR Scrutiny Committee 2/7/02. Funded from R&R. Scheme out to tender.
SC148	Computerisation of Land Charges Project	F. Barratt	464	256	216	0	0	0	0	472	55	Approved at City Board 11/02/02. Funded from use of reserves with a five year repayment plan from increases in related fees and charges.
SC152	Guildhall Electricity Supply Upgrade	J. Cowin	125	94	31	0	0	0	0	125	7	Approved at C&HR Scrutiny Committee 2/7/02. Funded from R&R.



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SC154	Allotment Improvements (from S106 Newmarket Rd)	J. Roebuck	107	68	41	0	0	0	0	109	3	Funded from S106 scheme.
SC155	Trumpington Recreation Ground (Basketball Court)	J. Roebuck	29	28	0	0	0	0	0	28	2	Funded from S106 scheme £21k and £8k R&R. Project appraisal to 3/7/03 CD&L Committee.
SC159	Midsummer Common - Access & Path Re-enforcement	J. Roebuck	55	0	55	0	0	0	0	55	0	Funded from S106 scheme.
SC160	Member Services Connectivity Project	G. Olliffe	31	0	31	0	0	0	0	31	8	Approved at Strategy Scrutiny 28/01/03. Funded from Technology Investment Fund (TIF).
SC161	Queen Anne Terrace Car Park Improvements	S Simmonett	2,006	145	1,862	0	0	0	0	2,007	177	Approved at Strategy Scrutiny 28/01/03. Funded from R&R (£310k) and use of reserves (£200k). Further £1,496k approved at Strategy Scrutiny 17/11/03. Funded from use of reserves.
SC162	City Services - Helpdesk Project	G. Watts	145	66	79	0	0	0	0	145	6	Approved at Strategy Scrutiny 28/01/03. Funded from Technology Investment Fund (TIF).
SC163	Compulsory Purchase Orders (CPOs)	R. Coey	635	0	635	0	0	0	0	635	0	£200k approved at City Board 9/7/01. £435k approved at Strategy Scrutiny 28/01/03. Funded from Usable Capital Receipts
SC164	Green Waste Composting Scheme	R. Coey	489	162	358	0	0	0	0	520	131	Approved at Strategy Scrutiny 28/01/03. Funded from Gov't Grant. Orig. approval of £314k reduced to £131k. Additional £358k approved at Strategy Scrutiny 26/1/04. Funded from Gov't Grant.



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SC165	City Services - Replace Entrance Barrier	G. Watts	30	0	30	0	0	0	0	30	7	Approved at Strategy Scrutiny 28/01/03. £20k funded from use of reserves and £10k funded from R&R.
SC166	Improvements to Shop Front Forecourts	J. Cowin	141	0	141	0	0	0	0	141	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves. Scheme out to tender. Akeman St Shops (£23k) & Local Shops Improvement Works (£74k) approved at Strategy Scrutiny 26/1/04. Funded from use of reserves.
SC167	Recycling/Waste Minimisation Initiatives	R. Coey	12	0	12	0	0	0	0	12	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves. £12k budget transferred from SC114. £20k budget transferred to revenue budget as per Env Scrutiny Cttee 1/7/03.
SC169	Credit Card Trial at Grafton Centre Car Parks	S Simmonett	15	0	15	0	0	0	0	15	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves.
SC170	Parks Service - Contractor's Building at Cherry Hinton Hall	J. Roebeck	50	0	50	0	0	0	0	50	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves.
SC175	City Services - Small Printing Press	G. Watts	35	60	0	0	0	0	0	60	0	Transferred from PR17. Funded from R&R.
SC177	Mobile CCTV Cameras	M Beaumont	146	2	144	0	0	0	0	146	59	Apprvd at Strategy Scrutiny 24/3/03. Funded from use of reserves (£50k) and Comm. Safety Printship (£40K). Additnl £36k apprvd at C&HR 13/1/04. Funded from DRF. Additnl £20k apprvd at Strategy Scrutiny 26/1/04. Funded from use of reserves



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SC181	St Matthew's Play Area	J. Roebuck	35	42	66	0	0	0	0	108	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee. Additional £66k S106 funding.
SC182	Allotment Improvements (Whitehill Allotment Site)	J. Roebuck	20	8	12	0	0	0	0	20	0	Funded from S106 scheme.
SC183	Coleridge Recreation Ground & Kings Hedges Recreation Ground Skateboard Park	J. Roebuck	100	0	100	0	0	0	0	100	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee.
SC186	Installation of Audio Conferencing Equipment in Council Chamber	J. Cowin	28	27	1	0	0	0	0	28	0	Approved at C&HR Scrutiny Committee 24/6/03. Funded from R&R.
SC187	Green End Road Recreation Ground	J. Roebuck	15	6	10	0	0	0	0	16	0	Funded from S106.
SC188	Maple Close Allotments - Water supply	J. Roebuck	4	4	0	0	0	0	0	4	0	Funded by S106.
SC189	Folk Museum Redevelopment Grant	J. Cowin	53	0	53	0	0	0	0	53	53	Executive urgent decision 24/9/03 £39,950 funded from use of reserves, Strategy Improvement Fund £8,230 and DRF £4,700.
SC190	Lion Yard Car Park Lift Refurbishment & Repair	S Simmonett	28	28	0	0	0	0	0	28	0	Approved Urgent Action 20 Oct 2003. Funded R&R £14k, Insurance Fund £14k.
SC191	Refurbishment and Extension of The Frater, Priory Road	J. Cowin	25	25	0	0	0	0	0	25	0	Approved at Strategy Scrutiny 17/11/03. Funded form Property Improvement Strategy Fund

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SC192	Development Land on the North Side of Kings Hedges Road	J. Cowin	86	10	76	0	0	0	0	86	17	Approved at Strategy Scrutiny 17/11/03. Funded from Property Improvement Strategy Fund. Stamp duty land tax payment approved at Strategy Scrutiny 26/1/04. Funded from Property Strategy Fund.
SC193	Tourist Information Centre Back Office Refurbishment	N. Bolton	44	0	44	0	0	0	0	44	25	Approved at Strategy Scrutiny 17/11/03. Funded from use of reserves. Project Appraisal to Strategy Scrutiny 26/1/04. Additional £4k funded from R&R.
SC195	St. Andrew's Hall	K. Hay	250	0	250	0	0	0	0	250	0	Approved at Strategy Scrutiny 26/1/04. Funded from S106.
SC196	CCTV Control Room Upgrade & Equipment Replacement	J. Cowin	100	0	100	0	0	0	0	100	0	Approved at Strategy Scrutiny 26/1/04. Funded from R&R.
SC197	Plastics Recycling Scheme	R. Coey	41	0	41	0	0	0	0	41	0	Approved at Strategy Scrutiny 26/1/04. Funded from Government Grant.
SC198	Lammas Land Pavilion	J. Roebuck	30	0	30	0	0	0	0	30	0	Approved at Strategy Scrutiny 26/1/04. Funded from use of reserves.
SC199	City Services - Woodmill Equipment	G. Watts	36	0	36	0	0	0	0	36	0	Approved at Strategy Scrutiny 26/1/04. Funded from R&R.
SC200	Mandela-SCDC Reception	J. Cowin	25	5	25	0	0	0	0	30	28	Strategy Scrutiny 17/11/03
SC 201	Lion House Scheme	J. Cowin	421	5	416	0	0	0	0	421	2	Council 6/12/03
SC202	Fison Road Youth Centre	J. Roebuck	19	4	15	0	0	0	0	19	0	Funded from S106.
SC203	Coldhams Common Drainage	J. Roebuck	100	0	100	0	0	0	0	100	0	Funded by S106. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.



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SC204	Nuns Way Rec Ground - Resurface footpath	J. Roebuck	20	0	20	0	0	0	0	20	20	Funded from S106.
SC205	Stourbridge Common Play Area	J. Roebuck	42	0	42	0	0	0	0	42	0	Funded from S106. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC206	Kings Hedges Learner Pool	J. Roebuck	320	0	10	300	10	0	0	320	0	£175k funded from S106, £110k transferred from SC121, £25k funded from R&R, £10k funded from use of reserves. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC207	Chesterton Recreation Ground - Skateboard Ramp	J. Roebuck	25	0	25	0	0	0	0	25	7	Funded from S106.
SC208	St Andrews Recreation Ground - relocation of skateboard ramp	J. Roebuck	23	0	23	0	0	0	0	23	0	Funded from S106.
SC209	Christs Pieces Play Area Refurbishment	J. Roebuck	50	0	20	30	0	0	0	50	0	Funded from S106 (£45k) and R&R (£5k). Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC210	Hard Surface Cherry Hinton Hall Car Park	J. Roebuck	68	0	68	0	0	0	0	68	0	Funded from S106 (£50k) and R&R (£18k). Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	A. Scovell	39	0	39	0	0	0	0	39	0	Funded from Disabled Access Fund (£4k) and transfer from SC131J £35k. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.



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SC212	Refurbishment of Third Floor Guildhall Offices	G. Olliffe	19	0	19	0	0	0	0	19	28	Approved under urgent action by Executive Councillor for Commercial and Human Resources. Funded from R&R (£18,800).
SC213	Purchase of Central Service Franking Machine	G. Olliffe	15	0	15	0	0	0	0	15	15	Funded from R&R.
SC214	Local Authority Parking Enforcement (LAPE)	P. Necus	656	0	656	0	0	0	0	656	14	Set-up costs associated with new service under agency to the County Council. Capital set-up costs being met in full by the County Council
SC215	Christ Piece - Trees/Landscaping	J. Roebuck	11	0	11	0	0	0	0	11	0	Funded from S106
SC216	Queen Edith Multisport	J. Roebuck	40	0	40	0	0	0	0	40	0	Funded from S106
SC217	Nuns Way - Safer Routes	J. Roebuck	8	0	8	0	0	0	0	8	0	Funded from S106 (approx £8k)
SC218	ServiceMail Upgrade	F. Barratt	28	0	25	3	0	0	0	28	0	Funded from R&R. Project Appraisal to Strategic IT Scrutiny 29 July 2004.
SC219	Mandela House Electrical Improvements	J. Cowin	25	0	25	0	0	0	0	25	0	Funded from IT Infrastructure R&R fund.
SC220	Refurbishment of 23 Market Street	J. Cowin	135	0	135	0	0	0	0	135	0	Funded from External Funding £40k, Property Strategy Fund £78k and use of reserves £17k
SC221	Lion Yard - Contribution to landlord's new phase works	J. Cowin	1,000	0	1,000	0	0	0	0	1,000	0	Contributed to be met from earmarked element from £2m gross receipt for lease extension
SC222	Additional Refuse Round	R. Coey	165	0	140	0	0	0	0	140	0	Additional refuse vehicle and wheelie bins, funded from R&R. Approved Strategy 19/7/2004.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2004/05 Budget (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC223	Additional Recycling Round	R. Coey	145	0	120	0	0	0	0	120	0	Additional recycling vehicle and wheelie bins, funded from R&R. Approved Strategy 19/7/2004.
	Approved Schemes		13,937	4,544	8,623	655	10	0	0	14,874	1,348	
CAPITAL PROGRAMMES												
PR001	Housing Investment Programme (HIP)	J. Hovells		0	11,220	9,707	9,361	9,100	9,330	48,718		Detailed review of schemes is undertaken by Housing Committee.
PR003	City Centre Management Programme	A. Joyce	323	160	57	30	30	30	30	337	0	£35k funding for 2000/01 approved at City Board 6/7/98. 3 year prog (2001/02 - 2003/04) approved at City Board 29/1/01. £30k on-going approved at Strategy Scrutiny 26/1/04.
PR004	Sustainable City Programme	S. Pidgeon	507	263	40	35	35	35	35	443	4	£10k transferred to Arboric. Strategy (PR08) approved at City Board 1/2/99. £50k for 2000/01 approved 29/3/99. 3 year prog. (2001/02-2003/04) approved City Board 29/1/01. £15k transferred to rev. in 2003/04. £35k on-going approved at Strategy Scrutiny 26/1/04
PR005	Neighbourhood Community Planning	K. Hay	536	470	79	0	0	0	0	549	(4)	Scheme amended 8/5/00 City Brd. Additin'l £80k ftd from Hold List, approved 29/01/01. Decisions on match funding for £80k expected in 2002/03. £20k ftd to SC153 Bermuda Terrace C/R. £6k ftd to SC086.
PR006	Safer City Programme	L. Kilkelly	450	233	76	50	0	0	0	359	0	Three year extension of programme approved at City Board 31/01/00. Three year extension of programme approved at Strategy Scrutiny 28/01/03



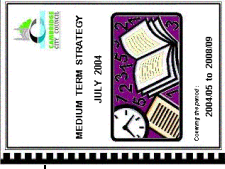
Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2004/05 Budget (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR007	Cycleways	C. Rankin	945	394	251	100	100	100	100	1,045	94	3 yr prog funded by rev contr. Apprvd at 9/11/98 Env Cttee. Addtl £25k pa apprvd C/Bd 29/3/99. Addtl £150k in 02/03 funded from Cnty contribn-for Newmrkt Rd cycleway. Now on-going £50k pa with match funding from County apprvd 28/01/03
PR009	Joint-Use Sports Facilities	J. Roebuck	450	27	446	0	0	0	0	473	0	Apprvd 31/01/00 C/Bd. Funded from u/o/r. Proj appsl for St. Bedes Sports Hall to Nov 2002 CD&L Cttee. Sch. reduced by £50k due to alt. funding for Milton Climbing Centre-apprvd at Strat. Scrut. 28/01/03. Manor Coll proj appst to July Cttee.
PR010	Environmental Improvements Programme	A Thompson	1,200	470	342	150	150	150	150	1,412	29	Scheme approved 8/5/00 City Board. Was shown as SC90. Additional £150k pa approved at City Board 29/1/01. Contributions of £63k achieved by 31/3/03, which will allow additional expenditure. One off £50k reduction in 2004/05.
PR011	Environmental Improvements - Pavements	T. Radford	350	150	50	50	50	50	50	400	5	£50k pa approved at City Board 29/1/01
PR012	Road Safety Schemes - Traffic Calming	G. Lowe	900	495	105	100	100	100	100	1,000	3	Scheme apprvd 8/5/00 City Bd. Addtl £100k pa apprvd at City Brd 29/1/01. Foster Rd & Paget Rd works carried out. Radegund Road on site. Bateman St almost complete. Norfolk Street to start December 2002.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2004/05 Budget (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR013	Road Safety Schemes - Crossings	G. Lowe	585	201	184	75	75	75	75	685	22	Scheme apprvd 8/5/00 City Bd. Addtl £45k pa apprvd at City Bd 29/1/01. Addtl £30k pa drf. Q/Ediths Way, Tvrshm Drift, C/H High St & Crlnn Way up & running. KH Rd about to be instd. Barton Rd & Storeys Way likely. £26,339 S106 rec'd.
PR014	Environmental Safety Fund	P. Littlefair	252	3	141	36	36	36	36	288	39	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	4	11	5	5	0	0	25	6	£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	1,238	617	371	250	0	0	0	1,238	128	City Board 1/2/99 approved. Additional £70k R&R funding. Additional £68k approved City Board 29/1/01. Additional £250k pa approved City Board 11/02/02 for 4 yrs, ending 2005/06.
PR017	City Services - Vehicle Replacement Programme	G. Watts	291	2,813	382	464	300	550	950	5,459	0	Apprvd C/Bd 29/01/01. Funded from R&R. Further sums apprvd at C/Bd 26/11/01. Ext of prog apprvd in 03/04 MTS. £338.5k 2003/04 apprvd 28/01/03. £95k for Refuse Vehicle apprvd at Strategy 7/7/03. £338k apprvd Strategy Scrutiny 26/1/04.
PR018	Bus Shelters	S. Thirion	100	0	25	25	25	25	0	100	0	Approved at Strategy Scrutiny 26/1/04. Four-year programme finishing in 2007/08. Funded from use of reserves.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2004/05 Budget (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
	Approved Programmes		8,152	6,300	13,780	11,077	10,267	10,251	10,856	62,531	325	
TOTAL CAPITAL PLAN			23,399	10,886	23,823	11,732	10,277	10,251	10,856	77,825	1,673	



HOUSING CAPITAL PROGRAMME

	Budget		Forecast			
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES						
External Support						
Use of PCL re: Supported Capital Expenditure (Revenue) allocation	(968)	(1,006)				
Disabled Facility Grants (60%)	(233)	(211)	(211)	(211)	(211)	(211)
Major Repairs Allowance (MRA)	(4,721)	(4,760)	(4,799)	(4,837)	(4,875)	(4,912)
MRA Brought Forward / MRA Carried Forward	(718)					
Total External Support	(6,640)	(5,977)	(5,010)	(5,048)	(5,086)	(5,123)
City Council Funding						
Usable Capital Receipts	(6,700)	(4,600)	(2,300)	(2,300)	(2,300)	(2,300)
Whitlock's Capital Receipt	(2,000)					
Usable Receipts - Low Cost Shared Ownership	(300)	(300)	(300)	(300)	(300)	(300)
Direct Revenue Financing HRA	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)
Repairs & Renewals Funds HRA	(241)	0	0	0	0	0
Compulsory Purchase Orders	(635)					
Total City Council Funding	(11,656)	(6,680)	(4,380)	(4,380)	(4,380)	(4,380)



	Budget		Forecast			
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000	£'000

TOTAL AVAILABLE FUNDING

	(18,296)	(12,657)	(9,390)	(9,428)	(9,466)	(9,503)
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EXPENDITURE

Expenditure on HRA Stock

Spend on Own Stock	6,892	7,521	7,175	6,914	7,144	6,795
Low Cost Home Ownership (Funded from Receipts)	300	300	300	300	300	300
Rawlyn Court Sheltered Scheme	1,482					
Total	8,674	7,821	7,475	7,214	7,444	7,095

Expenditure on General Fund Housing

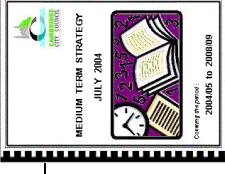
Regulatory Reform Order Initiatives	850	850	850	850	850	
Long-Term Vacants	100	100	100	100	100	
Private Landlords (Non HMO)	85	85	85	85	85	
DIYSO Expenditure	500	500	500	500	500	
Heavy Drinkers Project	507					
Victoria Road Hostel (approved Nov 03)	116					



	Budget		Forecast			
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000	£'000
Compulsory Purchase Orders	635					
Disabled Facilities Grants	388	351	351	351	351	351
Total	3,181	1,886	1,886	1,886	1,886	351
Capital receipts set-aside *	2,052	(529)	0	0	0	(2,100)
TOTAL EXPENDITURE	13,907	9,178	9,361	9,100	9,330	5,346
NET RESOURCES AVAILABLE (in year)	(4,389)	(3,479)	(29)	(328)	(136)	(4,157)
BALANCE BROUGHT FORWARD	(9,623)	(14,011)	(17,490)	(17,519)	(17,848)	(17,983)
UNALLOCATED RESOURCES CARRIED FORWARD	(14,011)	(17,490)	(17,519)	(17,848)	(17,983)	(22,140)

Note :

The above excludes available S106 receipts which need to be spent on affordable housing. (Excludes Homerton receipt of £2.2 million).



Appendix L

Capital Plan - Funding Variations Since Last Report

Source	Funding		2004/05 Projection			Comment
	Type	Last Report (£ 's)	Current (£ 's)	Difference (£ 's)		
External Support	Basic Credit Approvals (BCA)	0	968,000	968,000	New Supported Capital Expenditure (Revenue) allocation	
	Specified Capital Grants (SCG)	211,000	233,000	22,000	Increased allocation	
	Supplementary Credit Approvals (SCA)	0	0	0		
	Other Sources	455,000	1,424,000	969,000	New schemes £710k, £38k reprofiled from 2003/04 (Mobile CCTV : SC177), £230k re: Lion House relocation.	
	Major Repairs Allowance (MRA)	4,721,000	5,439,000	718,000	Allowance carried forward from 2003/04.	
	Section 106	492,000	879,000	387,000	New schemes £410K, £23k reprofiled to 2003/04	
	TOTAL - External Support	5,879,000	8,943,000	3,064,000		

Source	Funding		2004/05 Projection			Comment
	Type	Last Report (£'s)	Current (£'s)	Difference (£'s)		
City Council	Usable Capital Receipts	7,635,000	9,583,000	1,948,000	£2m HRA receipt for the sale of Whitlocks offset by £2.052m set aside to generate interest. £2m gross receipt for Lion Yard lease extension.	
	Direct Revenue Financing (DRF) – HRA	1,780,000	1,780,000	0		
	Direct Revenue Financing (DRF) – GF	290,000	401,000	111,000	Reprofiled from 2003/04 & contribution to Lion House scheme.	
	Repair & Renewals Fund	782,000	1,507,000	725,000	New schemes £102k, £517k reprofiled from 2003/04 & contribution to Lion House scheme	
	Earmarked Reserves	187,000	336,000	149,000	New schemes £93k, £156k reprofiled from 2003/04, removed City Services over-recovery (£100k)	
	Use of Reserves	4,990,000	6,452,000	1,462,000	£1.488m reprofiled from 2003/04, £19k Safer City transfer to revenue	
	Total – City Council	15,664,000	20,059,000	4,395,000		
Total Available Finance	21,543,000	29,002,000	7,459,000			



Appendix M

Capital Plan - Profiling Variations Since Last Report

Capital Ref	Description	Change in 2004/05 Total Cost (£'000's)	Comments
SC011	Chesterton Community College Sports Hall	231	Reprofiled from 2003/04
SC036	Office Relocation	0	Reprofiled from 2003/04, but then transferred to SC201 Lion House
SC062	Stairwell Mirrors in all Car Parks	2	Reprofiled from 2003/04
SC067	Replacement and upgrade of PS2000	45	Reprofiled from 2003/04
SC072	Poster Boards	10	Reprofiled from 2003/04
SC080	Nuns Way Community Building	22	Reprofiled from 2003/04
SC086	Revenues First Software - Phase 2	23	Reprofiled from 2003/04
SC094	Allotment Improvements	1	Reprofiled from 2003/04
SC098	Support for the building programme for the Junction CDC Ltd	200	Reprofiled from 2003/04
SC105	East Chesterton Community Centre	14	Reprofiled from 2003/04
SC107	Recycling Centre for Green Waste	14	Reprofiled from 2003/04
SC116	New Lift to replace Schindler Lift at Lion Yard	4	Reprofiled from 2003/04
SC117	Market Square	3	Reprofiled from 2003/04
SC121	Sports Development	(34)	Reprofiled to 2003/04
SC125	IT Infrastructure Upgrade	71	Reprofiled from 2003/04
SC127	Improvements to Committee Rooms 1 and 2	3	Reprofiled from 2003/04
SC128	Car Parks Pay on Foot Systems	7	Reprofiled from 2003/04
SC131E	Access to Buildings - Improvements (Hobson House/Mandela House/Guildhall)	17	Reprofiled from 2003/04



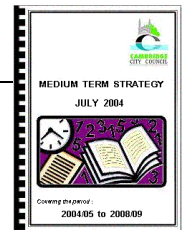
Capital Ref	Description	Change in 2004/05 Total Cost (£'000's)	Comments
SC131F	Access to Buildings – Improvements (Abbey Pool)	6	Additional costs
SC131H	Access to Buildings - Improvements Year 2 (Community Centres)	34	Reprofiled from 2003/04
SC131J	Access to Buildings - Improvements Year 2 & 3 (E&P)	(35)	Transferred to SC211
SC132	City Services - Environmental Improvements	4	Reprofiled from 2003/04
SC142	New Cashiering System	94	£60k reprofiled from 2003/04 + £34k additional funding
SC143	Guildhall Passenger Lifts	(15)	Reprofiled from 2003/04
SC148	Computerisation of Land Charges Project	106	Reprofiled from 2003/04
SC152	Guildhall Electricity Supply Upgrade	31	Reprofiled from 2003/04
SC154	Allotment Improvements (from S106 Newmarket Rd)	(36)	Reprofiled to 2003/04
SC160	Member Services Connectivity Project	31	Reprofiled from 2003/04
SC161	Queen Anne Terrace Car Park Improvements	538	Reprofiled from 2003/04
SC162	City Services - Helpdesk Project	79	Reprofiled from 2003/04
SC165	City Services - Replace Entrance Barrier	30	Reprofiled from 2003/04
SC166	Improvements to Shop Front Forecourts	44	Reprofiled from 2003/04
SC167	Recycling/Waste Minimisation Initiatives	12	Reprofiled from 2003/04
SC169	Credit Card Trial at Grafton Centre Car Parks	15	Reprofiled from 2003/04
SC170	Parks Service - Contractor's Building at Cherry Hinton Hall	(50)	Removed from Capital Plan



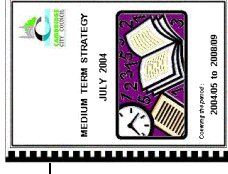
Capital Ref	Description	Change in 2004/05 Total Cost (£'000's)	Comments
SC177	Mobile CCTV Cameras	124	Reprofiled from 2003/04
SC181	St Matthews Play Area	66	Additional s106 contribution
SC182	Allotment Improvements (Whitehill Allotment Site)	12	Reprofiled from 2003/04
SC186	Installation of Audio Conferencing Equipment in Council Chamber	1	Reprofiled from 2003/04
SC189	Folk Museum Redevelopment Grant	53	Reprofiled from 2003/04
SC192	Development Land on the North Side of Kings Hedges Road	12	Reprofiled from 2003/04
SC193	Tourist Information Centre Back Office Refurbishment	44	Reprofiled from 2003/04
SC194	Voluntary First Registration of Council Land	(23)	Removed from Capital Plan
SC200	Mandela – SCDC Reception	25	New scheme - capital outlay recoverable from SCDC
SC201	Lion House Scheme	416	New scheme
SC202	Fison Road Youth Centre	15	New scheme
SC203	Coldhams Common Drainage	100	New scheme
SC204	Nuns Way Recreation Ground - Resurface Footpath	20	New scheme
SC205	Stourbridge Common Play Area	42	New scheme
SC206	Kings Hedges Learner Pool	10	New scheme
SC207	Chesterton Recreation Ground - Skateboard Ramp	25	New scheme
SC209	Christs Pieces Play Area Refurbishment	20	New scheme
SC210	Hard Surface Cherry Hinton Hall Car Park	68	New scheme
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	39	£35k transferred from SC131J & £4k additional funding



Capital Ref	Description	Change in 2004/05 Total Cost (£'000's)	Comments
SC212	Refurbishment of Third Floor Guildhall Offices	19	New scheme
SC213	Purchase of Central Services Franking Machine	15	New scheme
SC214	Local Authority Parking Enforcement	656	New scheme - all capital costs refundable from the County Council
SC215	Christs Pieces – Trees / Landscaping	11	New scheme
SC216	Queen Edith's Multisport	40	New scheme
SC217	Nuns Way – Safer Routes	8	New scheme
SC218	ServiceMail upgrade	25	New scheme
SC219	Mandela House Electrical Improvements	25	New scheme
SC220	Refurbishment of 23 Market Street	135	New scheme
SC221	Lion Yard – Contribution to Landlord's works on new phase	1,000	New scheme – funded from lease extension receipt
SC222	Additional Refuse Round	165	New scheme
SC223	Additional Recycling Round	145	New scheme
	Capital-GF Projects	4,467	
PR001	Housing Investment Programme (HIP)	(1,841)	Receipts set-aside to generate interest removed from expenditure total (£2,052), other changes (£211k) reported to Housing & Health Cttee.
PR003	City Centre Management Programme	27	Reprofiled from 2003/04
PR004	Sustainable City Programme	5	Reprofiled from 2003/04
PR005	Neighbourhood Community Planning	(1)	Reprofiled to 2003/04
PR006	Safer City Programme	26	Reprofiled to 2003/04
PR007	Cycleways	(4)	Reprofiled to 2003/04



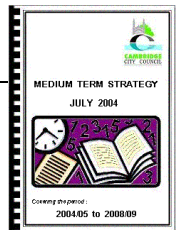
Capital Ref	Description	Change in 2004/05 Total Cost (£'000's)	Comments
PR009	Joint-Use Sports Facilities	21	Reprofiled from 2003/04
PR010	Environmental Improvements Programme	17	Reprofiled from 2003/04
PR012	Road Safety Schemes - Traffic Calming	(5)	Reprofiled to 2003/04
PR013	Road Safety Schemes - Crossings	109	Reprofiled from 2003/04
PR014	Environmental Safety Fund	13	Reprofiled from 2003/04
PR015	Repair and Refurbishment Programme - Hobsons Conduit	3	Reprofiled from 2003/04
PR016	Public Conveniences	121	Reprofiled from 2003/04
PR017	City Services - Vehicle Replacement Programme	44	£20k reprofiled from 2003/04 and £24k b/f from 2005/06
	Capital-Programmes	(1,465)	
	TOTAL CAPITAL PLAN	3,002	



Appendix N

Capital Bids - Hold List

Ref.	Proposed Scheme / Programme & Comments	Cost to CCC (£ 000's)	External Funding (£ 000's)	Phasing of Expenditure					Funding Source			
				2004/05 (£000's)	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	Cap	R&R	Rev	
COMMERCIAL AND HUMAN RESOURCES												
H14	Cleaning & Restoring Outside of Guildhall <i>Approval to place on Hold List – City Board 31 Jan. 2000</i>	128	-	128	0	0	0	0	0	✓	x	x
H18	Cellarers Chequer Roof Repair <i>Approval to place on Hold List – Strategy Scrutiny 28 Jan. 2003</i>	28	-	28	0	0	0	0	0	✓	x	x
H20	Reception Facilities - Mandela / Hobson House <i>Approval to place on Hold List - Strategy Scrutiny 17 Nov. 2003</i>	470	37	507	0	0	0	0	0	✓	x	x
TOTAL		626	37	663	0	0	0	0	0	0	0	0



Appendix O

Budget Preparation Timetable

Timetable for the key stages in the 2004/05 Corporate Planning and Decision-Making Cycle and Budget Preparation process

Proposed Date	Major Stage
25 May	Timetable for production of MTS and 'deliverables' list to CMT
10 June	Return of 'deliverables' list information from Departments
10 June	Council Elections
22 June	CMT / Executive Councillors Meeting
24 June	Council AGM - adopts Annual Statement which indicates outline plan & priorities for 2005/06
24 June	First Scrutiny Committee Reports to be sent to Committee Manager <i>- including draft MTS Executive Summary for consultation</i>
<i>various</i>	MTS Presentations to Members
6 July	Feedback to CMT on final MTS document
6 July	Final MTS to Committee Manager for Strategy Scrutiny Committee
6 July to 15 July	Scrutiny Committee meetings <i>- providing feedback to Leader for</i>
19 July	Strategy Scrutiny Committee meeting
↓	<i>Updating for new events / information</i>
31 August	Final 'Revised' MTS to Committee Manager for Council meeting
31 Aug / 1 Sept	'Revised' MTS Presentations to Members
9 September	Council agrees MTS



Proposed Date	Major Stage
31 Oct	IEG3 statement submitted to ODPM.
<i>Oct Cycle</i>	See separate table below : performance against Service Plans for current year 2004/05
mid Nov	Provisional Government Settlement figures issued
mid Dec	Executive issues Draft Service Plans and budgets for all Scrutiny Committee areas
<i>Jan Cycle</i>	See separate table below: Draft Budgets & Service Plans for 2005/06
10 Feb	Executive Budget Meeting which considers final Service Plans, budgets, precept and tax requirements
24 Feb	Council sets Council Tax precepts and levels
25 Feb	Final approved budgets to be sent to Cost Centre Managers by Finance
25 Mar	2005/06 Budget Book published by Finance
Jan - Mar	Medium Term Objectives cascade through staff appraisals



October / November Scrutiny Committee Cycle

[to consider current year performance 2004/05]

For Week Commencing	Commercial & Human Resources	Housing & Health	Environment	Community Development & Leisure	Strategy
Draft Agenda despatched	12 Oct.	13 Oct.	19 Oct.	21 Oct.	25 Oct.
Final Agenda publication	28 Oct.	29 Oct.	4 Nov.	8 Nov.	10 Nov.
Committee Dates	9 Nov.	10 Nov.	16 Nov.	18 Nov.	22 Nov.

January Scrutiny Committee Cycle

[to consider Draft Budget & Service Plans 2005/06]

For Week Commencing	Commercial & Human Resources	Housing & Health	Environment	Community Development & Leisure	Strategy	Exec. Budget Meeting
Draft Agenda despatched	21 Dec.	22 Dec.	22 Dec.	30 Dec.	10 Jan.	
Final Agenda publication	6 Jan.	7 Jan.	13 Jan.	17 Jan.	26 Jan.	
Committee Dates	18 Jan.	19 Jan.	25 Jan.	27 Jan.	7 Feb.	10 Feb.

Note : Agenda despatch dates are as set by Committee section and reports are due to be submitted by 9am on these dates; final report despatch dates are the day before the above "publication" date.



Appendix P

Cash Limit Calculation - 2005/06

Committee	Adj. Gross Expend. (£'s)	Inflated Base Budget (£'s)	Reductions Required (£'s)	Cash Limit (£'s)
Commercial and Human Resources	3,530,420	(2,275,750)	91,640	(2,367,390)
Community Development & Leisure	12,350,690	9,360,270	320,570	9,039,700
Environment	15,355,600	7,006,790	398,570	6,608,220
Housing and Health	1,707,810	2,416,120	44,330	2,371,790
Strategy	2,799,550	2,696,800	72,660	2,624,140
Committee Total	35,744,070	19,204,230	927,770	18,276,460
<i>add</i> Priority Policy Fund		500,000		
<i>add</i> Unavoidable cost		1,038,900		
<i>add</i> Other items		155,000		
<i>add</i> Contribution to capital		1,368,000		
<i>less</i> AMRA & MRP adjustment		(4,817,430)		
<i>less</i> Use of Reserves		(635,480)		
<i>less</i> Council Tax income		(5,052,760)		
<i>less</i> Total External Support		(10,832,690)		
Reduction Target		927,770		

Reduction calculation :

Based on excluding contractual obligations
- target rate : 2.60%



Appendix Q

Current Major Contracts / Agreements

The main contracts / agreements currently in operation for the provision of Council services.

Contract / Agreement	Contract Period / End Date	Approx. Current Value (£ 000's)
EXTERNAL CONTRACTS		
In formation Technology (IT)	5 years to 30 November 2005	1,200
Swimming Services	7 years to 30 September 2009	650
Local Authority Parking Enforcement (LAPE)	5 years to 24 October 2009	750
INTERNAL TRADING ARRANGEMENTS		
City Services	Contractual arrangements currently being revised	3,900
Housing Management	Contractual arrangements currently being revised	2,000
Other		466



Appendix R

Programme of Best Value Fundamental Service Reviews

Reviews due to be completed by July 2003

Review	Services Covered
Revenue Services	Council Tax, National Non Domestic Rates, Council Tax Benefits and Housing Benefits
Housing Repairs & Maintenance	Planned & Responsive Repairs and Maintenance to the Council's Housing Stock.

Reviews to be completed over the next two years

Review	Detail
Supporting People	A review of the Council's Sheltered Housing Accommodation needs and part of a cross county review with other districts and registered social landlords (linked to the Supporting People Review).
Tenancy Management	A review of the way in which Council Housing is allocated, rents and income and the role of tenants in the management of their housing and estates.
Support Services	A review of all the Council's support services e.g. Human Resources, Legal Services, Property Services and Accountancy & Audit Services to ensure that these services are being delivered efficiently, effectively and economically.



Appendix S

Progress Against the Medium Term Objectives

(1) Better Services

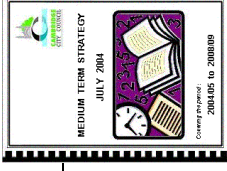
PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Delivering high quality services in a fair and equal way to all sections of the community.								
LP1 (BV88 01/02)	Number of collections missed per 100,000 collections of household waste.	40	25	1st 1,147 2nd 781 3rd 553 4th 1,102	1,102	20		Performance has fallen this year due to poor weather conditions which resulted in the postponement of collections for health and safety reasons. Figures shown are running totals.
BV2a	The Level of the Equality Standard to which the authority conforms.	1	2		1	3		Whilst we have made progress towards level 2, we will need to develop our Equalities Impact Assessments further to achieve this level.
BV2b (New)	The duty to promote race equality.	N/A	N/A		63%	N/A	New Indicator	This indicator measures our achievement against a checklist of race equality processes. We will set targets in 2004-05.
BV156	% Authority buildings which are suitable for and accessible to disabled people.	22.2%	22.2%		23.5%	25.0%		In 2004-05 we will introduce a local indicator which measures building compliance with the Disability Discrimination Act.
LPI (New)	(i) % of total days public conveniences are available for use.	97%	98%		95%	98%	New Indicator	Improvements to toilet blocks have been carried out in relation to the capital programme and the Lion Yard redevelopment.
	(ii) Number of toilet blocks of a 3/5 star rating or higher.	16	19		19	19	New Indicator	



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV3	% Citizens satisfied with the overall service provided by the authority.	77%*	N/A		58%	N/A	N/A	Although levels of satisfaction with individual services have generally improved, overall satisfaction has dropped considerably. *Figure comes from 2000 Citizen Satisfaction Survey.
BV74 (New)	% Tenants satisfied with the Council as a Landlord.	78% (00/01 data)	N/A		71%	N/A	N/A	The new breakdown by BME and non-BME staff shows that overall satisfaction is not affected by ethnic origin.
	(i) % BME Tenants satisfied with the Council as a Landlord.	N/A	N/A		71%	N/A	New Indicator	
	(ii) % non-BME Tenants satisfied with the Council as a Landlord.	N/A	N/A		71%	N/A	New Indicator	
BV90	(i) % People expressing satisfaction with recycling facilities.	61%*	N/A		88%	N/A	N/A	*Figure comes from 2000 Citizen Satisfaction Survey.
	(ii) % People expressing satisfaction with waste collection facilities.	92%*	N/A		64%	N/A	N/A	*Figure comes from 2000 Citizen Satisfaction Survey.

Make decisions in an open and accessible way, so that local residents can understand the way the Council works and are able to have a say in the decisions that affect their lives.

LPI (new)	Number of members of the public attending meetings (including area committees).	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?
LPI (new)	Number of members of the public attending meetings (including area committees).	N/A	N/A	2nd 503 4th 531	1,034	N/A	New Indicator
LPI (new)	Number of speakers (members of the public) and petitions at meetings.	N/A	N/A	2nd 109	247	N/A	New Indicator



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
				4th 138				
LPI (New)	(i) % People who agree or strongly agree that the Council tells residents what it is doing.	N/A	N/A		N/A	N/A	New Indicator	This information will be included in our Autumn 2004 Survey
	(ii) % People who agree or strongly agree that the Council takes residents views into account when making decisions.	N/A	N/A		N/A	N/A	New Indicator	This information will be included in our Autumn 2004 Survey



(2) A Strong Economy and Attractive Environment

PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV8	% of invoices paid within 30 days of receipt.	95.7%	97.5%	1st 95.3% 2nd 95.6% 3rd 96.0%* 4th 95.9%	95.9%	98.5%		We continue to monitor this indicator quarterly at Corporate Management Team meetings, but any further improvement is likely to require major investment of resources.
QoL22 (New)	Number of days per year when pollution is moderate or higher.	(a) 19 (b) 0 (c) 7	N/A		(a) 21 (b) 12 (c) 9	No target set	New Indicator	(a) Parker St/ (b) Gonville Place/ (c) Silver St. There were more polluted days last year due to a hot summer dominated by high pressure weather systems.
QoL29 (New)	Annual average traffic flow on Cambridge roads.	N/A	N/A		170036	No target set	New Indicator	The number of motor vehicles leaving Cambridge per day was about 450 less than in 2002.
LPI (New)	% Increase or decrease in VAT registered businesses annually.	N/A	N/A		(+10.72% (2002 data)	No target set	New Indicator	The latest data is from 2002. In 2002, 330 businesses were registered and 305 de-registered. Total businesses are 3475. However, there are thought to be many more unregistered businesses in the city.
LPI (New)	% Increase or decrease in the number of local jobs.	N/A	N/A		(+16.37% (2002 data)	No target set	New Indicator	Total jobs within the city have risen from 82,880 to 88,156. The City Council can have a limited effect on local businesses and local jobs.
LPI (New)	(a) % Local shops re-let within 6 months.	N/A	100%		0%	100%	New Indicator 	Only one shop was re-let in this period taking longer than 6 months. Negotiations for shop lettings are often long.

Protect and enhance both the environment and economic dynamism of the City, providing support to local communities to enhance the capacity of local people and their ability to participate in the life of the city



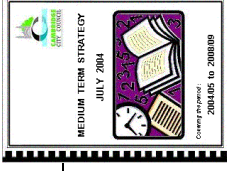
PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
	(b) % Local offices re-let within 3 months.	N/A	100%		83%	100%	New Indicator 	6 offices re-let: 5 in under 3 months.
	(c) % Local industrial premises re-let within 3 months.	N/A	100%		50%	100%	New Indicator 	26 units re-let: 13 in under 3 months.
BV111	% Applicants and those commenting on planning applications satisfied with the service received.	77%*	N/A		71%	N/A	N/A	Satisfaction has fallen by 6%, a trend mirrored throughout the region. Due to the number of survey respondents, these figures are accurate to +/- 8%. *Figure comes from 2000 Citizen Satisfaction Survey.

Provide attractive and cleaner streets, neighbourhoods and open spaces so that they enhance the well-being and quality of life of Cambridge residents and visitors

QoL28 (LPI 02/03)	% highways that are of an acceptable or higher standard of cleanliness.	93.0%	93.0%	1st 93.5%	95.0%	95.0%	
				2nd 92.0%			
				3rd 93.3%			
				4th 95.0%			
LPI (AV/1)	Average time taken to remove abandoned vehicles (days).	11	10	1st 11	9	10	
				2nd 11			
				3rd 9			
				4th 9			
LPI (new)	a) % graffiti cleanups within 5 days.	95.2%	92.0%	1st 90.4%	94.3%	94.0%	
				2nd 93.2%			
				3rd 95.2%*			
				4th 94.29%			
	b) % abusive graffiti within 1 day.	99.1%	98.0%	1st 100%	100.0%	98.0%	
				2nd 100%			

*Figures shown are running totals

Performance has been good this year. We aim to maintain our rapid removal times in future years, despite the anticipated rise in the number of vehicles abandoned.



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
				3rd 100%* 4th 100% .				
LPI (new)	% of Parks and Open Spaces to an acceptable or higher standard of maintenance.	72%	72%	1st 70.1% 2nd 71.7% 3rd 73.9% 4th 75.2%	75%	72%		*Figures shown are running totals
LPI (New)	% People expressing satisfaction with a) public toilets and b) parks and open spaces.	N/A	N/A		a) N/A b) 92%	No target set	New Indicator	This information will be included in our Autumn 2004 Survey
BV89	% People satisfied with cleanliness standards.	77%*	N/A		64%	N/A	N/A	*Figure comes from 2000 Citizen Satisfaction Survey.

Reduce levels of crime and fear of crime in the city by working with partners to deliver the Community Safety Strategy.

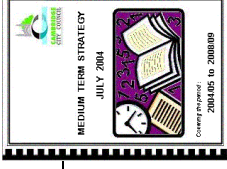
BV126	Domestic burglaries per 1,000 households.	28.1	23.3		24.6	23.1		We are working with the police to reduce burglary through our Community Safety Strategy. We provide advice, advertising and property marking kits. Police operations have recently arrested several prolific burglars, which has helped with the reduction. No
BV127	Violent crimes per 1,000 population: (a) committed by a stranger. (b) committed in a public place. (c) connected to a licenced premise. (d) committed under the influence.	27.0	27.0		27.4	N/A		Indicator deleted for 2004-05.
		10.6 12.7 1.2	10.6 12.7 1.2		10.2 13.1 1.7	N/A N/A N/A		
		1.7	1.7		2.2	N/A		



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
B128	Vehicle crimes per 1,000 population.	17.4	16.1		14.2	16.1		Vehicle crime is a priority for the Community Safety Strategy, and police operations have targeted prolific offenders, which has helped with this reduction. No target has been set for 2005-06 as the current Community Safety Strategy is for 2002-05.
LPI (New)	(a) % People who feel 'fairly safe' or 'very safe' after dark while outside in the authority area.	N/A	N/A		35%	N/A	No target set	40% felt unsafe, with 25% neither safe or unsafe.
	(b) % People who feel 'fairly safe' or 'very safe' during the day while outside in the authority area.	N/A	N/A		84%	N/A	No target set	5% felt unsafe, with 11% neither safe or unsafe.

Encourage sustainable waste management through recycling and waste minimisation.

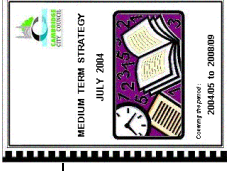
BV82a	% of total tonnage of household waste arisings recycled.	11.7%	17.0%	1st 12.1% 2nd 13.6% 3rd 10.5% 4th 13.4%	13.5%	14.0%		**These figures were amended by our auditor. Our recycling and composting targets are statutory and will prove difficult to meet. However, we are improving year on year. We have increased the proportion of waste recycled and composted to a combined figure of 23.4%. In 2004-05, we have extended our green bin recycling scheme across the final third of the city.
BV82b	% of total tonnage of household waste arisings which have been sent for composting.	5.9%	11.0%	1st 11.0% 2nd 12.4% 3rd 10.7% 4th 9.9%	9.9%	16.0%		
BV84	Number of kilograms of household waste collected per head of population.	436	412	1st 111.9 2nd 112.6 3rd 106.4 4th 98.1	429	450		The expected national increase in the amount of waste produced did not occur in 2003-04. We anticipate the increase to continue in 2004-05. *This figure was amended by our auditor.
BV86	Cost of household waste collection per household.	£38.49	£37.45		£37.20	£40.41		The third green bin recycling round has been implemented in 2004-05, which will push up waste collection costs.







PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV91	% Population served by a kerbside collection of recyclables.	89%	90%		90%	91%		Those without a kerbside collection scheme live mainly in flats, which make up 22% of the housing stock. We are trying to devise a system to meet their needs.

Reduce the impact of traffic on the city by promoting and supporting improved public and community transport, cycling and walking.

LPI (New)	Local bus passengers entering and leaving Cambridge per day.	26,800	24,000		25,000	N/A	New Indicator	Although performance has deteriorated, Cambridgeshire has still exceeded the target agreed with the Government of 24,000.
LPI (New)	Park and Ride: off-street parking ratio.	N/A	N/A		38:62	N/A	New Indicator	The latest figures show that approximately 1.1 million cars per year are using the Park & Ride sites compared to approximately 1.8 million using off-street car parks.
QoL30 (New)	% of children travelling to and from school by different modes: Car. Bicycle. Bus. Train. Walk. Other.	N/A	N/A		N/A	N/A	New Indicator	<i>This survey was not carried out in 2004.</i>
QoL31 (New)	Kilometres of dedicated cycle routes per 100km of roads.	N/A	N/A		Not collected		New Indicator	<i>It has not been possible to collect this indicator. The information is not available.</i>
LPI (New)	Modal share of: (a) cyclists (b) pedestrians.	(a) 17 (b) 18	N/A		(a) 19 (b) 20	N/A	New Indicator	



(3) Better Housing

PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Work to address the City's overall housing shortage, to maximise the supply of affordable housing in the city and to ensure Cambridge residents have safe and decent homes, whether in supported housing, or with aids and adaptations to live in their own homes.								
QoL13a (New)	% of households that can afford to purchase the average first time buyer's property in the area.	N/A	N/A		2.8	N/A	New Indicator	There are no targets set in this area.
QoL13b (New)	Affordable housing (house price/earnings affordability ratio).	N/A	N/A		8.3	N/A	New Indicator	There are no targets set in this area.
LPI (New)	(i) Number of new homes built.	175	175		596	300	New Indicator 	Performance is well above target as a number of large sites have been developed in the last year.
	(ii) number of houses brought back into occupation.	0	7		11	15		Performance has improved this year due to better monitoring systems. We expect to continue to improve in 2004-05.
BV184a	% of LA homes which were 'non-decent' as at 1 April each year.	28%	28%		48%	42%	N/A 	A stock condition survey completed in December 2002 found 48% of our stock to be non-decent. Our targets have been amended to reflect these findings, and we will review them as we review our Housing Business Plan
BV184b	% change in proportion of non-decent LA homes between 1 April one year and the next.	0%	13% Reduction		12.5% Reduction	7% Reduction	N/A 	



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Improve the management of the housing owned by the Council in a way which involves tenants and responds to their needs.								
BV185	% responsive repairs for which the authority made and kept an appointment.	73%	80%	1st 89% 2nd 92% 3rd 97% 4th 88%	88%	90%		We are above target, but the top quartile figure is rising as other authorities improve. We have identified steps to make a greater number of appointments. *Our auditor had reservations about the collection of this data.
LPI (01/02 BV72)	% urgent repairs completed within the national time limit.	95%	97%	1st 90% 2nd 92% 3rd 85% 4th 93%	93%	N/A		The Council is entering into a repairs partnering contract which will introduce a new set of PIs. We will set targets once we have some meaningful data.
LPI (01/02 BV73)	Average time (days) taken to complete non-urgent repairs.	15	13	1st 18.9 2nd 16.5 3rd 14.6 4th 11.6	14.9	N/A		
LPI	Average relet times (days) for LA dwellings.	30.4	20*	1st 19.8* 2nd 24.0. 3rd 19.3. 4th 23.1.	20	20		*Indicator now measures standard voids (available for letting immediately) rather than all voids. Target has been revised to 20 days.
BV66a	% rent collected.	97.60%	98.00%	1st 97.22% 2nd 97.05%* 3rd 97.14% 4th 97.72%.	97.72%	98.25%		*This figure is actual as at 24 weeks instead of 26.



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV74 (New)	% Tenants satisfied with the Council as a Landlord.	78% (00/01 data)	N/A		71%	N/A		The new breakdown by BME and non-BME staff shows that overall satisfaction is not affected by ethnic origin.
	(i) % BME Tenants satisfied with the Council as a Landlord.	N/A	N/A		71%	N/A	New Indicator	
	(ii) % non-BME Tenants satisfied with the Council as a Landlord.	N/A	N/A		71%	N/A	New Indicator	
BV75 (New)	% Tenants satisfied with opportunities for participation in management.	84% (00/01 data)	N/A		51%	N/A		Performance appears to have fallen significantly since 2000, and the level of dissatisfaction has increased slightly. However, the biggest change since 2000 is the proportion of tenants who are neither satisfied or dissatisfied (from 7% to 39%). Perhaps this is caused by a change in methodology. The latest survey was postal instead of face to face, which can affect the way people answer the questions.
	(i) % BME Tenants satisfied with opportunities for participation in management.	N/A	N/A		40%	N/A	New Indicator	
	(ii) % non-BME Tenants satisfied with opportunities for participation in management.	N/A	N/A		50%	N/A	New Indicator	

Work with the voluntary and statutory agencies to prevent homelessness in the City and tackle its consequences.

QoL15	Number of homeless households per 1,000 households.	N/A	N/A	2 nd 4 th	Not collected	N/A	N/A	We have been unable to collect this indicator.
BV183a (new)	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	6.8	0	2 nd 4 th	5.7	6		The government have set a target of 0 for the use of B&B except in an emergency, where the maximum length of stay is 6 weeks. We will work to ensure we remain below this target in all emergency cases.

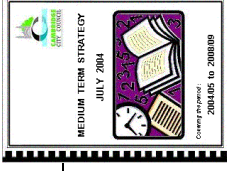


PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV183b (new)	b) hostel accommodation.	22.5	0	2nd 26.0 4th 22.5	22.5	22		Our hostels are of a high standard and are often the most appropriate temporary housing solution for clients.
LPI	Average time (days) taken to decide whether to accept people as homeless.	30	20	2nd 23 4th 23	23	20		Although we are not meeting our target, performance has been improving steadily since July 2003 as we are using new IT systems to monitor cases more efficiently. We may be able to improve further but we must be careful not to compromise the quality of decisions taken.
LPI (New)	Average number of homeless households in temporary accommodation during the year in B&B accommodation: a) Families with children.	N/A	N/A	2nd 6.6 4th 3.0	4.8	N/A	N/A	We do not set targets for these indicators.
LPI (New)	b) 16-17 year olds.	N/A	N/A	2nd 3.5 4th 2.8	2.8	N/A	N/A	
LPI (New)	c) 18-25 year olds.	N/A	N/A	2nd 1.8 4th 2.2	2.2	N/A	N/A	
LPI (new)	Number of rough sleepers.	10	8	2nd 13 4th 11	11	10		The Government have set a target of 10 for this PI. We will consider setting more challenging targets in future years.
LPI (New)	Rough sleepers permanently rehoused (% who have achieved a 12 month tenancy).	N/A	N/A		94%	N/A	New Indicator	"Permanently Rehoused" refers to clients referred to the Tenancy Sustainment Team, who have sustained a 12-month tenancy. The introduction of a new database this year will provide much better information next year, and we aim to set targets in January.



(4) A Healthy and Thriving Community

PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Support a flourishing and diverse voluntary and not-for-profit sector by providing funding to local community groups, as well as the professional voluntary and not-for-profit sector.								
LPI (New)	Amount spent by the Council on grant aid annually.	N/A	N/A		1,085,074	1,079,760	New indicator	
LPI (New)	% Spend in disadvantaged areas.	N/A	N/A		Not collected	N/A	New indicator	It is not possible to collect this indicator. Some council departments consider 'geographical' disadvantaged areas, while some focus on 'disadvantaged groups'.
Ensure Cambridge residents can access a range of sports, arts, recreational and community facilities, particularly targeting areas and communities that are the most disadvantaged.								
LPI (new)	Number of people using community facilities.	N/A	N/A	2nd 134,234 4th 289,000	289,000	270,000	New indicator	Attendance has increased at the Meadows Centre due to changes arising from the Best Value Review, for example improved marketing and new workshops.
LPI	(i) Take-up of City Leisurecard 'A'.	N/A	N/A				N/A	
LPI	(ii) number of people who take up Leisurecard 'A' as a percentage of those eligible for the Leisurecard.	N/A	N/A		Not collected	N/A	N/A	Eligibility for Leisurecard A requires people to collect Disability Benefits, Housing Benefit, Council Tax Benefit, Family Credits or Job Seekers Allowance. We have been unable to obtain these figures.
LPI (New)	Standard achieved for youth involvement in democracy.	N/A	N/A		Emerging	N/A	New Indicator	Authorities are classed as 'Emerging', 'Established' or 'Advanced' in relation to a checklist on the 'Hear by Right' standard of youth involvement in local democracy.



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV119	Percentage of residents by targeted group satisfied with the local authorities cultural and recreational activities: a) Sport/Leisure facilities b) Folk Museum c) Corn Exchange d) Parks/Open spaces, play areas and other community recreation facilities and activities.	58% 58% 60% 80%	N/A		64% 67% 69% 92%	N/A	N/A	Due to the number of survey respondents, these figures are accurate to within +/- 2.7%
BV119	Percentage of users very/fairly satisfied with: a) Sports/Leisure facilities b) Folk Museum c) Corn Exchange d) Parks/Open spaces Percentage of non-users very/fairly satisfied with: a) Sports/Leisure facilities b) Folk Museum c) Corn Exchange d) Parks/Open spaces	82% 83% 85% 90% 38% 55% 42% 41%	N/A		77% 81% 82% 94% 40% 47% 43% 67%	N/A	N/A	Due to the number of survey respondents, these figures are accurate to within +/- 3.0%
BV119	Percentage of respondents very/fairly satisfied with the Council's Cultural and Recreational Services overall: BME respondents. Non-BME respondents. Female respondents. Male respondents.	45% 48% 45% 54%	N/A		60% 59% 61% 56%	N/A	N/A	Due to the number of survey respondents, these figures are accurate to within +/- 10.5% Due to the number of survey respondents, these figures are accurate to within +/- 9.2%



PI Code	Indicator Description	2002-03 Actual	2003-04 Target	2003-04 Quarter	As at Mar 04	2004-05 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Work with partners to achieve better health outcomes for those who live and work in Cambridge.								
QoL11 (New)	Infant Mortality.	N/A	N/A		5.9	N/A	New Indicator	There are no targets set for this indicator.
LPI (New)	Deaths from accidents.	N/A	N/A		19	N/A	New Indicator	There are no targets set for this indicator.
LPI (New)	Excess winter deaths.	N/A	N/A		34	N/A	New Indicator	There are no targets set for this indicator.

Key :

BV - Best Value Performance Indicator

LPI - Local Performance Indicator

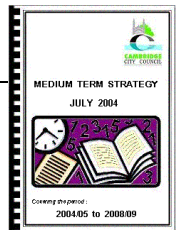
QoL - Quality of Life Indicator



Achieving target.



Not achieving target



Key Contacts

Topic	Contact	Tel : (01223)	Email :
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