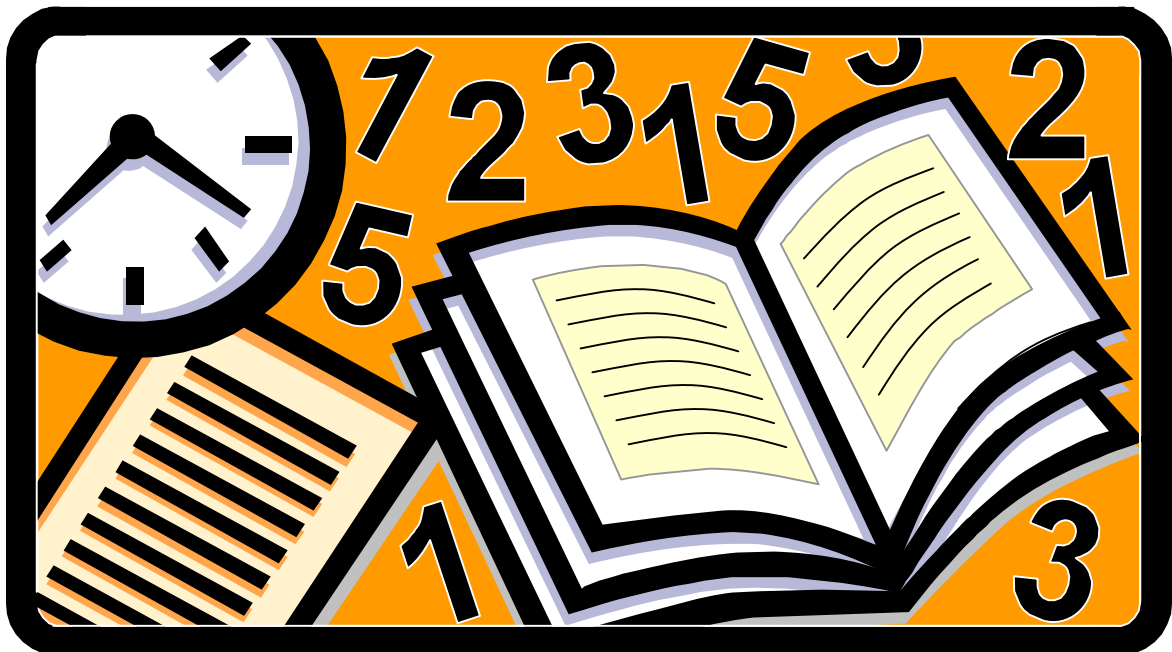




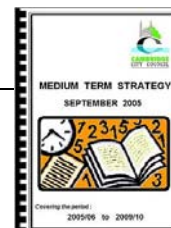
MEDIUM TERM STRATEGY

SEPTEMBER 2005



Covering the period :

2005/06 to 2009/10



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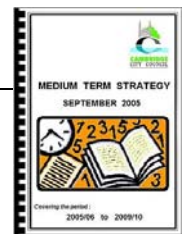
Executive Summary

Introduction

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

Policy Context

- 3) The key policy context for the MTS was outlined in the MTOs, and supporting detail, which were approved by the Council at its meeting on 24 June 2005.
- 4) This included determination of the priorities for decision-making in setting the budget for 2006/07. The key elements for prioritisation are :
 - Contribution to the MTOs (adverse effects will be reflected in low prioritisation)
 - Improving Council performance as measured by nationally significant Performance Indicators (savings resulting in adverse effects would be a very low priority)
 - Bids are expected to have explored procurement options, including partnership working
 - Bids representing additional cost to existing services must demonstrate that no further offsetting efficiency savings are available in that service.
- 5) The 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.
- 7) The Council is currently working with a number of key partners to deliver target outcomes which have been agreed with the Government through the second round of Local Public Service Agreements (LPSAs) and the pilot phase of Local Area Agreements (LAAs). As these initiatives develop they are likely to become key focal points for joint delivery against agreed shared objectives and targets.



Demographic Factors

- 8) 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
- 9) 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.
- 10) 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).
- 11) This is of particular significance as it is the key element for the distribution of Government grant under the present Formula Grant system.
- 12) 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.
- 13) Recent revisions to the estimation process used by the Office of national Statistics (ONS) in determining the population estimates used in the formula grant mechanism, have resulted in the City again being attributed with the net effects of international migration.
- 14) The resulting increases of around 2,000 to 3,000 per year have made the City one of the top 10 fastest growing local authorities in population terms.
- 15) Whilst this is positive in terms of grant entitlement, the effect will only result in long-term grant stability if international migrants are settling in the City on a permanent basis, resulting in increased population in future Census data.
- 16) This is yet to be empirically demonstrated, and if it is not the case the City could face downward revisions at the next Census comparable with that experienced from Census 2001.



- 17) Regional planning issues will also have an impact for the services delivered by the Council, primarily in the medium and longer-term. This will reflect the final adoption of the new Local Plan, and particularly the implications of the City's position within the Growth Agenda.
- 18) The City is working with key stakeholders, in particular Cambridgeshire Horizons, South Cambridgeshire District Council and the County Council, to estimate and plan for the implications of the Growth Agenda.
- 19) Whilst Government funding and section 106 funding will assist with the provision of the required infrastructure, this may not cover the full cost; and will certainly not support the ongoing service (and consequent revenue cost) pressures which will affect the City from not only its own increased level of residents but also those in neighbouring districts using services provided in the City.
- 20) This will be a key area for development as part of the budget process, and in future MTS documents.

Treasury Management

- 21) 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.
- 22) 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.
- 23) 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%).
- 24) 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 housing, the policy for future years will be reviewed as part of the current MTS and budget process.
- 25) Independent consultancy work supporting the recent Stock Option Appraisal confirmed that Prudential Borrowing would be less effective over the longer-term than direct revenue funding of capital expenditure using the stream of revenue funding available within the HRA.



- 26) The main factor for projections of actual investment income continues to be the levels of market rates. The 0.25% reduction in the base rate announced by the Monetary Policy Committee (MPC) of the Bank of England following its' meeting on 3 & 4 August 2005 was the first change after a period of 11 months where the rate was constant at 4.75%.
- 27) Although the Consumer Price Index (CPI) has been below the Government's 2.0% target, cost pressures are rising. This has been reflected in a rate of 2.3% in July 2005, the highest rate since the start of the official data series in 1997.
- 28) The level of CPI is anticipated to fall as the impact of recent increases in oil prices moderate, and pressures on capacity ease; though it may rise above the target level again as output growth picks up and the contribution from import prices increases.
- 29) The next meeting of the MPC will be on 7 & 8 September 2005, with the next Bank of England Inflation Report due for publication on 16 November 2005. These will give further indications on the medium term prospects.

Financial Projections - Revenue

- 30) 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.
- 31) 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.
- 32) The key assumptions for the preparation of these projections are shown in Appendix I.
- 33) 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.
- 34) The review has also highlighted a significant number of areas where the impact on revenue spending cannot be quantified with sufficient accuracy at this point in the process. As in previous years, these have been included as 'Uncertainties' and this listing (shown in Appendix K) will form the basis for ongoing review through the period of the budget process.
- 35) 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

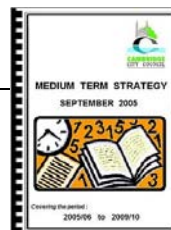
- 36) The Government introduced a new Formula Grant (FG) distribution system as part of the Provisional Settlement announcement on 5 December 2002. The main effect of this for the City Council was a significant reduction in grant entitlement, largely resulting from the reduction in resident population level to 108,832, identified through Census 2001.
- 37) 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).
- 38) For 2005/06 the Final Settlement confirmed a 'Floor' for district councils at 2.5%, compared with the adjusted base for 2004/05 - giving an additional grant entitlement of £1,304,364.
- 39) The impact of the Settlement for Cambridge in 2005/06 is shown below :

Calculation of Grant Entitlement	2005/06 (£'s)
Formula Spending Share (FSS)	16,514,864
<i>less</i> Business Rates Income (from National Pool)	3,315,720
	13,199,144
<i>less</i> Assumed National Council Tax (ANCT) Income	6,792,749
Revenue Support Grant (RSG) Entitlement	6,406,395
But :	
Minimum RSG to get to the 'Floor' (i.e. 3.0% increase)	7,710,759

- 40) Ministers have confirmed that they intend to continue to apply protection arrangements, based on the 'Floors', despite the ending of the use of 'Ceilings' as part of the 2005/06 Settlement announcement. 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).
- 41) The significant level of protection in the Settlement, together with the continued uncertainty regarding future policy, is a key issue for the Council. The level of uncertainty is greater this year, due to the fact that the formula grant distribution mechanism is being reviewed for 2006/07 – though initial exemplifications do not indicate any likelihood of an adverse outcome for the Council.
- 42) 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 16 March 2005, and within Spending Review 2004.



- 43) Analysis of the content of SR2004, and the associated detailed Government departmental spending plans, has confirmed that the 1.0% modelling assumption is reasonably prudent, at this stage.
- 44) However, it should be noted that, after a period of 3 years where the formula grant distribution mechanism has been frozen, 2006/07 will see a review of the mechanism which could result in further changes. However, any immediate risk associated with this would be offset by the intention to retain the use of 'Floor Damping' as indicated in recent consultation documents.
- 45) The exemplifications contained within the current consultation document suggest that the Council is not likely to experience any reduction in entitlement under a revised approach. The main effect is most likely to be a change to the level of protection received rather than a change in the cash level of total external support, as a result of the current position below the 'Floor' level.
- 46) SR2004 also focused 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) process.
- 47) Steps have been taken to integrate the identification and reporting of Efficiency Gains within the existing corporate processes operated by the Council. This will serve to avoid any unnecessary additional or duplicated effort, whilst ensuring that Gains are considered at the most appropriate point in the annual process.
- 48) The Council has submitted both a forward-looking estimate of Efficiency Gains during the current year (2005/06) and a backward-looking report of actual Gains achieved during 2004/05. These have confirmed that the Council is achieving Gains in excess of its target level of £641,000 per annum.
- 49) The Council has, for many years, sought to identify efficiency opportunities as being the most effective means to free-up resources to enable the provision of new or enhanced services. The Council would expect to continue to strive to identify all such opportunities as part of its annual budget and review processes.
- 50) 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.



- 51) 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	2005/06 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

- 52) The resultant grant entitlement calculation has been used to complete the projections used to construct the financial strategy for the 2006/07 budget.

Housing Revenue Account (HRA)

- 53) 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.
- 54) 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.
- 55) 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.
- 56) 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.
- 57) The main options for the appraisal are :
- Stock retention
 - Stock transfer
 - Arms Length Management Organisation (ALMO)



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

Capital

59) 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).

60) 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.

61) 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.

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

63) 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.

64) The projected availability of uncommitted capital funding is :

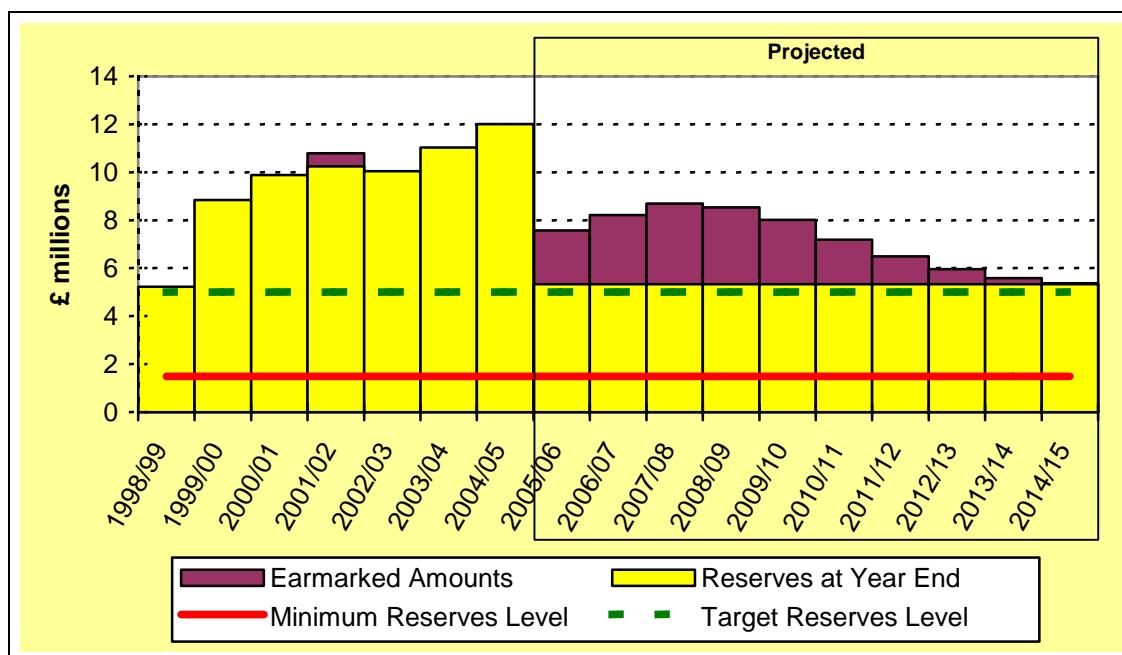
Capital Items	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)
Funding available	(27,763)	(14,811)	(14,908)	(15,268)	(9,533)
less Existing Capital Plan	27,763	14,811	14,908	15,268	9,533
Total uncommitted funding available	0	(705)	(720)	(950)	(891)



- 65) 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.
- 66) 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

- 67) 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.
- 68) The compilation of the September 2005 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 2.91%
 - PPF at £500,000
 - Retention of the £1,400,000 per annum revenue contribution for General Fund capital spending
 - Reserves target level of £5m in the medium term, with a £1.5m working balance requirement
- 69) 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.
- 70) The uneven impact of unavoidable costs, in particular the increased employers pension contributions, has required that in the short-term the level of reserves maintained is above the target level. This will return to the target level within the 10-year projection, demonstrating sustainability in the medium and long-term.
- 71) This package would keep the General Fund at the target level for reserves in the medium-term, as shown in the following 10-year projection :



- 72) 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.
- 73) 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

- 74) The main budget process for 2006/07 is very similar to that which has been successfully developed over the last few years.
- 75) Central & Support Services have been considered as part of the Council's programme of Best Value Fundamental Service Reviews (BVFSRs). The initial stage of the review has identified a requirement for more detailed work relating to the Human Resources Service, and on a number of cross-cutting themes such as the mechanisms for effectively charging for these services. This work is scheduled to be undertaken during 2005/06.
- 76) Budgets for these services in 2006/07 will be developed through the service planning process in November and January cycles - as for direct services.
- 77) 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.



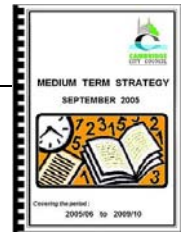
- 78) Despite numerous improvements to the existing SLA process in recent years it has not proved possible to effectively handle key step-change decisions relating to these services, and it is felt that the BVFSR is the best means of tackling these issues.

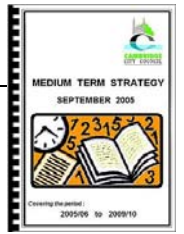
Budget Consultation

- 79) Over the last 4 years the Council has developed public budget consultation to identify spending and savings priorities to inform the budget process. The findings from this work has identified trend information which will be further enhanced through this year's postal survey exercise.
- 80) Last year also saw developments in consultation with the business community, which the Council is planning to further enhance in future processes.
- 81) The results of all elements of consultation will be drawn together to be reported as part of the January 2006 scrutiny committee cycle to inform the final decisions on the 2006/07 budget.

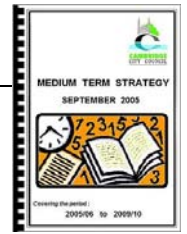
Summary & Conclusions

- 82) 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.
- 83) 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.
- 84) 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

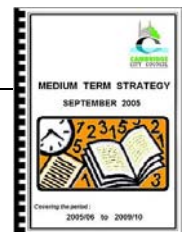
Purpose

- 1.1 The Medium Term Strategy (MTS) forms a key part of the Council’s annual Planning and Decision-Making Process, as illustrated in Appendix A.
- 1.2 The purpose of this MTS document is to set out, and consider the implications of, the Medium Term Objectives (MTOs) and priorities which the Council has approved as part of the Annual Statement process as the next steps in achieving the MTOs.
- 1.3 In the context of these objectives, the document then outlines the Council’s overall financial position.
- 1.4 The Council has a long-standing commitment to medium-term financial planning (commenced in 1997/98), which serves to ensure that the financial consequences of its actions are sustainable.
- 1.5 A key feature of the MTS is the incorporation of risk assessment and management, which serve to support the identification of the affordability and sustainability of the Council’s plans. In order to ensure that this is appropriately handled over the medium and longer-term, within the financial projections, the following modelling periods have been adopted :

Table 1 : Financial Projection Periods

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

- 1.6 The adoption of a 5-year forecast period within the MTS means that : -
 - A reasonable level of detail can be achieved for the first year;
 - The first three years demonstrate the full-year effects of spending decisions;
 - The five-year view demonstrates the sustainability of the targeted level of spending.
- 1.7 The full 25-year model is not shown within the MTS, but is fundamental in determining the long-term sustainability of the financial planning; particularly in terms of the effects of changes in demographics and Government funding.



- 1.8 This document is intended to be used as a working reference document for the first stage of the process for setting budgets for the 2006/07 financial year, and the resultant strategy will be reviewed in setting final budgets in February 2006 to determine whether it is still appropriate or whether changes in circumstances require any amendments.

Scope

- 1.9 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.
- 1.10 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.
- 1.11 The Housing Investment Programme (HIP) and the Housing Revenue Account (HRA) Business Plan, are to be submitted as draft strategies by 1 September 2005.
- 1.12 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 2005.
- 1.13 This document considers the implications from each of these plans, where relevant.

Layout

- 1.14 This document has been divided into a number of parts, for ease of reference.
- 1.15 In Part A, information is provided on the Council's defined priorities; determining the policy context for financial planning.
- 1.16 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.
- 1.17 Part C and Part D consider the forecasts and implications for revenue and capital spending respectively.



- 1.18 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

- 1.19 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.

- 1.20 A key part of this process is the use of the July cycle of Scrutiny Committees to provide an opportunity for the identification of :

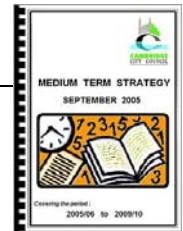
- Items which, for exceptional reasons, require immediate action or approval (which may include net changes to existing budgets)
- Items which provide context for decisions on the strategy or process which may influence :
 - ♦ any 'unavoidable' items of expenditure or new income opportunities, such as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

- 1.21 To provide context for this the reports to each Scrutiny Committee meeting outlined the key medium-term parameters, which had been identified as part of the September 2004 MTS, and which form the starting point for the 2006/07 budget. These are :

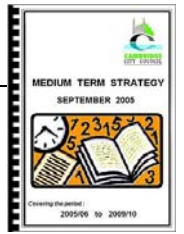
- A base position of the 2005/06 budget inflated to 2006/07 prices and adjusted for known / approved changes
- A Priority Policy Fund (PPF) of £500,000
- A Council Tax increase of 4.0%
- An increase in Government Grant of 1.0%
- A reduction requirement level (in calculating Cash Limits) not exceeding 3.0%

- 1.22 The reports also outlined the initial projections for the main budget assumptions which form the base for the 2006/07 budget forecast.

- 1.23 All of the items raised through this process have been considered and the implications incorporated, as deemed appropriate, as part of the construction of the September 2006 MTS.



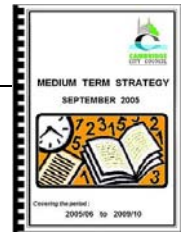
- 1.24 The final version of this document will be agreed by the Leader, in light of the views expressed during consideration of the draft document at Strategy Scrutiny Committee on 5 September 2005. The final version will be submitted for approval and adoption by full Council at its meeting on 8 September 2005.
- 1.25 Given the short period between the meetings of the Strategy Scrutiny Committee and Council, any amendments required to the draft MTS will be circulated separately to all Councillors prior to the Council meeting.
- 1.26 The plan and timetable for the completion of this document forms part of the overall Budget Preparation Timetable, which is shown in outline in Appendix B.

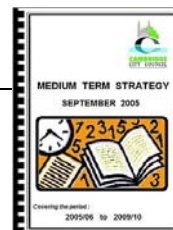


Part A

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 2005. This contained key contextual information for the development of the financial strategy, and budget, for 2006/07 and future years.

MEDIUM TERM OBJECTIVES

- 2.2 The Annual Statement confirms the vision for the Council, which states that :

The community as a whole and every person in it matters. We want Cambridge to be a city that has vibrant, socially mixed, safe, convenient and enjoyable places to live. We want future growth to be managed in a way that preserves the City's best qualities, sustains its environmental, social and economic fabric, and is supported by a first class transport infrastructure.

- 2.3 In order to assist in achieving this vision, the Council has also adopted some Medium Term Objectives (MTOs), as follows :

Better Services

- 2.4 Deliver high quality services in a fair and equal way to all sections of the community.
- 2.5 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.
- 2.6 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

- 2.7 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.



- 2.8 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.
- 2.9 Reduce levels of crime and fear of crime in the City by working with partners to deliver the Cambridge Community Safety Strategy.
- 2.10 Encourage sustainable waste management through recycling and waste minimisation.
- 2.11 Reduce the impact of traffic on the City by promoting and supporting improved public and community transport, cycling and walking.

Better Housing

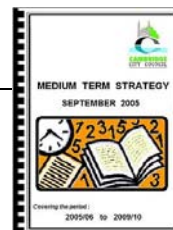
- 2.12 Work to address the City's overall housing shortage, to maximise the supply of affordable housing in the city and to ensure Cambridge residents have safe and decent homes, whether in supported housing, or with aids and adaptations to live in their own homes.
- 2.13 Improve the management of the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

A Healthy and Thriving Community

- 2.15 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.
- 2.16 Ensure Cambridge residents can access a range of sports, arts, recreational and community facilities, particularly targeting areas and communities that are the most disadvantaged.
- 2.17 Work with partners to achieve better health outcomes for those who live and work in Cambridge.

ANNUAL STATEMENT 2005/06

- 2.18 The development of the 2005/06 Service Plans and supporting budgets were designed to deliver specific actions as the next immediate step in delivering on each of the Medium Term Objectives.



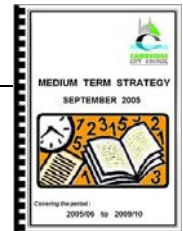
2.19 A summary of the programme relating to 2005/06 is shown in Appendix C.

PRIORITIES FOR 2006/07

- 2.20 The Council's Medium Term Objectives also lay out the priorities which will be important in setting next year's budget. Bids and savings proposals will be judged according to whether they contribute to achieving those objectives or whether they would adversely affect achieving them.
- 2.21 Priority will be given to bids which offer the greatest contribution to improving the Council's performance, as measured by nationally significant performance indicators. Savings proposals which adversely affect performance according to such indicators, will be assigned a very low priority.
- 2.22 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.
- 2.23 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.
- 2.24 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

- 2.25 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.
- 2.26 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.
- 2.27 The PIs for each of the MTOs, together with the latest monitoring information, are detailed in Appendix D.



CAMBRIDGE LOCAL STRATEGIC PARTNERSHIP (LSP) & COMMUNITY STRATEGY

- 2.28 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.
- 2.29 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
- 2.30 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
- 2.31 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.
- 2.32 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.
- 2.33 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

2.34 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.

LOCAL PUBLIC SERVICE AGREEMENTS (LPSA)

- 2.35 SR2004 contained 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.
- 2.36 The final version of the Cambridgeshire LPSA has recently been agreed with the ODPM, and is expected to be signed-off by the Minister shortly.
- 2.37 The County are currently updating the draft Partnership agreement in light of the final LPSA, with a view to this being signed-off by Leaders by the end of August 2005.
- 2.38 The LPSA has the potential to deliver £12,647,087 of Performance Reward Grant, across all partners, if all of the targets were to be fully achieved. In addition, there is the potential to access £1,320,983 of pump-priming grant provided by Government as a contribution towards expenditure of an 'invest to save' or 'invest to improve' nature.

LOCAL AREA AGREEMENTS (LAA)

- 2.39 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.
- 2.40 The city is part of one of the LAA pilots which are currently being developed.

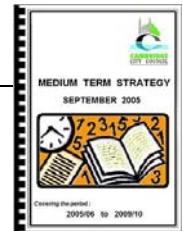


3. Public Budget Consultation

- 3.1 For the last 4 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 in the autumn of 2004 to inform the key Member decisions as part of the 2005/06 budget setting process.

2005/06 Budget : Public Consultation Process

- 3.3 During 2004 consultation was carried out with Cambridge residents and businesses
- 3.4 **Residents** views were sought using the Council's Citizens' Survey, which was carried out in September / October 2004. The survey was conducted by BMG Research and covered 1,100 residents who were randomly selected across the City, and was undertaken through face-to-face interviews at their homes.
- 3.5 The survey was conducted using the same methodology as the one undertaken in 2002 allowing, in most cases, comparison of responses with those to similar questions to identify trends.
- 3.6 The questions asked covered :
- level of Council Tax
 - service areas which should receive more money
 - service areas which should receive less money
 - spending on specific services
- 3.7 The questions were also debated at a discussion group with **young people**. Officers explained where the Council got its money from and how councillors decided how much money they needed to fund services. The young people then debated each question amongst themselves before filling in an answer sheet individually.
- 3.8 The discussion group event took place at CB2 Café on 25 October 2004.
- 3.9 A telephone survey with City businesses was carried out during November 2004 by BMG Research. In all, 611 interviews were completed for the survey.



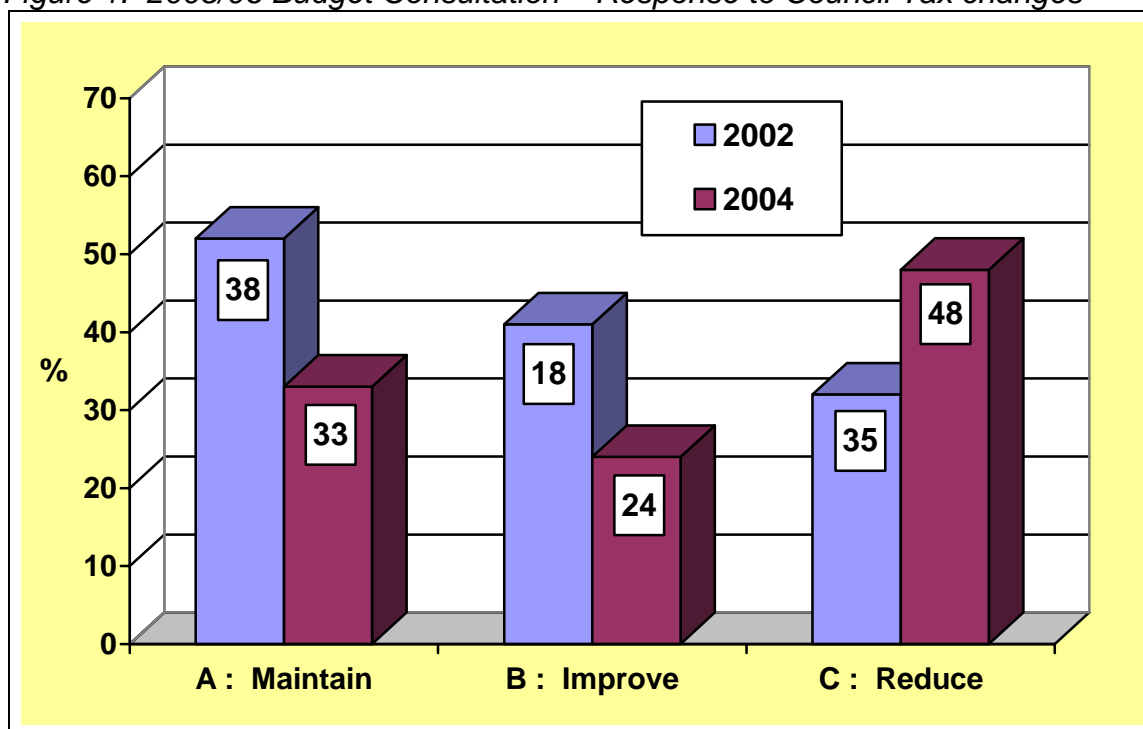
- 3.10 Businesses were selected from a commercial database using quotas based on size and classification. BMG endeavoured to speak to the most senior person working at each particular site.
- 3.11 The questions asked covered :
- issues and problems facing businesses in Cambridge
 - Business Rates (policy and spending priorities)
 - Service areas which should receive more money
 - Service areas which should receive less money
- 3.12 The findings from the budget consultation were sent to Members to inform deliberations as part of the budget process, and formally reported to Scrutiny Committees as part of the budget process in the January 2005 Scrutiny Committee cycle.

2005/06 Budget : Resident and Young Persons Consultation Findings

Level of Council Tax

- 3.13 In the Citizens' Survey people were asked how strongly they agreed or disagreed with the following statements :
- **A** It is important for the City Council to **maintain** current levels of service, even if this means increasing Council Tax by more than inflation
 - **B** It is important for the City Council to **improve** current levels of service,, even if this increasing Council Tax by more than inflation
 - **C** It is important for the City Council not to increase Council tax by more than inflation, even if this means a **reduction** in the levels of some services
- 3.14 The graph below summarises the response from the surveys.

Figure 1: 2005/06 Budget Consultation – Response to Council Tax changes



3.15 This shows that respondents are now less supportive of increasing Council Tax to maintain or improve services and more supportive of reducing services, if necessary, to prevent a rise in Council Tax above inflation.

3.16 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 Should be Improved if Council Tax is Increased

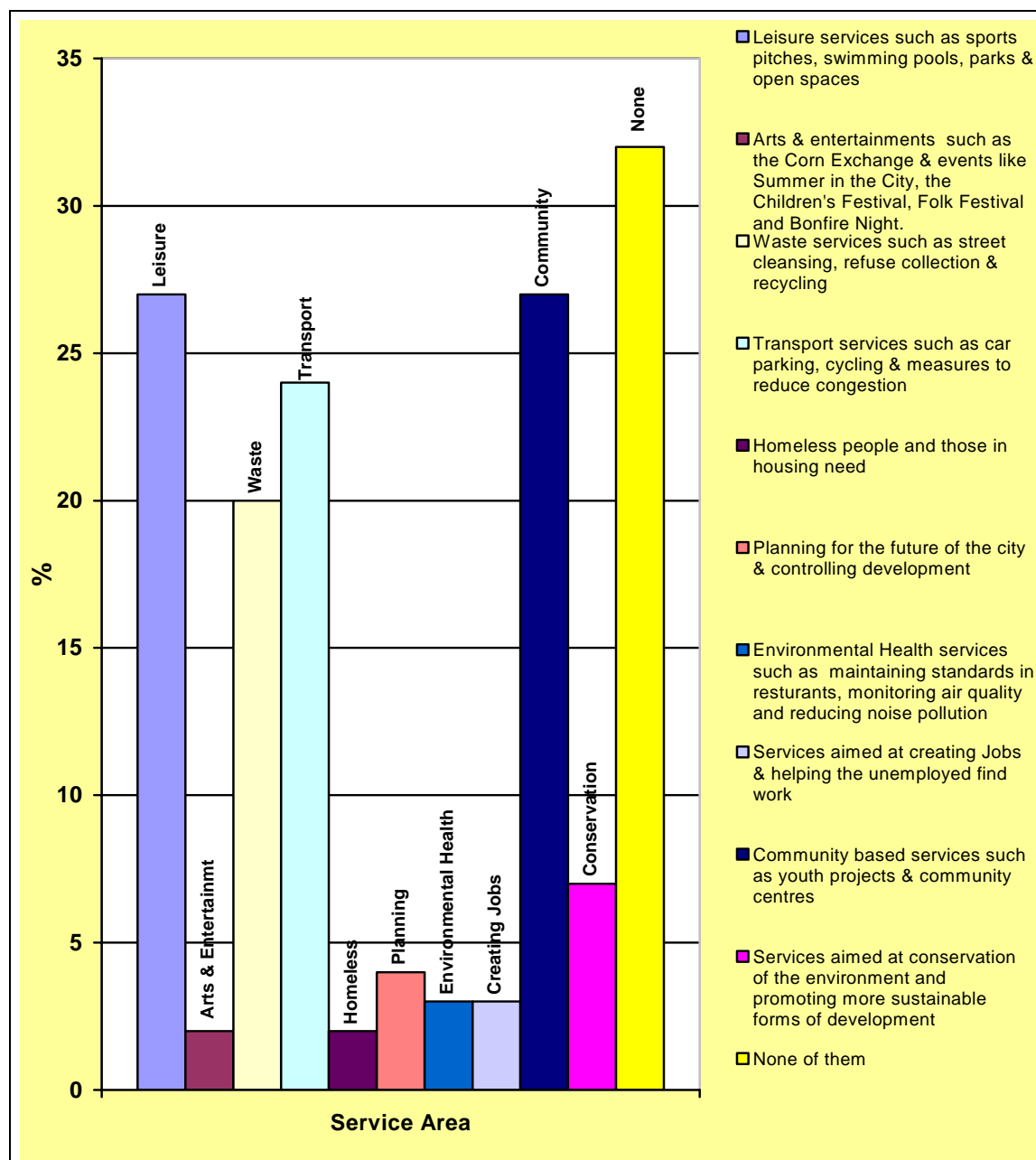
3.17 People were given a list of 10 service areas. They were asked to nominate up to 3 service areas in response to the question:

“If the City Council was to increase the level of Council tax to improve services, which services should be a priority for improvement ?”

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



Figure 2 : 2005/06 Budget Consultation - Services which are valued the most



3.19 This year, respondents thought that leisure and community-based services should be the top priorities for improvement if money is available.

3.20 32% of respondents thought that no service areas should be improved.

3.21 The table below shows the top 4 service areas over the exercises conducted in the last 3 years :



Table 2 : Top 4 Service Areas for Improvement if Council Tax is Increased

	2002	2003	2004
Consultation Method	Citizens' Survey	Consultation leaflet	Citizens' Survey
Priority 1	Transport services	Waste services	Leisure services
Priority 2	Waste services	Transport services	Community-based services
Priority 3	Services for homeless people	Conservation services	Transport services
Priority 4	Community-based services	Environmental Health services	Waste services

3.22 The top priorities of the young people's group were :

- Arts and entertainments
- Services for homeless people and those in housing need
- Services aimed at conservation of the environment

Services Which Should Be Reduced To Prevent A Council Tax Rise

3.23 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 :

"If the City Council was to reduce the level of some services next year so that it did not have to raise Council tax by more than inflation, which service areas should be reduced ?"

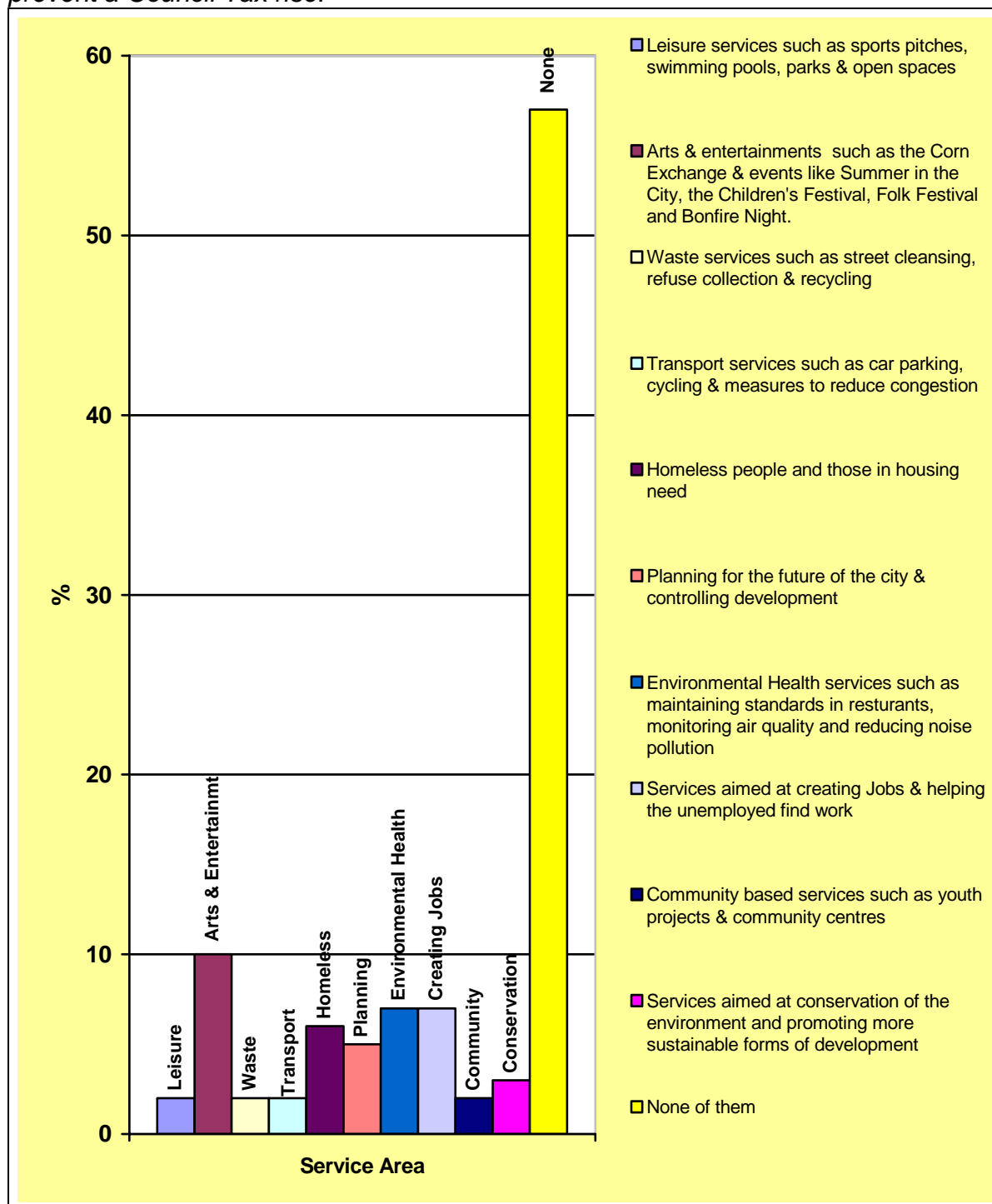
3.24 The key message from the 2004 survey is that most people (57%) do not want to see any reduction in services. This figure is a little higher than the 2002 Citizens' Survey (49%).

3.25 It is interesting to compare this response with the Council Tax question asked. This suggests that whilst people do not want to pay higher Council Tax, they also do not want to see a reduction in any services.

3.26 The results from the 2004 survey are summarised in the graph below :



Figure 3: 2005/06 Budget Consultation – Services which should be reduced to prevent a Council Tax rise.



3.27 The table below shows the top 4 service areas that respondents thought should be reduced, if necessary, from the exercises conducted in the last 3 years :



Table 3: Top 4 Service Areas for Reduction in order to prevent a Council Tax rise

	2002	2003	2004
Consultation Method	<i>Citizens' Survey</i>	<i>Consultation leaflet</i>	<i>Citizens' Survey</i>
Priority 1	Arts and entertainments	Arts and entertainments	Arts and entertainments
Priority 2	Leisure services	Community-based services	Services aimed at creating jobs
Priority 3	Community-based services	Services aimed at creating jobs	Environmental Health services
Priority 4	Conservation services	Leisure services	Services for homeless people

3.28 The service areas that most the young people's group thought should be reduced, if necessary, were :

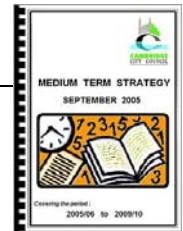
- Leisure services
- Waste services
- Planning for the future of the City

Respondents Views on Specific Council Services

3.29 In the past, the Citizens' Survey has also included questions asking respondents to say which specific services (from a given list of services) should receive more money, which should receive less money and which should not be provided at all by the Council.

3.30 Respondents were also asked which services they would be prepared to pay a higher charge for to make sure that the Council can continue to provide the service or provide it to a higher level.

3.31 These questions were repeated in the 2004 Citizens' Survey. A summary of the results, compared with the 2002 results, is shown in Appendix E.



2005/06 Budget : Business Consultation Findings

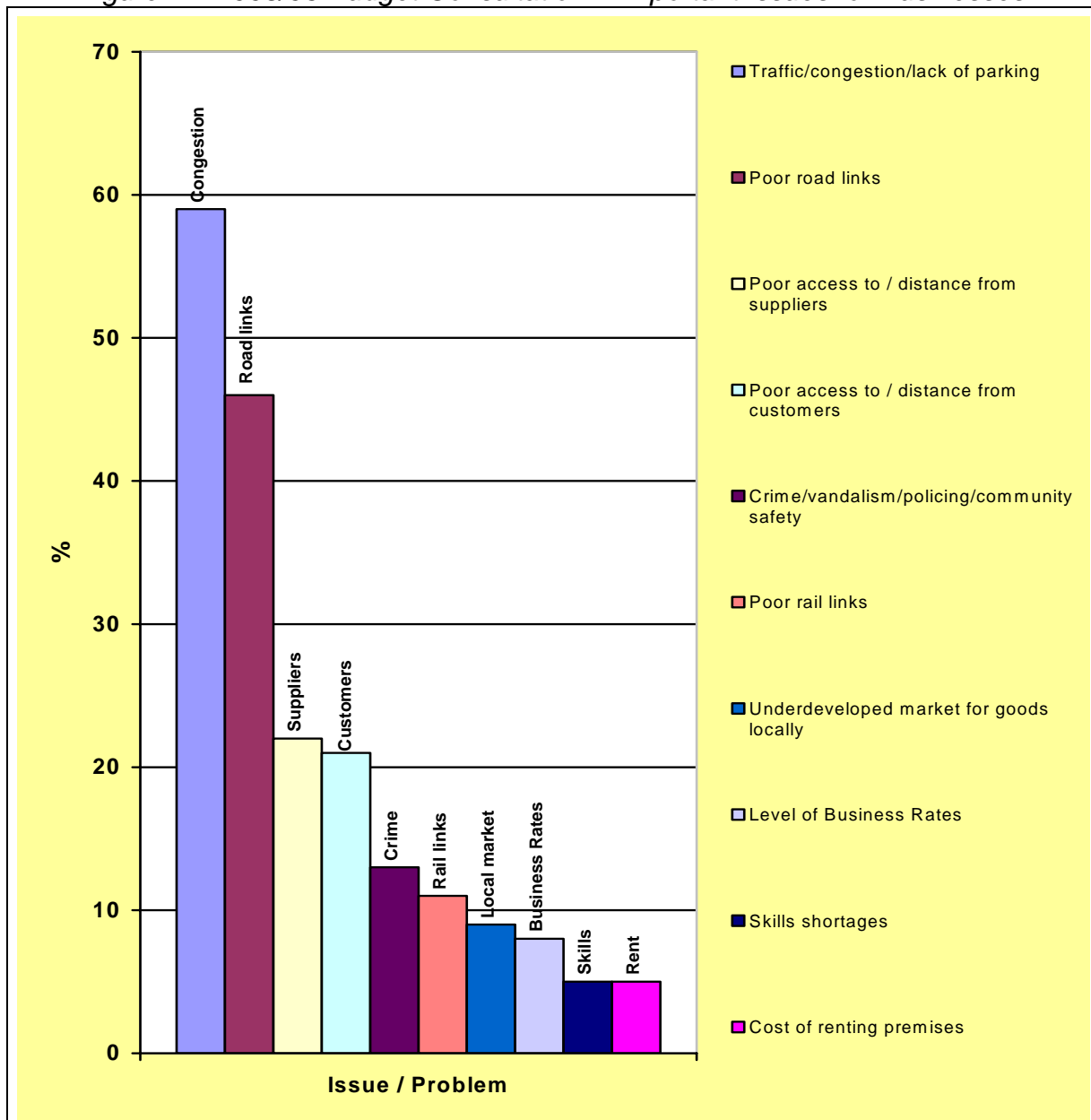
The most important issues for businesses in Cambridge

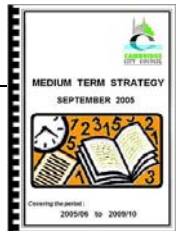
3.32 As part of the consultation, businesses were asked, on an unprompted basis :

“Thinking about the City of Cambridge, what are the 4 most important issues or problems facing your business at the present time ?”

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

Figure 4 : 2005/06 Budget Consultation – Important Issues for Businesses





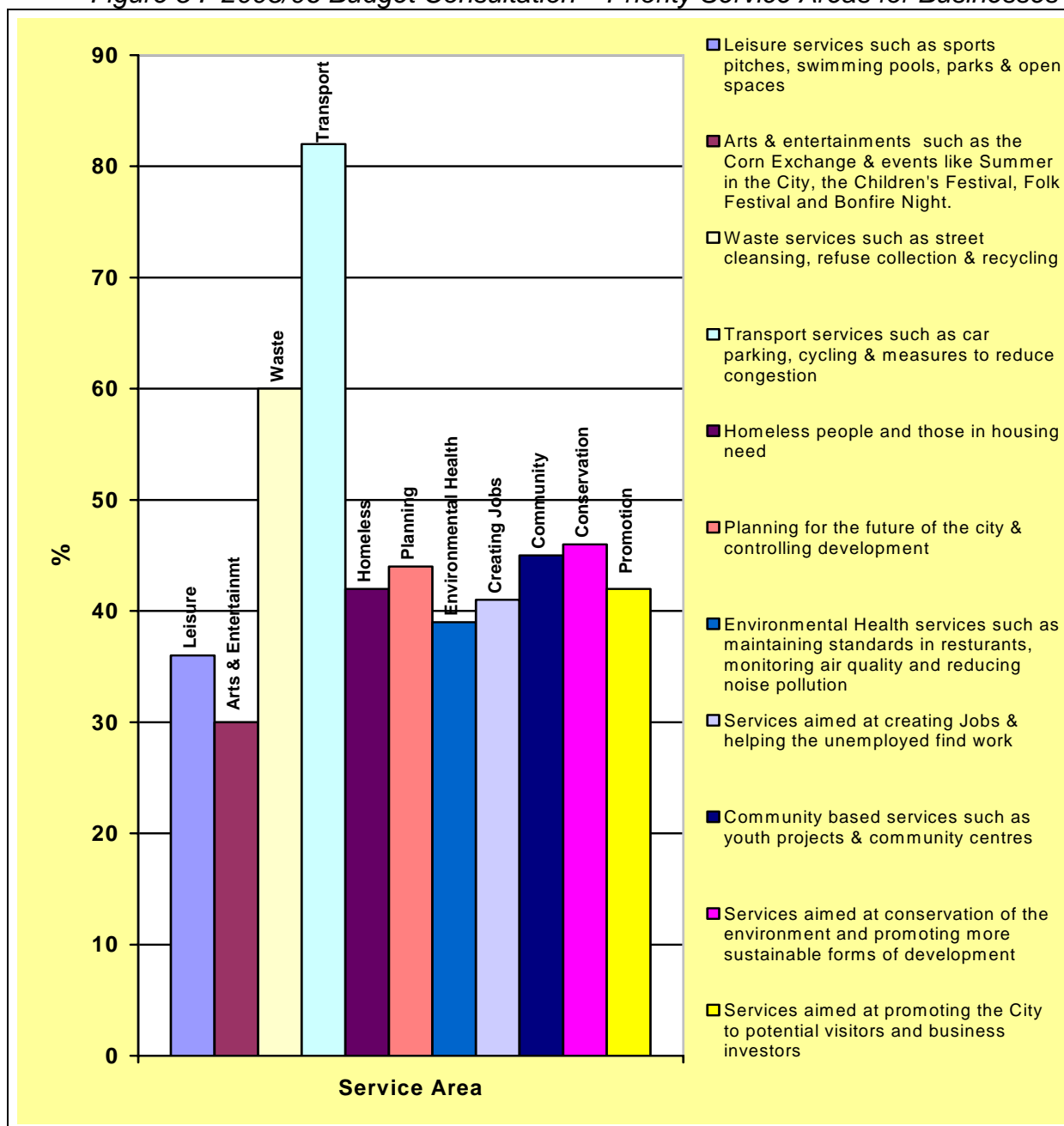
- 3.34 Of the top 6 issues, 5 relate to accessibility within or to the City. By far the biggest issues for business respondents were congestion and parking within the City and poor road links to and from the City.

The views of businesses on Council spending for next year

- 3.35 Businesses were asked for their views on which of 11 broad service areas should receive more money and which should receive less money next year.
- 3.36 82% of respondents said that transport services such as car parking, cycling and measures to reduce congestion should receive more money and 60% said that waste services such as street cleansing, refuse collection and recycling should receive more money.
- 3.37 The percentage of respondents who said they would give less money to each service was much lower. 12% said services aimed at promoting the City to potential visitors and business investors and 11% said services for homeless people and those in housing need, and arts and entertainments services such as the Corn Exchange and events in the parks.
- 3.38 The graph below shows the percentage of respondents who think each service area should receive more money :

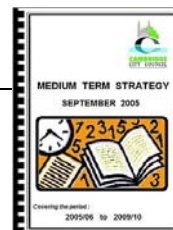


Figure 5 : 2005/06 Budget Consultation – Priority Service Areas for Businesses



Policy on Business Rates

3.39 Local Business Rates are set centrally by the government. The City Council collects Business Rates on behalf of the government and receives a proportion of the money back in the form of a grant.



3.40 Respondents were asked whether they thought the government should change its policy so Councils can spend Business Rates locally. 73% of respondents agreed. The reasons the respondents gave were:

- Local business rates should benefit the local area (23%)
- Local Council has more knowledge of local requirements (18%)
- Local Council would have more freedom and control of money management (12%)
- Council would receive a larger income from Business Rates (6%)
- Business Rates should be set at a level to reflect the local area requirements (6%)

3.41 12% of respondents thought the government should not change its policy. The reasons these respondents gave were:

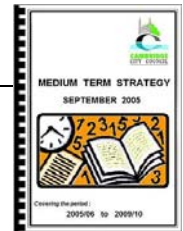
- Council has poor money management skills (13%)
- Local Council would increase the cost of Business Rates (11%)
- Existing system benefits everyone – fair system (11%)
- Government has a higher level of competency (8%)
- Lack of trust in Council / more trust in government (8%)

3.42 Respondents were then asked:

“In principle, would you be prepared to pay extra Business Rates if this money was ring-fenced and guaranteed to be spent locally on issues that affect local businesses ?”

3.43 36% said Yes, they would be prepared to pay more and 45% said No, they would not be prepared to pay more. 20% said they didn't know. Of those respondents who would be prepared to spend more, they would want to see the money spent on:

- More frequent trade refuse collection (18%)
- Improving / expanding road networks (17%)



- Improving the quality of roads locally (15%)
- Improving public transport (8%)

3.44 Finally, respondents were asked what their number one priority would be if they were Leader of Cambridge City Council for the day. Their priorities would be:

- Reduce traffic congestion (19%)
- Address general transport issues (8%)
- Increase availability of car parking (6%)
- Reduce homelessness (4%)

2006/07 Budget Consultation

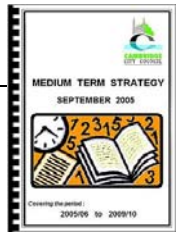
3.45 Consultation on the budget and level of taxation for 2006/07 is included as a commitment in the Annual Statement, in particular in order to inform the judgement on the balance that the Council has to achieve between “cutting back on services they [residents] consider less important and raising Council Tax to protect services that they see as a priority”.

3.46 Over the last 3 years the Council has developed public budget consultation to identify spending and savings priorities to inform the budget process. This has enabled trend information to be developed, in order to support budget decisions. This provides a valuable perspective, but does require consistency in the questions being asked over time.

3.47 It is proposed that a two-stage consultation process will be adopted for 2006/07. The first stage will be through a postal survey during September 2005, which will seek views on relative service priorities and Council Tax levels. The second stage would use a workshop, or focus group, approach; allowing the exploration of more focussed views on specific options. This would also allow the motivational issues behind stage 1 findings to be explored, as appropriate.

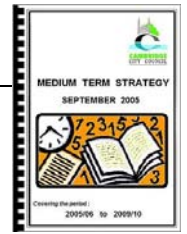
3.48 In addition, the development of further consultation work with the business community is planned.

3.49 The results of the various elements of consultation on spending priorities and level of Council Tax for 2006/07 will be pulled together and formally reported Members through the January 2006 Scrutiny Committee cycle in order to inform the Executive’s final budget submission to Council in February 2006.



Part B

General Factors

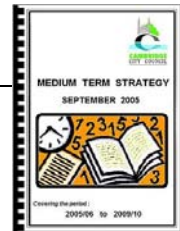




4. Overall Economic Climate and Implications

National Economic Strategy

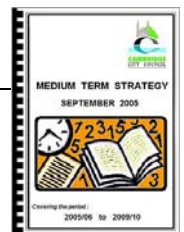
- 4.1 The Government's stated central economic objective is to raise the economy's sustainable rate of growth, and achieve rising prosperity, through creating economic and employment opportunities for all.
- 4.2 The key elements of the Government's strategy have been identified as :-
- Delivering macroeconomic 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 2005 'Investing for our future : Fairness and opportunity for Britain's hard-working families' was announced on 16 March 2005.

Public Sector Finances

- 4.8 The Budget 2005 projections for public finances are broadly in line with the 2004 Pre-Budget Report. This shows that on the basis of cautious, audited assumptions, the Government is meeting its strict fiscal rules over the economic cycle.
- 4.9 The surplus on current budget is defined, as net saving plus receipts of capital taxes, from the national accounts under the European System of Accounts 1995 (ESA95). This is the key measure for assessing progress against the 'golden rule'. To accord with the rule the average surplus on current budget over the cycle should be positive.
- 4.10 Public sector net debt is the key measure for assessing progress against the Government's sustainable investment rule. This requires that public sector net debt, as a proportion of Gross Domestic Product (GDP) will be held, over the economic cycle, at a stable and prudent level.
- 4.11 The fiscal rules underpin the Government's public spending framework which facilitates long-term planning and provides departments with the flexibility and incentives they need to increase the quality of public services and deliver specified outcomes.
- 4.12 Budget 2005, gave the following forecasts for the current financial year :
- GDP has grown for 50 consecutive quarters, and rose by 3.1% overall in 2004; its fastest rate of growth for four years. This was consistent with the 3.0% to 3.5% forecast range that the Government has maintained since the 2002 Pre-Budget Report. Growth has also been more balanced as business investment accelerated in 2004 and private consumption continued to grow at sustainable rates. As world growth retains much of its momentum and with UK business and consumer confidence strong, GDP is expected to grow by 3.0% to 3.5% in 2005 as the remaining slack in the economy is absorbed and the output gap is closed around the end of the year. Growth is then expected to return to between 2.5% and 3.0% in 2006, in line with the economy's trend rate.



- CPI inflation was expected to rise gradually during 2005 from the Budget level of 1.6% as strong global growth feeds through in further upward pressure on import prices. The credibility of the Government's monetary policy framework, through its effect in anchoring inflation expectations, was also expected to contribute in returning inflation to target.
- The estimated 2004/05 outturn for the public sector current budget shows a deficit of £16.1b compared with projected deficits of £12.5b in the 2004 Pre-Budget Report and £10.5b in Budget 2004. This is significantly lower than the deficit of £20.4b in 2003/04 as the impact of the strengthening economy has fed through to receipts.
- The estimated 2004/05 outturn for public sector net borrowing is £34.4b, compared with £34.2b projected in the 2004 Pre-Budget Report, and £32.9b projected in Budget 2004. Public sector net debt is projected to remain low and stable over the forecast period, stabilising at a level well below the 40% ceiling in the sustainable investment rule.

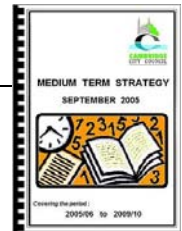
4.13 Budget 2005 confirmed firm overall spending limits for the 2004 Spending Review period, allowing :

- 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 :

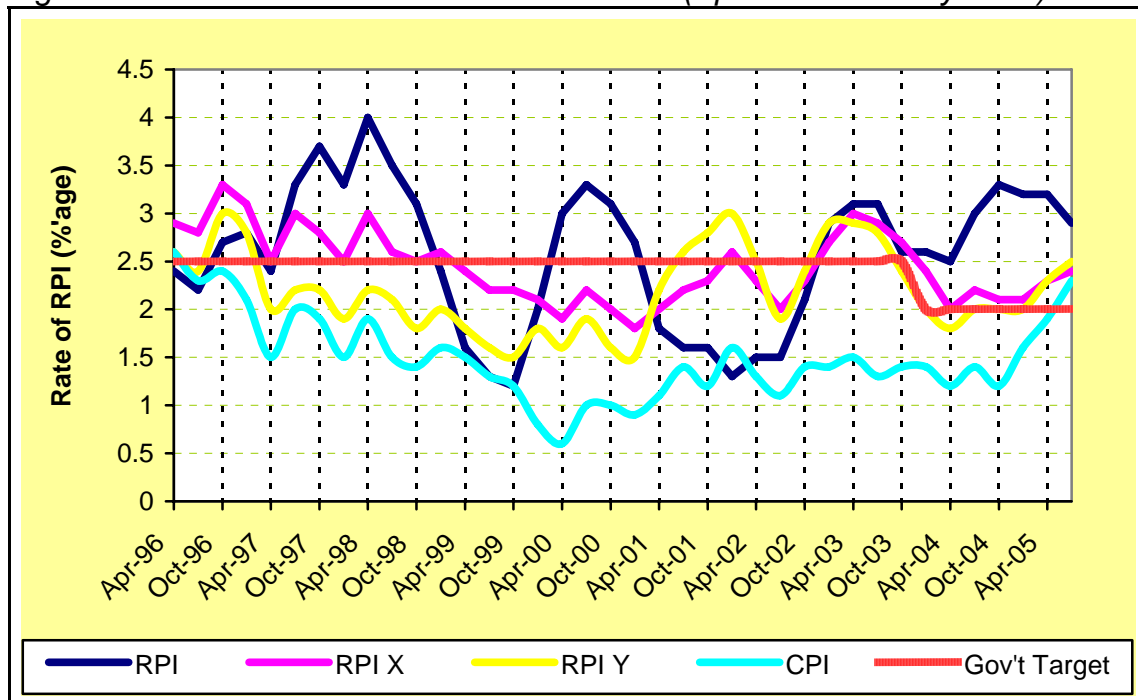
- Headline Retail Price Index (RPI) which reflects all factors in the economy
- RPIX which excludes mortgage interest payments (and is favoured by the Treasury)
- RPIY which excludes taxation as well as mortgage interest payments (favoured by the Bank of England).



- 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 6 : Movements in the Retail Price Index (April 1996 to July 2005)





- 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 2.3%.
- 4.20 The UK continues to experience the longest period of sustained low inflation since the 1960's. Low, stable inflation has been a key factor in allowing the Monetary Policy Committee (MPC) to maintain interest rates at relatively stable low levels.
- 4.21 CPI rose to 2.3% in July 2005, the highest rate since the start of the official data series in 1997. The largest upward effect on CPI came from transport, with petrol pump prices rising, reflecting movements in crude oil prices (this compares with reductions a year ago). There were also upward pressures from air and sea travel, and from furniture where price recoveries from some major retail chains offset summer sales in other outlets (compared to reductions a year ago). The largest downward effect on CPI came from food, in particular from fruit where prices fell further than a year ago.
- 4.22 The level of RPI remained unchanged in July at 2.9%, upward influences being similar, but being offset by downward influences from housing components (excluded from CPI). RPIX increased from 2.2% to 2.4% in July, reflecting the fact that mortgage interest payments are excluded in comparison with RPI.
- 4.23 The level of inflation will be affected by the various effects resulting from the phasing in of measures contained within Budget 2005. This is estimated at a 0.13% increase in CPI (or 0.15% increase in RPI), compared with a 0.09% increase in both from Budget 2004. In addition to this direct effect, there will also be the impact of the effects of measures from previous Budgets dropping out of the 12 month comparison.
- 4.24 The following table shows the projected timing of effects, assuming that all changes announced are (or have been) passed on to consumers in full and immediately. In practice, this is not likely to be the case for items such as tobacco and alcohol duty changes, which will begin to effect the index as existing stocks are depleted.

Table 4 : The Effect of Budget 2005 Measures on Inflation Levels

Timing	Factor	Effect on Inflation	
		CPI	RPI
March 2005	Tobacco duties increase	+ 0.05	+ 0.05
	Alcohol duties increase	+ 0.03	+ 0.03
April 2005	Vehicle Excise Duty increase	N/A	+ 0.01
Sept. 2005	Road Fuel duty increases	+ 0.05	+ 0.06



- 4.25 As an internationally comparable measure of inflation, CPI shows that the UK inflation rate is around the average for the European Union as a whole.
- 4.26 In its August 2005 report the Bank of England Monetary Policy Committee noted that although the level of CPI had risen above the 2.0% target level it was expected to dip as the impact of recent increases in oil prices moderated and pressures on capacity eased. Inflation is projected to rise above the target again, as output growth picks up and the contribution from import prices increases.
- 4.27 They noted that the key risks relate to the near-term momentum in consumer spending and the outlook for oil prices.
- 4.28 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.
- 4.29 Based on the analysis of the range of market projections an inflation rate of 2.3% (based on the April 2005 RPIX) has been assumed at this stage, for the 2006/07 budget cycle.

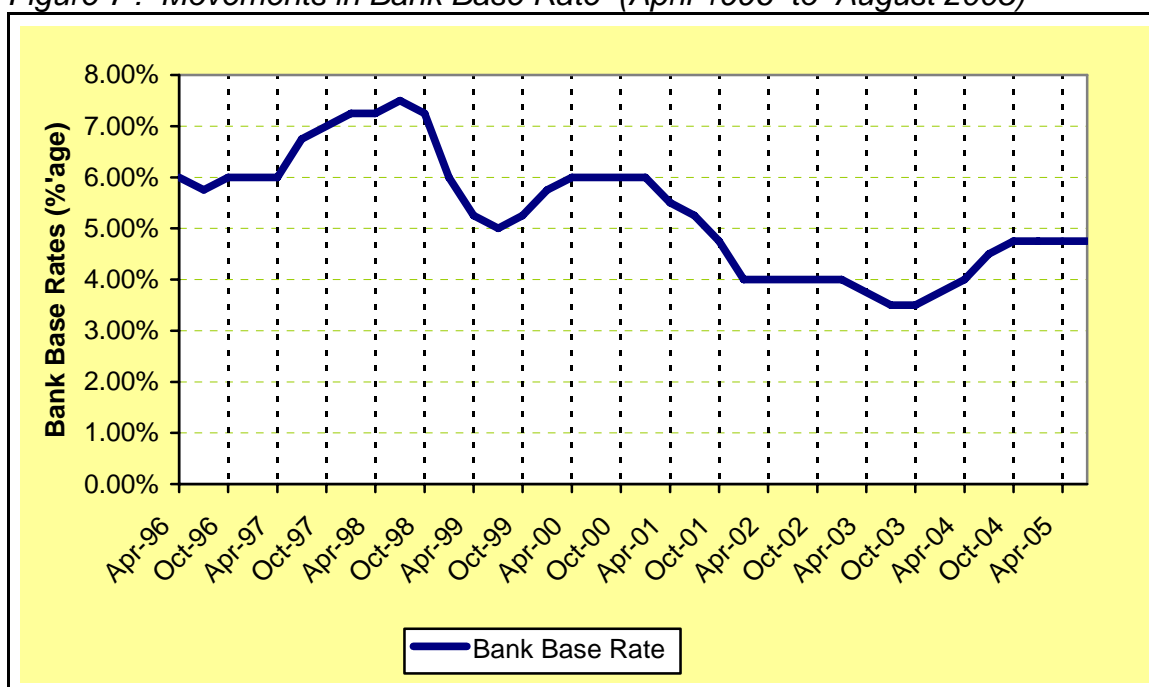
Interest Rates

- 4.30 Interest rates are of particular importance to the Council as the Council has a significant investment portfolio, whilst having no external borrowing.
- 4.31 Over the last quarter market interest rates have fallen compared with the flat yield curve that had been reflected in the MPC's may Report. This reflected the market expectation of a reduction in the base rate towards 4.0%. Also the effective exchange rate has fallen, while equity prices have risen. Taken together, these movements in asset prices had a material impact on the projections for output growth and inflation based on market interest rates.
- 4.32 It was in this context that the MPC met on 3 & 4 August 2005.
- 4.33 The 0.25% reduction in the base rate (taking it to 4.5%) announced by the MPC following the August 2005 meeting was the first reduction following a period of 11 months where the rate was constant at 4.75%.

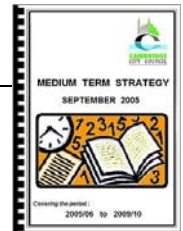


- 4.34 This decision (by 5 votes to 4) reflected views that the world economy has continued to grow robustly, whilst the price of oil has risen further. UK output growth over the past year is now estimated to have fallen below trend. Whilst household spending and business investment were reported to be broadly flat in the first quarter of the year, public expenditure grew robustly, market rates declined, sterling depreciated and equity prices rose. Labour costs pressures remained contained, although input price inflation has increased.
- 4.35 The next meeting of the MPC will be on 7 & 8 September 2005, with the next Bank of England Inflation Report due for publication on 16 November 2005. These will give further indications on the medium term prospects.

Figure 7 : Movements in Bank Base Rate (April 1996 to August 2005)

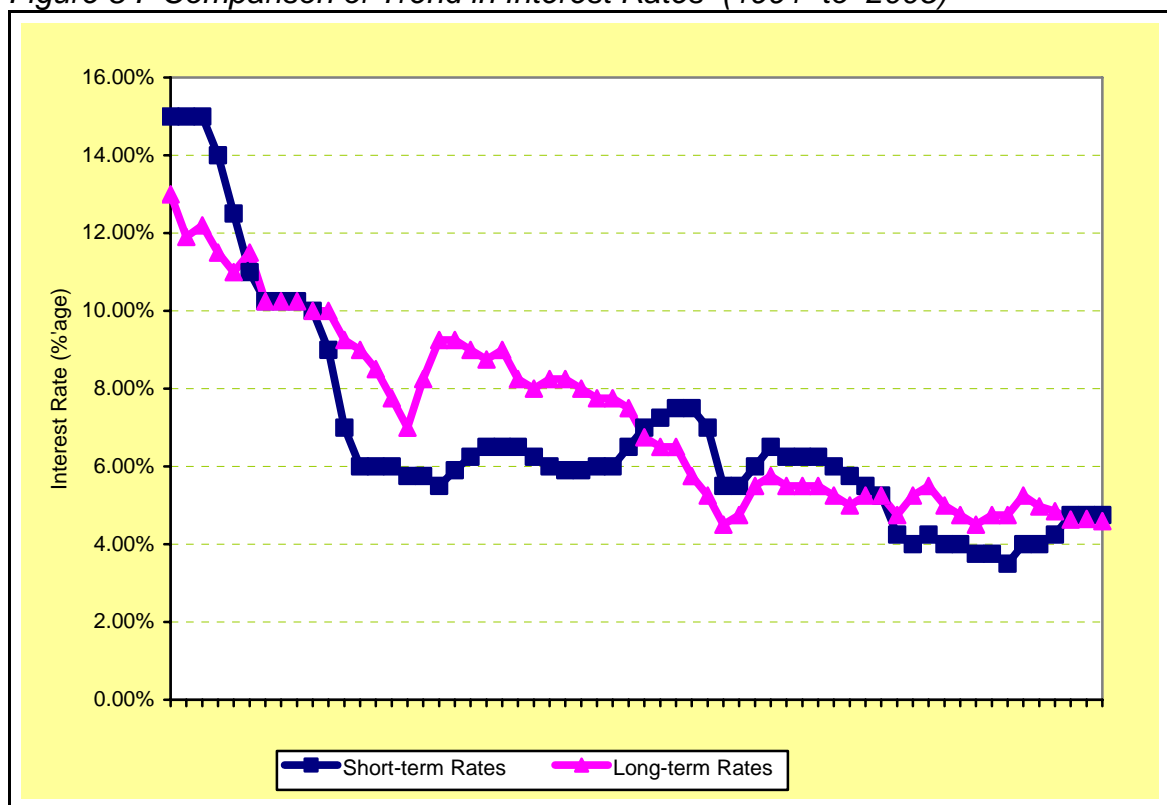


- 4.36 Long-term PWLB rates give a reliable and solid trend as they have moved between 4.5% and 5.5% for the last 8 years, and with inflation expected to be within its target range they are projected to continue to do so in their immediate future.
- 4.37 Market rate trend analysis shows a cyclical effect 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.
- 4.38 The short-term rate went below the long-term rate in June 2001, and stayed there until September 2004 – three and a quarter years. The continuation of this trend would envisage short-term rates remaining above long-term rates through until 2007/08.



- 4.39 Trend analysis does not, however, suggest at what rate such crossovers will occur.
- 4.40 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 latest rise in base rate commenced in November 2003, peaking at 4.75% through to July 2005 – a 1.25% rise over an 18 month period.

Figure 8 : Comparison of Trend in Interest Rates (1991 to 2005)

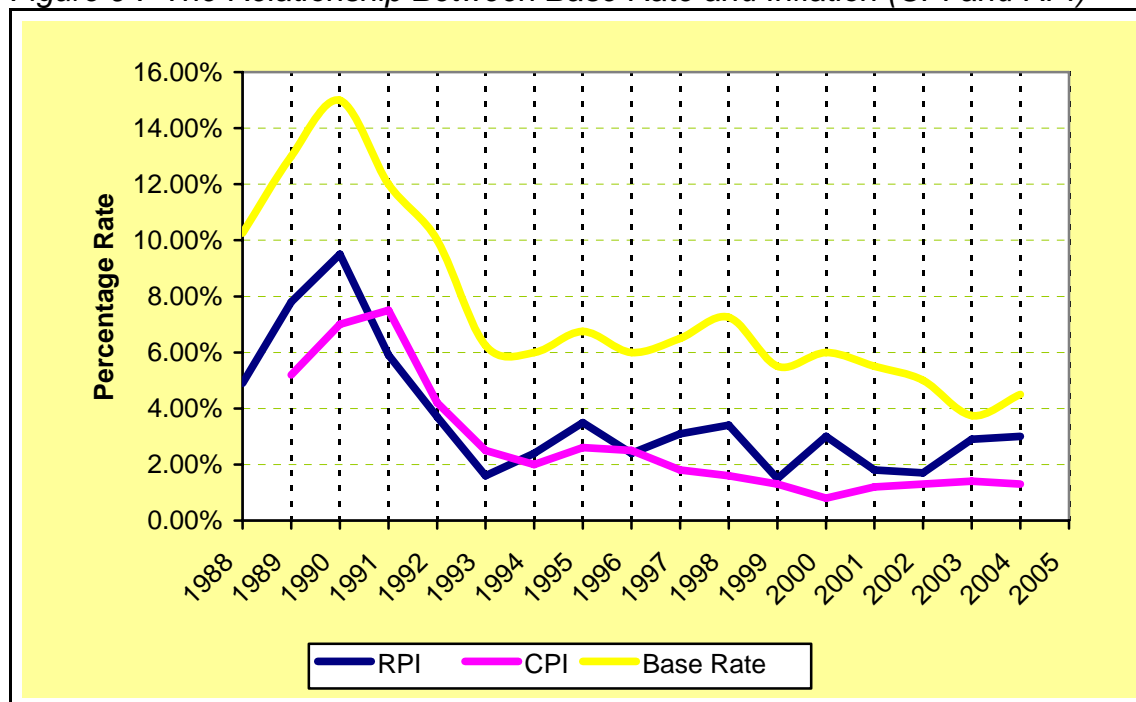


- 4.41 The sensitivity of the General Fund to changes in interest rates is linked more markedly to investment rather than to the remaining portfolio of temporary borrowing. As an indication, a change in interest rates of +/- 1% would have an estimated impact of approximately £630,000 in 2006/07 on investment receipts and only £17,000 on borrowing (Temporary Borrowing – classed as being disregarded from a debt free perspective).

The Relationship Between Inflation and Base Rates

- 4.42 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.
- 4.43 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.
- 4.44 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 9 : The Relationship Between Base Rate and Inflation (CPI and RPI)



Pay Awards

- 4.45 The pay negotiations for 2004/05 led to the agreement of pay arrangements covering the period through to the end of 2006/07. This has been used as the basis for the projections in the MTS.
- 4.46 The basis of the agreement was :
 - 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

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

4.48 A change of +/- 1% in the level of pay award for 2006/07 would have the following impact on each of the Council's service areas :-

Table 5 : The Effects of a 1% Change in Employee Costs in 2006/07

Service Area	Effect of 1% Change in Employee Costs	
	(£'s)	(£'s)
General Fund	200,810	276,330
Housing Revenue Account	53,900	89,860
City Services	111,480	<i>[reallocated above]</i>
TOTAL	366,190	366,190

4.49 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

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

4.51 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 (NNDR) 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 2021, as calculated by Cambridgeshire County Council's Research Group. 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 was a significant fall in the resident population (108,832) compared with the interim projected figure of 124,400. This reduction was 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 Although it has proved to be difficult to definitively identify the detailed reasons for the reduction, it is noticeable that the recent announcement of the ending of “unattributable changes” within the estimation process has put the City back in the top 10 fastest growing local authorities in population terms. This reflects the fact the City is again being credited with the net effects of international migration, which serves to add around 2,000 – 3,000 to the population each year.
- 5.9 The impact of this can be clearly seen in the table below, which compares population figures from the Office of National Statistics (ONS) with the projections of the County Research Group
- 5.10 Without any evidence that, at least, the majority of international migrants are settling within the City on a permanent basis there is a risk that, although grant entitlement will continue to increase materially in the period between Census dates, the City will be at risk of further ‘downward corrections’ when Census data is collected. This makes it vital that contingency plans are considered around the period where Census data is used to update population data in the Government’s grant distribution model.
- 5.11 This is of particular significance as it is the key element for the distribution of Government grant, under the new Formula Grant system.



Table 6 : Cambridge City Population Projections 2001-2016

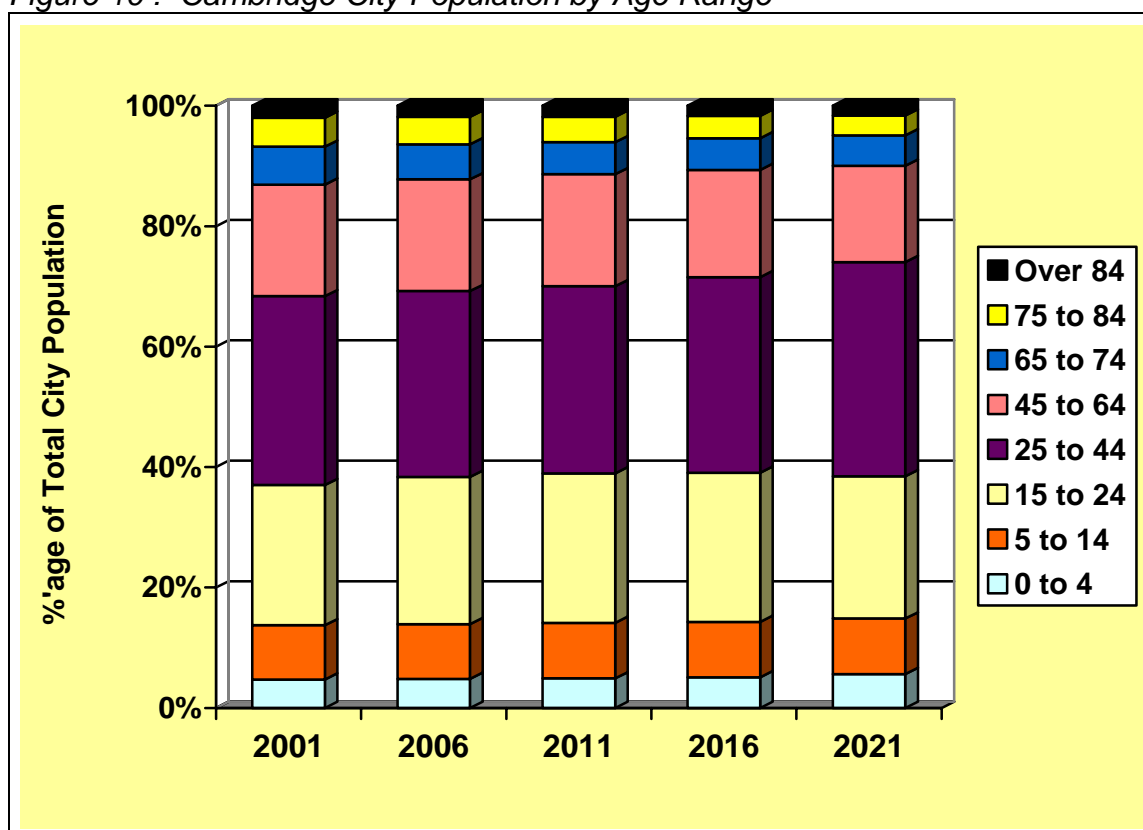
Year	Population (as measured by)		% 'age Change (year-on-year)	
	Office of National Statistics	County Research Group	ONS	County Research Group
2001	109,900	110,200	-	
2002	111,900	110,000	1.82%	(0.18%)
2003	114,800	110,100	2.59%	0.09%
2004		110,800		0.64%
2005		111,900		0.99%
2006		113,900		1.79%
2007		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%

- 5.12 The figures from the County Research Group reflect 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.
- 5.13 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.



- 5.14 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.
- 5.15 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 of the City's infrastructure and the demand for services.
- 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 2021, are illustrated in the graph below. The figures are included at Appendix F.

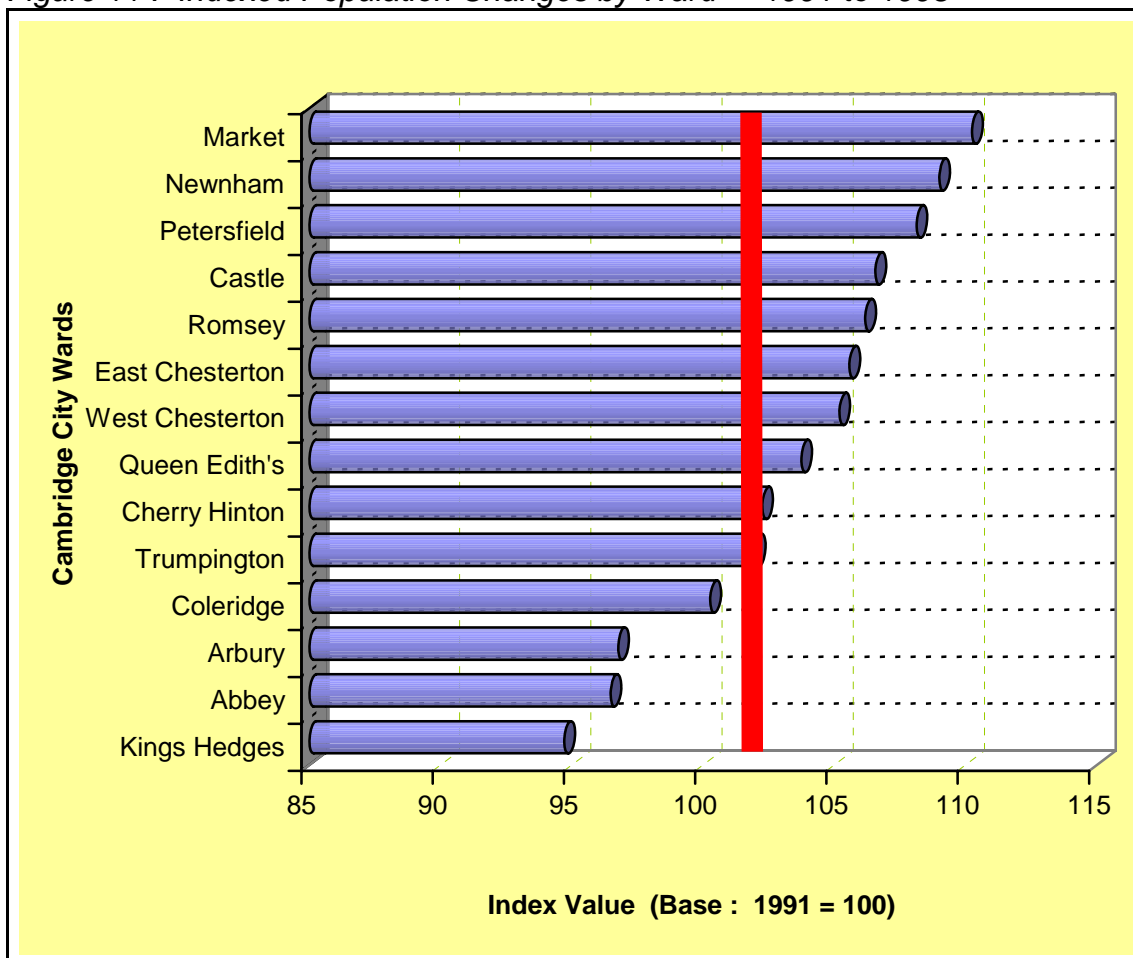
Figure 10 : Cambridge City Population by Age Range



- 5.18 This analysis highlights increases in all age ranges except the over 75's with the 25-44 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 11 : Indexed Population Changes by Ward - 1991 to 1998



Unemployment

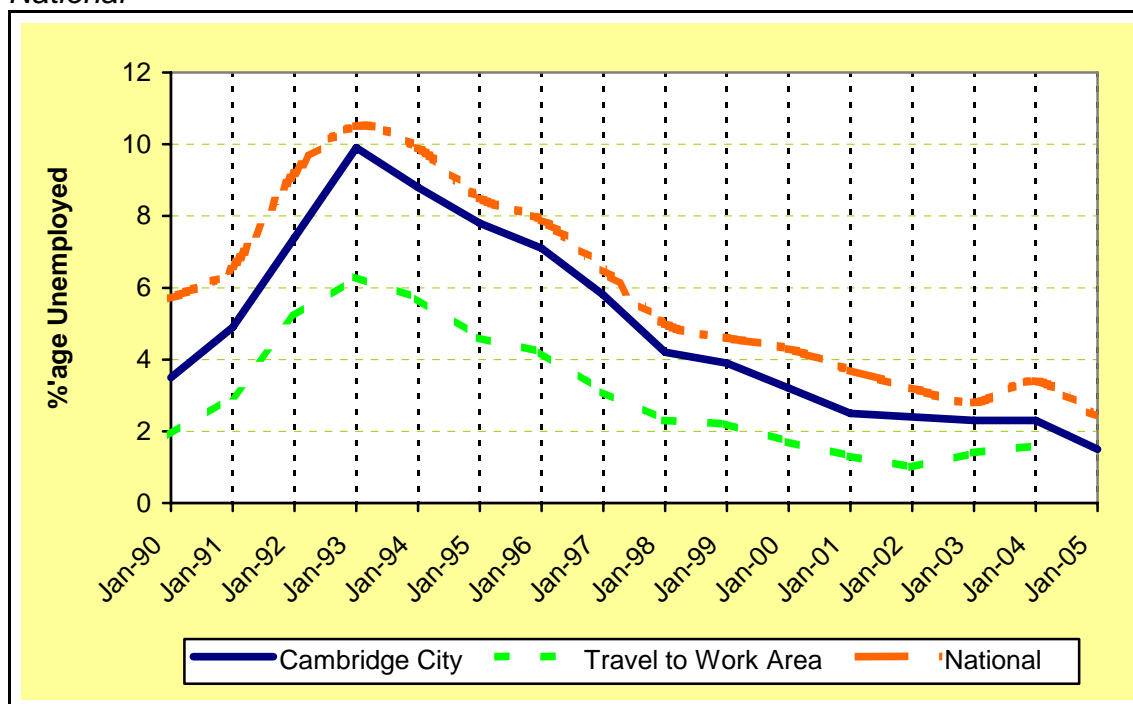
5.20 Unemployment rates are important, as they will influence many of the Council's services either directly or indirectly, as well as being an influence on Council policies.

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 12 : 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 The latest report was produced in June 2004, providing updated data and trend information enabling an assessment to be made of changes over time and long term patterns of poverty in the City.
- 5.27 This is being used along side the new national Index of Multiple Deprivation, 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 The Index now 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 and Growth Area Status

- 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.
- 5.31 The most significant impact on household and population levels will be the effects of the Growth Agenda, both within the City and the immediate sub-region. Work is currently underway with key partners including Cambridgeshire Horizons, South Cambridgeshire District Council and the County Council to plan for the effects of the projected growth.



6. Treasury Management

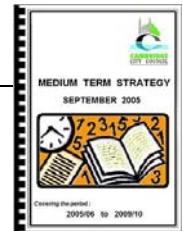
- 6.1 Treasury Management within the Council is regulated by the 2004 ODPM guidance on Local Government Investments and CIPFA's "Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes."
- 6.2 This is an area of activity which covers the management of the Council's cash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

Current Treasury Management Strategy

- 6.3 The Council's Treasury Management Strategy was considered by Strategy Scrutiny Committee at its meeting on 7 February 2005, and adopted by Council on 24 February 2005. Extracts from the Strategy are attached as Appendix G, for ease of reference.
- 6.4 The Strategy includes treasury limits for the period 2005/06 to 2007/08, which are set in the context of the affordability of borrowing – as required under the statutory duty contained within section 3 of the Local Government Act 2003.
- 6.5 The Strategy also includes the Prudential Indicators, which the authority is required to consider before determining its budget and treasury management arrangements for a new financial year.
- 6.6 The Strategy is based upon not entering into any new external borrowing.
- 6.7 During the last financial year the Council operated within the treasury limits set out in the Treasury Management Strategy.

Debt-Free Status

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

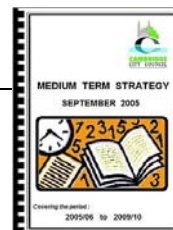
6.9 Although the Council is able to undertake Prudential Borrowing under the new Prudential Framework, which came into force with effect from 1 April 2004, this has not been included in its financial strategy for 2004/05, as :

- 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 and Stock Option Appraisal documents. Without additional revenue to support new borrowing any such move would have the effect of directly increasing Council Tax - beyond the levels planned in the MTS
- effectively this only leaves the advantages of 'invest-to-save' type 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

6.10 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 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

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



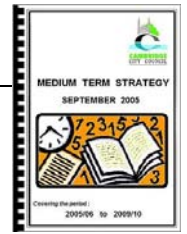
Treasury Management Activity During 2004/05

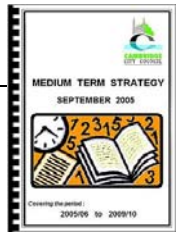
- 6.13 In accordance with the Council's adopted (February 2003) "Treasury Management in the Public Services - Code of Practice and Cross Sectoral Guidance Notes", a report covering the treasury management activities undertaken during 2004/05 needs to be produced. The Annual Treasury Management report is included in Appendix G. Extracts from the report are included below.
- 6.14 The Council manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 364 days dependent on the authority's cash flows and the interest rates on offer.
- 6.15 The expected short-term investment strategy was to determine an appropriate balance of investment maturities after due consideration of the likely movement in both interest rates and cash flow requirements. The value of surplus funds invested during 2004/05 was £464,240,000, and the value of investments that were repaid during the year was £450,040,000, resulting in a net increase in investments of £14,200,000 during the year. The average investment per working day of £1,827,716 compares with the £1,555,138, that was averaged in 2003/04.
- 6.16 The table below shows comparative investment outturn since 2000/2001 :

Table 7 : Comparative Investment Outturn from 2000/01 to 2004/05

Financial Year	Average Daily Investment	Rate of Return	Benchmark Return
2000/01	£1,466,150	6.12%	5.67%
2001/02	£1,570,880	4.89%	4.42%
2002/03	£1,646,520	4.01%	3.88%
2003/04	£1,555,138	3.66%	3.57%
2004/05	£1,827,716	4.66%	4.52%

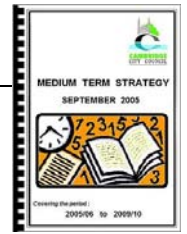
- 6.17 This shows that performance across the whole period has been in excess of the benchmark. The increased rate of return in 2004/05 reflects the movements in interest rates in the period.





Part C

Revenue





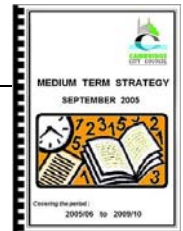
7. External Funding Projections - Revenue

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 Reviews

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



- look at how the public expenditure framework can best embed and extend ongoing efficiency improvements and support long-term investments needed to meet these challenges

- 7.8 In doing this it is envisaged as complementing the work of the long-term reviews already underway into the future of transport, skills, pensions and local services.
- 7.9 An initial report will be issued during 2006, with the announcement of CSR20007 covering the period 2008/09 to 2010/11 in 2007.
- 7.10 In the interim, CS2004 provides the best information on which to base an assessment of changes in Government spending plans in the medium-term, and this has been used as the basis for this MTS.

Spending Review 2004

- 7.11 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.
- 7.12 SR2004 identified the detail, and the departmental spending targets and plans behind the national control totals announced as part of the March 2004 Budget.
- 7.13 It contained 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; and also showed how this spending will be financed. The key components are Aggregate External Finance (AEF) and the Locally Financed element.
- 7.14 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.
- 7.15 The amounts included in SR2004 are :



Table 8 : Spending Review 2004 : National Control Totals

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%

- 7.16 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 in Council Tax. The Local Government Association (LGA) has estimated that additional grant support of around £700m would be required in to limit increases in Council Tax to 3%.
- 7.17 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.
- 7.18 The expected timetable for the announcement of external funding is :-

Table 9 : Timing of Government Funding Announcements for 2006/07

Fund	Timing of Announcement	
	Provisional	Final
General Fund	<i>mid</i> November 2005	<i>mid</i> January 2006
Housing Revenue Account	<i>early</i> December 2005	<i>end</i> December 2005

- 7.19 The crucial issue for the Council will be the timing of the announcement of the protection arrangements applying from 2006/07. There has already been Ministerial confirmation that it is intended to continue the system of 'Floors' (although the use of 'Ceilings' was ended as part of the 2005/06 Settlement), 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.



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

Formula Grant Distribution

7.21 The current 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 2005/06 was :

Table 10 : Calculation of Cambridge Formula Grant Entitlement 2005/06

Calculation of Formula Grant (FG) Entitlement		2005/06
		£'s
	Formula Spending Share (FSS)	16,514,864
<i>Less</i>	Business Rates income (from National Pool)	3,315,720
		13,199,144
<i>Less</i>	Assumed National Council Tax (ANCT) income (*)	6,792,749
	Formula Grant (FG)	6,406,395

But:

Minimum FG to get to 'Floor' (i.e. 3.0% increase)	7,710,759
--	------------------

7.22 This implies an element of grant for 2005/06 of £1,304,364 which results from the protection arrangements introduced through the system of 'Floors' and 'Ceilings' to limit the maximum increase and decrease.

7.23 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.

7.24 The element of protection shown in the calculation of grant entitlement represents the degree to which the Council is immediately financially exposed should the Government decide to end the use of 'Floors'. Since the new formula system was introduced the level of protection has been :



Table 11 : Grant Protection from the 'Floors'

Financial Year	Total Formula Grant (FG) (£'s)	Increase at 'Floor' [c.f. Prior Year Adjusted] (%'age)	Level of Protection through 'Floors' included in FG (£'s)	Protection as a %'age of FG (%'age)
2003/04	11,217,610	3.0%	1,950,309	17.39%
2004/05	10,725,430	3.0%	1,807,310	16.85%
2005/06	11,026,479	2.5%	1,304,364	11.83%

7.25 This shows that although the amount of entitlement which is due to the protection arrangements has fallen, it still represents a significant percentage of the total external support from the Government.

7.26 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.

7.27 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.

7.28 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.

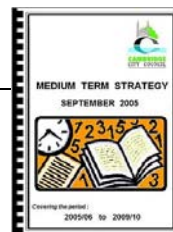
7.29 The Environmental, Protective and Cultural Services (EPCS) block covers the largest part of shire district services, but represents just 19% of the total of FSSs nationally. The two groupings relevant for the City (as a Shire District) are shown below.



Table 12 : 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%

- 7.30 The significant increase in the EPCS figure after 2005/06 reflects the fact that the 2006/07 and 2007/08 figures contain additional funding to ensure that the increases in landfill tax in these years will be revenue neutral to local authorities, whereas for 2005/06 the Government included a similar adjustment in funding directly as part of the Provisional Settlement announcement.
- 7.31 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.
- 7.32 The indicated increases contained within SR2004 for EPCS has been used to predict the level of FSS for 2006/07. For future years, the assumption has been made that increases will be at the level of RPIX inflation assumed by the Government (2.5%).
- 7.33 However, it should be noted that the 2006/07 Settlement will incorporate potential revisions to formula grant distribution which are currently being considered by Government.
- 7.34 Four main issues are being considered as part of this review :
- the current use of data which is now out-of-date (e.g. elements of Census 1991) in reflecting the relative circumstances of authorities in distributing grant
 - the need to establish a firm base for the introduction of 3-year Settlements
 - the consideration of methods of grant distribution which do not involve, or appear to involve, second-guessing the spending and taxation decisions of individual authorities
 - the need to reflect the change which is taking place in Government funding for schools



- 7.35 Following the completion of a number of national research projects, a consultation document has been published which is open for responses through to 10 October 2005.
- 7.36 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.
- 7.37 The consultation on changes to the formula grant distribution mechanism reflects the retention of what it terms 'Floor Damping', though it suggests 3 alternatives for the basis of the damping calculation and 2 alternative methods of funding the overall national cost of damping.
- 7.38 In the worst case scenario, all of the protection could be removed in 2006/07; 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 above the 'Floor' seeking to minimise any reduction in grant that they face in order to pay for the cost of the 'Floors'.
- 7.39 In the Parliamentary statement made at the announcement of the Provisional Settlement for 2005/06 Nick Raynsford MP stated that :
- "Floors are well accepted. Councils are no longer faced with losing grant from one year to the next. There is no wish to do away with the floor mechanism."*
- 7.40 This would appear to be borne out in the options being consulted on for the 2006/07 review of the grant distribution mechanism.
- 7.41 In the statement accompanying the 2004/05 Settlement he had also stated that the intention was to :
- ".... Continue to use this mechanism" in order to "..... ensure that all authorities receive an increase in grant, and to avoid sharp fluctuations which can make forward planning difficult"*
- 7.42 Together these statements could be construed as implying that future 'floors' will be set at a level above standstill in cash terms.
- 7.43 The level adopted in setting the model for the 2006/07 budget is a cash-terms increase of 1%. In the absence of the outcome of the consultation on any potential mechanism changes for 2006/07, and in the context of the SR2004 control totals, this would appear to represent a reasonably prudent assumption at this stage.



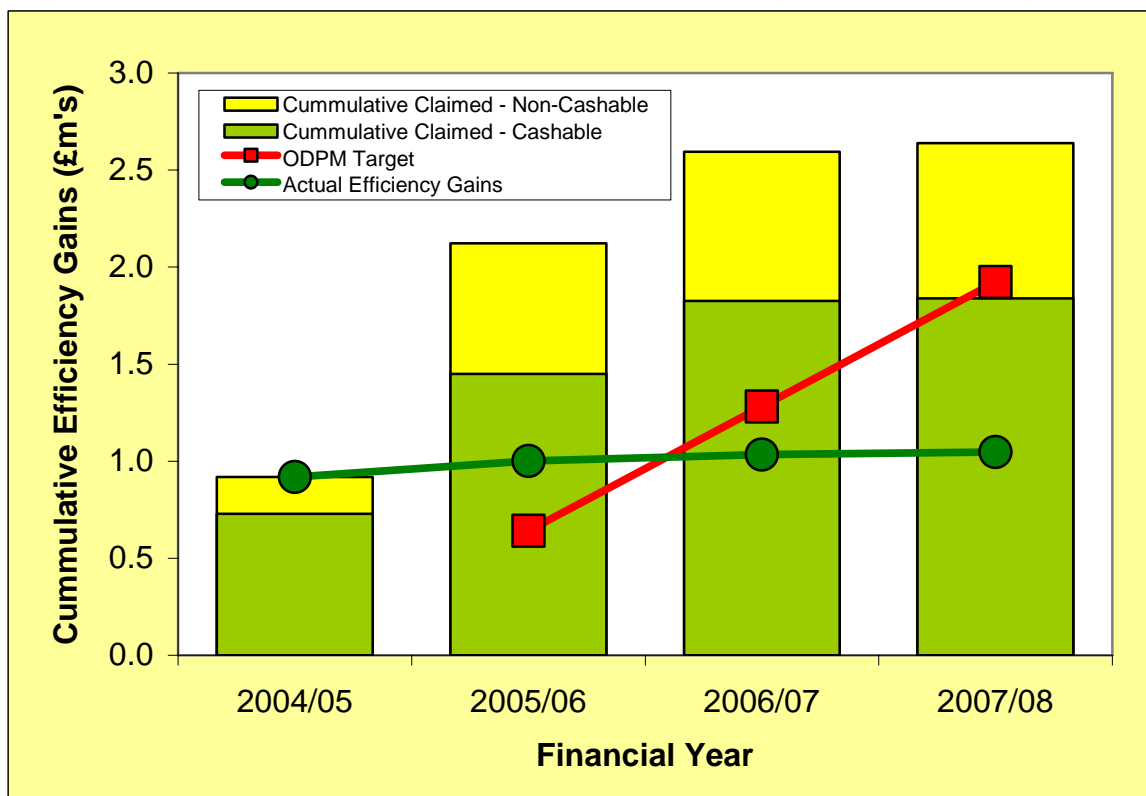
Efficiency

- 7.44 In line with the findings of the Gershon Review, SR2004 proposed efficiency savings across local government of 2.5% per annum to deliver £6.45b of efficiency and productivity savings by 2007/08. Half of the savings will be deemed 'cashable', becoming available to fund front line services.
- 7.45 Efficiencies are anticipated to be delivered :
- 40% through schools
 - 10% through policing
 - 35% through procurement in other services
- 7.46 Further savings are expected to be delivered through increased rationalisation of local authority back office functions and transactional services and improvements in staff productivity.
- 7.47 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.
- 7.48 SR2004 also included £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.
- 7.49 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.
- 7.50 This has been demonstrated to have provided a sound basis in the results of the first two Annual Efficiency Statements (AESs) that the Council has been required to submit.
- 7.51 Steps have been taken to integrate the identification and reporting of Efficiency Gains within the existing corporate processes operated by the Council. This will serve to avoid any unnecessary additional or duplicated effort, whilst ensuring that Gains are considered at the most appropriate point in the annual process.
- 7.52 The Council has, for many years, sought to identify efficiency opportunities as being the most effective means to free-up resources to enable the provision of new or enhanced services. The Council would expect to continue to strive to identify all such opportunities as part of its annual budget and review processes.



- 7.53 A copy of the forward-looking 2005/06 AES is included at Appendix W, and shows the areas which are projected to deliver efficiencies in the current year.
- 7.54 The level of Efficiency Gains which have been reported, to date, are illustrated in the following graph, compared with the Council's target level of £641,000 per annum.

Figure 13 : Annual Efficiency Gains – Performance Against ODPM Targets



- 7.55 As the forward-looking report for 2005/06 had to be submitted before the actuals for 2004/05 were known it should be noted that there is likely to be some adjustment in the 2005/06 actual levels claimed in June 2006; however this should not be material.
- 7.56 The future approach to efficiency is expected to be considered as an integral part of the current review of 3-year Settlements.

Balance of Funding Review

- 7.57 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.

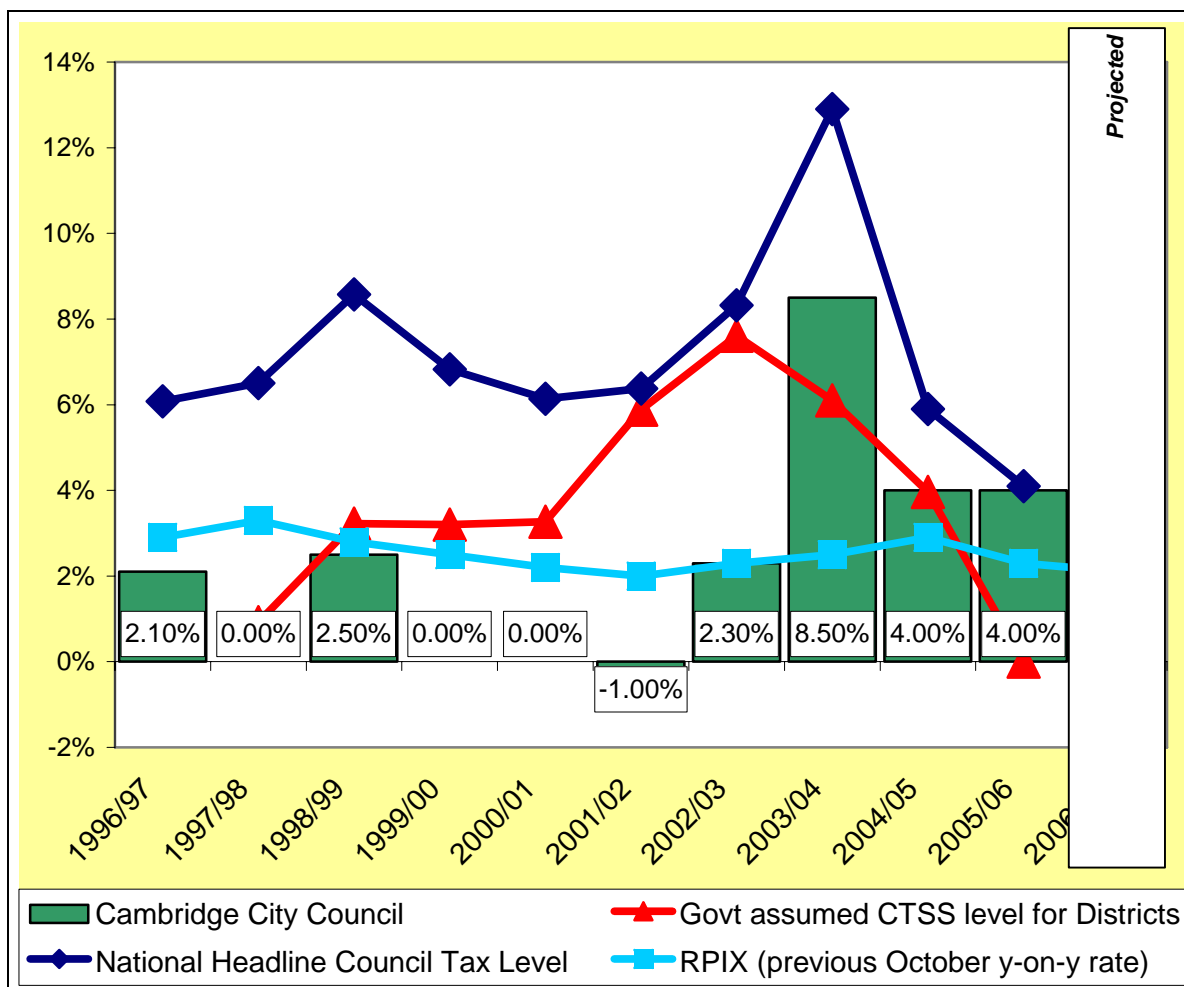


- 7.58 The Balance of Funding report was published on 20 July 2004. It recognised that the balance of funding is a major issue for local government finance, most notably because of the problem of gearing, and identified the options for reform as a reformed Council Tax supplemented by either relocalised business rates, a local income tax, or a combination of both.
- 7.59 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

- 7.60 The increase in the Government's Assumed National Council Tax (ANCT) for 2006/07 has been estimated at 4% - broadly in line with the national average in the current year; as shown below :

Figure 14 : Council Tax Increases - Actual and Government Assumptions



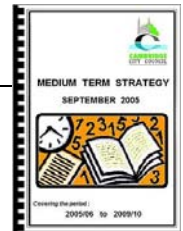


- 7.61 Analysis suggests that the projected level of relative change in both the resident population and Council Tax base levels, compared with national changes, is likely to be relatively insignificant in the wider context of this calculation.
- 7.62 Based on the considerations outlined above, the following table summarises the assumptions made in arriving at Formula Grant projections for the MTS :

Table 13: Formula Grant projection assumptions

Factors	Assumptions adopted
FSS	EPCS Quantum increases in SR2004, thereafter at Government RPIX inflation assumption level (2.5%).
ANCT	2005/06 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

- 7.63 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.
- 7.64 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 2006/07 of only around £110,260. However, it would mean an overall reduction of £1.114m in grant over the 4 year period of the MTS.
- 7.65 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.
- 7.66 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.



- 7.67 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.
- 7.68 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.
- 7.69 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

- 7.70 SR2004 also announced the Government's intention to move to three-year revenue and capital Settlements for local authorities. 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.
- 7.71 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.
- 7.72 It is intended that the three-year periods will tie-in with the Spending Review periods. With the deferral of SR 2006 to 2007 it is now anticipated that the first multi-period Settlement announcement will cover 2006/07 and 2007/08. Future Settlements will then tie-in with Reviews commencing with CSR2007.
- 7.73 The proposals on how changes in services, and demand factors such as taxbase and population will be dealt with, will be the most important factors if the new Settlements are to be effective in practice.

Housing Benefit Special Grant

- 7.74 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.



- 7.75 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.
- 7.76 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.
- 7.77 The City Council will not know the final position in terms of its' Subsidy entitlement for 2004/05 until all of the audited claims are available on a national basis, at which time Government will calculated the effects of the clawback arrangements.
- 7.78 The transfer of benefits from the HRA will also have a funding effect, but the Government's transitional arrangements from 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)

- 7.79 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.
- 7.80 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.
- 7.81 Compared with the total of over £66m collected by the Council and paid into the pool in 2005/06, only £3.316m will be received back - roughly 5%.
- 7.82 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.
- 7.83 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.



- 7.84 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.
- 7.85 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.
- 7.86 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.
- 7.87 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.
- 7.88 Details of how LABGI will work in practice were only announced by ODPM on 21 July 2005. The main basis is the use of 8 baseline groups (as opposed to 7 in the original consultation). The proposals on ceilings have been based on a modified form of the EPCS part of the FSS share (rather than the total FSS, as originally proposed).
- 7.89 The first evaluation of entitlement to additional funding under LABGI will be made based on the NNDR list at December 2005, with the first round of payments due to be made in February 2006. The funding will not be ring-fenced and so may be put to any purpose.
- 7.90 Following the first year of the scheme the Government plans to review the scheme, both in light of any recommendations made by the Lyons Inquiry and the scheme's success in meeting its objectives.
- 7.91 Given uncertainty over the potential level of additional funding that could result no provision has been assumed within this MTS.



HRA Business Planning

- 7.92 Following the sign-off of the 2004/05 Business Plan as 'fit for purpose' by the Regional Office, we do not now have to submit a revised Business Plan for three years. The government will still require regular updates on the progress being made to complete the tasks included in the associated action plan, a key indicator being the progress made towards achieving the government's target of ensuring all council dwelling meet the Decent Homes standard by 2010.
- 7.93 The Business Plan statistical returns continue to be submitted to the government in July as in previous years.

HRA Rent Restructuring

- 7.94 The rent increase in April 2005 was the fourth phase of the governments rent-restructuring programme to bring local authority and Registered Social Landlords (RSLs) rent for similar dwellings 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. The review has been completed and it is likely that changes will be announced during the autumn for implementation in April 2006.
- 7.95 Under the rent restructuring arrangements, increases are capped to a figure of inflation plus half a percent plus £2 per week. In Cambridge, because of high house prices (one of the factors used to calculate the rents), many dwelling rents are unlikely to reach their target rent by the end of the ten year phased programme.
- 7.96 The separating out, in 2004/05, of certain service charges from rent, in line with the Government's policy, has further impacted on the time it will take for dwelling rents to reach target rent levels.
- 7.97 Average rent increases for 2005/06 were 5.77% (from £57.38 to £60.69 over 52 weeks).

Housing Revenue Account Subsidy

- 7.98 This is an assessment of entitlement to Government support for Council owned housing, which is based on calculations derived from a 'notional' Housing Revenue Account for each authority. This calculation is based on a number of key rules and assumptions about a standard level of service and the associated need to spend.



- 7.99 Forward projections of HRA subsidy entitlement can be modelled with far greater certainty than those for RSG, as better guidance is given on anticipated future trends, but they are still subject to changes in the rules and formulae used for any particular year.
- 7.100 An important component of subsidy, is the Major Repairs Allowance (MRA), introduced in 2001/02. The allowance is used to fund increased capital repairs and improvements to the council's housing stock and this is reflected in the capital programme. The HRA subsidy projection shown in Table 9 includes figures for the MRA.
- 7.101 Another key element of the subsidy calculation is the Government's assumptions on rent increases, and resulting rental income, which are based on achieving a target rent in 10 years time under rent restructuring guidelines.
- 7.102 The removal of rent rebate expenditure and subsidy in respect of HRA properties from the HRA to the General Fund from 1 April 2004 marked a significant change to the subsidy mechanism and resulted in a negative subsidy entitlement for the Council. The General Fund now incurs the cost of rent rebates and receives direct grant from The Department of Works and Pensions to meet its expenditure.
- 7.103 Another key component of subsidy is the Management and Maintenance (M&M) Allowance. The formula for allocating allowances between authorities was reviewed in 2003/04. The resulting changes will be introduced on a gradual basis, with all authorities receiving a minimum inflationary increase in both 2004/05 and 2005/06. It is anticipated that Cambridge City will receive increases of approximately 5.2% in management allowances and 5% in maintenance allowances annually, until 2011/12, when target will be achieved.
- 7.104 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. The debt redemption premium charged to the HRA is also claimed within housing subsidy.

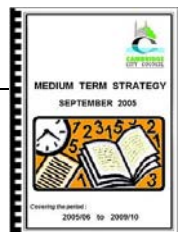


Table 14 : HRA Subsidy Projection - 2005/06 to 2009/10

Factor	HRA Subsidy (£ 000's)				
	2005/06	2006/07	2007/08	2008/09	2009/10
Rent Rebate element	0	0	0	0	0
Housing element	(12,831)	(13,560)	(14,388)	(15,228)	(16,103)
Other	0	43	8	0	0
MRA	4,916	4,826	4,756	4,693	4,632
Net Subsidy	(8,915)	(8,691)	(9,624)	(10,535)	(11,471)



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 2006/07. Where known and unavoidable factors are identified they have been built into the revenue projections in Section 9, and are summarised in Appendix J.
- 8.2 This section also highlights bids which have come forward from Executive Councillors / Scrutiny Committees during the last cycle, together with actions taken under urgency powers since that cycle.
- 8.3 In addition, a list of remaining material areas of uncertainty is included in Appendix K. This highlights factors which could potentially impact on revenue spending but which are effectively unquantifiable at this stage. These should be taken into account when setting the cash limit targets, and in particular, the level of reserves to be maintained.

GENERAL (APPLYING TO MORE THAN ONE FUND)

Employers Pension Fund Contributions

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



- 8.9 The adverse effects were, to some extent, offset by the adoption of a longer deficit recovery period (20 years), changes in the regulations and the impact of a review of demographic assumptions.
- 8.10 Given the materiality of the impact of reductions in investment income to the Fund, it is somewhat ironic that the Fund has suffered by previously having the second highest surplus. This resulted in the surplus being used to reduce contribution rates, whilst Funds in deficit required additional cash contributions. In this scenario, with investment returns falling the relative value of the higher contributions has been an advantage to Funds previously in deficit, in relative terms.
- 8.11 At 80% funded the County Fund is now at the average of a range of Funds nationally which runs from 61% to 94%., with no Funds now in surplus.
- 8.12 Based on the interim advice of the actuaries to the Fund, the Council had made budgetary provision for a 1.5% increase year-on-year for the 3-year period through to the next triennial revaluation.
- 8.13 Contribution rates are calculated on an individual basis for each participating employer. The actuary has now proposed a phased increase of 1.5% for 2005/06 with a 1.9%, year-on-year, over a longer 5-year period (from 2006/07 to 2010/11 inclusive).
- 8.14 For the City Council the result has been a requirement to increase the rate, and budget provision, as follows :

Table 15 : Employers Pension Fund Contribution Rates

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

- 8.15 Previous budgets have already approved the inclusion of these increases in base budgets.



- 8.16 It should also be noted that the underlying long-term rate is 12.6% (from 12.2% at the last revaluation).
- 8.17 The revised regulations affecting the Local Government Pension Scheme (LGPS) which came into force from April 2005 (which would have had the effect of increasing the local government retirement age from 60 to 65) sparked a strike ballot of the members of UNISON.
- 8.18 The regulations have subsequently been revoked by the Government, with the revocation backdated to 1 April 2005. This move has enabled consultations to be undertaken and the outcome of the Adair Turner Pensions Commission to be considered in order to draft a new pensions reform bill. This may now be delayed until late 2005
- 8.19 A further change affecting pensions is the introduction, from 1 April 2005, of the requirement to make a capitalised payment to cover the effect on the Fund of early retirements. The effect is calculated and reported to Members at the point that the decision is made, and will then be paid to the Fund over a 5-year period. This move reflects accepted best practice, and will serve to provide clear focus on the financial implications of early retirement decisions.

JNC Pay Review

- 8.20 Provision was included in the September 2004 MTS for costs associated with a review of JNC pay to be conducted during 2005/06.
- 8.21 Work on the review has been progressed through a Member Steering Group, and proposals for resultant changes to terms and conditions are due to be issued to affected staff shortly for consultation.
- 8.22 The project timetable targets agreements being obtained by the end of October 2005, so that changes can be implemented from 1 November 2005.
- 8.23 In addition to reviewing pay, and linking pay progression with performance reviews (as if the case for staff on City Pay Bands), the proposed package also includes funding for organisational, management and staff development. This is felt to be essential to support the change which face the Council in the years ahead, and will facilitate the changes anticipated as part of the Corporate Change Programme.
- 8.24 Given the uneven nature of the requirement for this aspect of investment over time, it is proposed that available funding is held in a specific fund to ensure that its use can be effectively prioritised and the effects aligned with organisation change requirements.
- 8.25 Projections have confirmed that the costs of the proposed package of measures can be contained within the provision previously agreed.



Corporate Change Programme

- 8.26 The Council is currently working on a number of themes which will fundamentally review the approach to the delivery of services. The main activities are :
- e-Government, and the delivery against the Government's Priority Outcomes
 - Customer Access Strategy
 - Corporate Procurement Strategy
 - Gershon Efficiency Agenda
- 8.27 Each of these is being undertaken based on separate work plans, however a co-ordinating role is being ensured through Corporate Management Team as a Corporate Change Management Programme Board.
- 8.28 This will enable the prioritisation of resources across these agendas, and effective recommendations being made to Members with regard to corporate priorities and medium-term resource planning.
- 8.29 The Customer Access Strategy outcomes may have significant implications for the Council both in revenue and capital terms, though at this stage it is not possible to estimate the levels involved. The timetable envisages that an initial report will be made in the November cycle to confirm options to be worked-up in detail, with a final; report being scheduled for the January cycle to link in with the budget process.
- 8.30 The procurement project is currently undertaking pilot work on a number of initiatives, including an online stationery and office supplied contract, purchase cards, framework contracts and consortia purchasing. Work is also being undertaken with the Regional Centre of Excellence to identify opportunities for joint exercises and the sharing of skills and information.
- 8.31 By working with the Procurement Manager budget holders will be able to identify potential advantages and savings available from the roll-out of the pilots, and are able to count such gains against their cash limit position. This will serve to make the best use of the limited central resource and expertise, whilst incentivising all managers to participate actively in the project to identify cashable and non-cashable gains.
- 8.32 Reports will be made to Members at key points in the development of each of these streams of work, and will highlight implications for other areas, such as Accommodation Strategy.



Asset Management Revenue Account (AMRA)

- 8.33 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.
- 8.34 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.
- 8.35 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 and Value For Money

- 8.36 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.
- 8.37 The Council remains committed to ensuring that services represent value for money to the citizens of Cambridge, and review provide one means of achieving this.
- 8.38 Details of the updated programme of Best Value Fundamental Service Reviews (BVFSRs) are shown in Appendix V. 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.



- 8.39 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.
- 8.40 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.
- 8.41 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.
- 8.42 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.
- 8.43 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.
- 8.44 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.
- 8.45 Carbon Reduction (Cred) Proposals
- 8.46 Work is currently being undertaken to develop proposals for inclusion in a CRed pledge by the Council, as part of a national initiative to encourage organisations and individuals to reduce carbon dioxide emissions.
- 8.47 With the support of the Cred programme and the University of East Anglia and the University of North Carolina, the aim is to determine what practical steps the Council can commit to undertake in order to reduce the level of emissions from current levels.



- 8.48 Options such as changing to the use of bio-fuels and improvements in energy-efficiency in buildings could be considered as part of the specification for new and replacement assets, linked in with the existing replacement schedules. This would minimise the potential capital cost associated with changes.
- 8.49 The budget process will provide an opportunity to consider where initial proposals could tie-in with existing replacement schedules, and consider the revenue cost implications associated with potential changes.

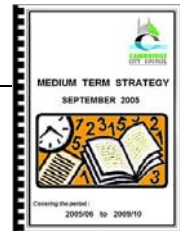
GENERAL FUND PRESSURES & OPPORTUNITIES

Priority Policies

- 8.50 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 2006/07.
- 8.51 The proposed financial strategy for the 2006/07 budget includes an annual sum of £500k to provide funding for developments which can demonstrate significant contribution to the Medium Term Objectives.
- 8.52 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.
- 8.53 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

- 8.54 The IT service contract, currently held by Serco, expires at the end of November 2005, though it can be renewed for a further two years by agreement between the two parties.
- 8.55 The Council is currently in the process of the retendering exercise, and separate reports will be made to Members at key stages in the process.



- 8.56 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. The client-side provision has already been enhanced to ensure that it is consistent with delivering the IEG and IT strategy.
- 8.57 The £155,000 annual contribution to the Technology Investment Fund (TIF) which has been made from cost reductions achieved when the current contract was let, has been retained against the possible need to rebase the contract cost for the new contract, depending on market circumstances.
- 8.58 A provisional sum has been included in the budget for 2004/05 to facilitate the work on the contract re-letting, and this will be reviewed as the project progresses.

Charging for Discretionary Services

- 8.59 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.

Grand Arcade

- 8.60 The loss in car park 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.
- 8.61 Arrangements have also been put in place for temporary provision of the Shopmobility Service during the construction period.

Local Authority parking Enforcement (LAPE)

- 8.62 Cambridge City Council and Cambridgeshire County Council have implemented Decriminalised Parking Enforcement, referred to as Local Authority Parking Enforcement (LAPE), within the City as 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.
- 8.63 The enforcement On and Off-Street has been externalised, in conjunction with the provision of a specialist IT system for processing penalty charge notices and recovering parking debt. The new parking administration service and the enforcement contractor is based in accommodation at the Mill Road Storeyard.



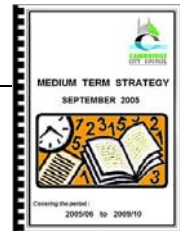
- 8.64 Under LAPE the revenue from enforcement operations – parking ticket income On and Off-Street, and increased paid parking revenue - is used to fund the enforcement and its administration. Whilst LAPE will eventually become self-financing, in the initial years the costs of setting up the service will produce a deficit on the LAPE account.
- 8.65 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.
- 8.66 The practical experience of the scheme is currently being reviewed against the original project projections, and the results will be included in the budget process. For 2006/07.

Cambridgeshire Horizons and Growth Areas Delivery Grant

- 8.67 Cambridgeshire Horizons has been created to coordinate infrastructure partnership work associated with the Growth Agenda. This was achieved 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.
- 8.68 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'.
- 8.69 The announcement of funding in principle from the Government's Growth Area Fund was due to be made at the end of Jul, however this has been delayed as Ministers are still reviewing the wider funding context.

Planning Delivery Grant (PDG)

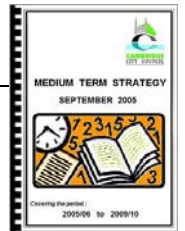
- 8.70 As part of the Spending Review 2002, the government identified £350m, over the three year period of the review, to provide funding to local authorities to ensure that they deliver the high quality services vital to securing Communities Plan objectives.
- 8.71 Investment provided to support the planning reforms set out in the Barker Review, includes £425m to be delivered through the Planning Delivery Grant system over the SR2004 period.
- 8.72 In 2003/04 the Council received £101,320 in Grant. In 2004/05 £235,656 was received in Grant, in three components: housing and growth areas, £34,388; plan making, £76,109; development control, £111,304.



- 8.73 For 2006/07 the Government propose to make £135m available through PDG, some £35m less than in the current year. The emphasis will continue to be on driving performance towards the Public Service Agreement 6 planning targets for development control, and Local Development Frameworks. As a result, the majority of PDG will be allocated to reward progress in these areas.
- 8.74 In 2007/08 it is intended that there will be a very strong emphasis on authorities meeting development control targets in the allocation of PDG.
- 8.75 PDG allocations will, again, be made on the basis of a 75:25 split between revenue and capital, in line with the expectation that LPAs should use PDG to continue to invest in systems that will improve the efficiency and delivery of their planning services.
- 8.76 A maximum limit of £700,000 will be retained for individual authorities, to encourage optimal distribution of PDG. There will be no minimum allocation. It is proposed that PDG allocations will be abated in circumstances where performance on appeals is deemed poor.
- 8.77 Following the end of the consultation period, provisional allocations of the majority of PDG will be announced at the end of November 2005. However, the allocations for plan-making, housing and e-planning will not be announced until early 2006. Payment of PDG will be made early in 2006/07.

Waste Minimisation and Recycling

- 8.78 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.
- 8.79 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.
- 8.80 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.
- 8.81 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.



- 8.82 The CCWAF is also working with the County Council to progress its Private Finance Initiative scheme to seek Government funds to meet some of the growing costs for waste processing in order to achieve future legal requirements regarding the use of landfill.
- 8.83 The Council is introducing a scheme of alternate weekly collections from October 2005, and at the same time introducing a plastics recycling service at the kerbside. This represents a major change in service provision, and progress will be reviewed as part of the 2006/07 budget process.
- 8.84 It is anticipated that these changes will make a significant contribution towards increasing the Council's recycling rates (in 2005/6 it has a target of 36%).
- 8.85 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.
- 8.86 There are also proposals to amend the recycling credit scheme which may also have in impact on the Council's budget.

Concessionary Fares

- 8.87 Budget 2005 announced free off-peak local area bus travel for those aged over 60 and disabled people in England and Wales from 1 April 2006.
- 8.88 The Council already operates a concessionary fares scheme, and this change will require a full renegotiation of the scheme with the provider. The original scheme had been negotiated on a County-wide basis, and the proposal is to do the same this time. To this end, a consultant is being used to develop a revised scheme which will meet all of the statutory requirements, and also enable the Council to explore the implications of any potential local extensions to terms of the scheme.
- 8.89 It is currently envisaged that initial work will be completed to enable meetings with all of the operators to be arranged in September and October, allowing the evaluation of their input during November with final outcomes to be determined in December 2005.

'Unavoidable' Pressures

- 8.90 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, with further detail shown in Appendix J :

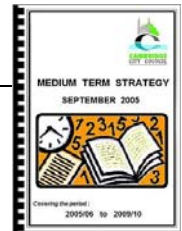


Table 16 : 'Unavoidable' General Fund Revenue Pressures

Factor	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)
Additional Employers Pension Contribution costs	0	97,720	171,010	635,180	1,074,920
Reduced Land Charge fee income	140,000	110,000	110,000	110,000	110,000
Reduced Council Tax Benefits, Rent Allowances & rebates	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)
Review of Building Control Cost allocation	193,000	193,000	193,000	193,000	193,000
Adjustment to provision for Licensing Act 2003	(60,000)	(70,000)	(70,000)	(70,000)	(70,000)
Revised External Interest projections	(503,000)	(151,000)	(99,000)	113,000	165,000
Property Rental income in excess of inflation	0	(119,000)	(119,000)	(119,000)	(119,000)
Total	(440,000)	(149,280)	(23,990)	652,180	1,143,920

8.91 Further detail is shown in Appendix J.

New Bids from Service Committees & Approvals Under Urgency Powers

8.92 The following new bids were approved as part of the June / July cycle of Scrutiny Committees, or have subsequently been approved under Urgency Powers, and have been built into the revenue projections :

Table 17 : New Revenue Bids - June / July Committee Cycle

Committee	Service Area	2005/06 (£'s)	Future Years (£'s)
<i>Approvals under Urgency Powers</i>			
Community Services	Grant to Age Concern re: Parsons Court rent	6,000	0
Total Additional Cost		6,000	0



HOUSING REVENUE ACCOUNT PRESSURES AND OPPORTUNITIES

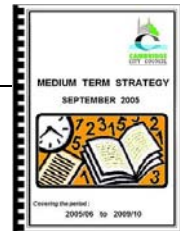
- 8.93 In line with the recommendations of Kate Barker's review of housing supply (March 2004), SR 2004 announced:
- 8.94 Spending on housing, including regional and local programmes, will be over £1.3b higher in 2007/08 than in 2004/05; equivalent to an average annual growth of 4.1%. Substantial investment (£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.
- 8.95 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).
- 8.96 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

- 8.97 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 initiatives. In June 2003 the Council committed to a six-year programme of work to meet the governments 'decent homes' target.
- 8.98 The Council has, with effect from 2005/06, tendered and awarded three contracts, to work in partnership with two contractors, to assist in the delivery of the housing maintenance service and support achievement of the decent homes programme. The Housing Service is now working closely with both City Services and Apollo to ensure best value in all repair and improvement works..

Stock Options

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

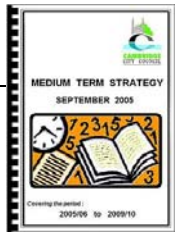


Supporting People

- 8.100 As part of the Supporting People regime the Council has contributed towards the countrywide review of sheltered housing.
- 8.101 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 recent indications are that the actual requirement may be considerably less.
- 8.102 The Supporting People funding for 2005/6 was, as in 2004/05, subject to a nil inflation increase and an additional saving requirement of 2%.
- 8.103 In addition, the ongoing impact of the Supporting People retrenchment requirement for 2004/5, required by the Commissioning Body to meet under-funding in 2004/5 for support services for 'older people', needed to be provided for.
- 8.104 The current costs of providing support services for 'older people' were revisited to tackle the nil inflation increases, 2004/5 retrenchment and 2005/6 savings. By reviewing the work undertaken by the staff involved in providing support services, the Council was able to meet the funding pressures imposed. A restructure of the Sheltered Housing Service (now Independent Living Services) has delivered more flexibility in the way in which we provide care and support services.
- 8.105 The County Council, as Administering Authority, received cuts in 2005/06 of 5.9% in the overall Supporting People grant allocations. Cuts in excess of 5% are an indication of long-term cuts for the authority. Cuts for 2006/07 and 2007/08 have been capped at 5%, but, as yet, there is no information with regard to the medium to long term. It is clear that there are difficult decisions to be made with regard to the future funding of all support services and the administering authority are in the process of consulting and planning for the impact. This is expected to have implications on service levels and for the contributions required from the General Fund.

Support for Non-Sheltered Tenants

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



8.108 As with Supporting People services for the elderly, the availability of future funding for the Floating Support Service is also at risk, and there is potential to also be required to make significant savings in this service area.

Conclusion

8.109 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 I.
- 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 K, and must be borne in mind when setting the financial strategy in general, and the individual committee cash limits in particular.

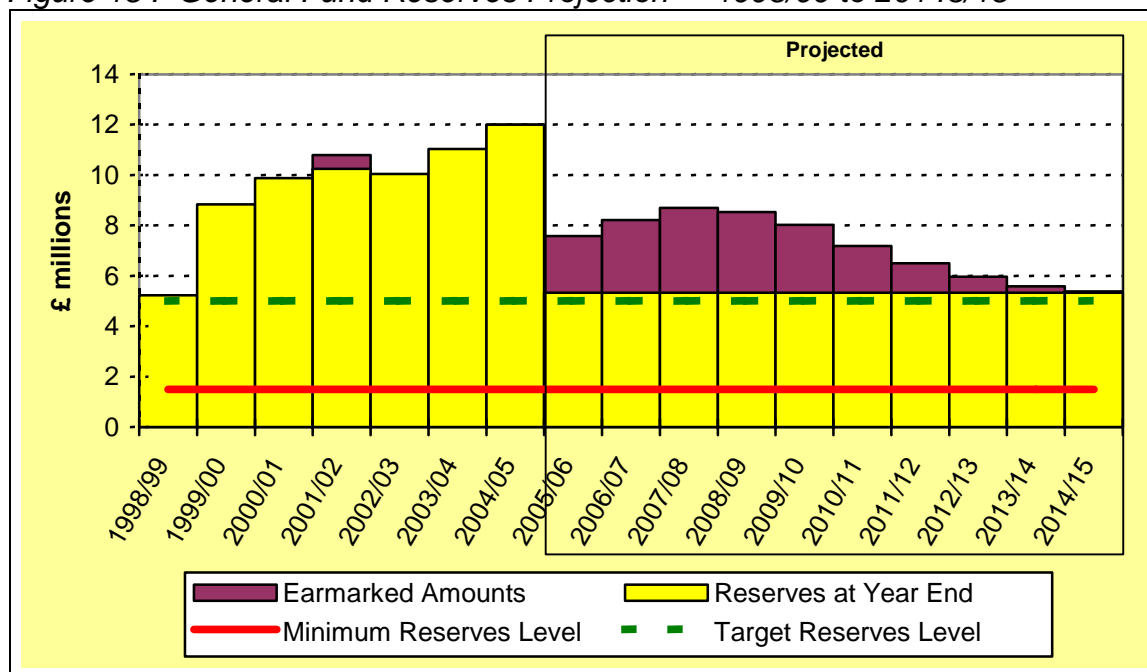
General Fund

- 9.6 The anticipated net spending for the period 2005/06 to 2009/10 is set out in Appendix L.
- 9.7 The original budget for 2005/06 approved net General Fund spending at a level of £17,312,570, which included a use of reserves of £1,291,270. This reflected a contribution of £2,328,500 to fund capital expenditure.
- 9.8 The projected position for the General Fund reserves is shown in Appendix L. This projection includes the effects of changes in the Asset Management Revenue Account (AMRA) and the requested carry forwards from 2004/5.
- 9.9 The revised projection of the use of reserves in the current year (2005/06) now indicates that there is expected to be a net increase of £3,132,200, in addition to the effective transfer of £562,110 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 2005 was £12,008,540. This included £562,110 which will be used to fund the approved carry forward items.



9.12 The projected position for General Fund reserves to 2014/15 is shown below :-

Figure 15 : General Fund Reserves Projection - 1998/99 to 2014/15



9.13 The 10-year projection is important in this instance as it demonstrates that the uneven impact of the unavoidable cost pressures identified in Table 16 can be managed over the medium-term. The level of reserves is maintained above the target level in the short-term to equalise the effect of the full impact of the changes in the employers pension contribution rate, in particular.

9.14 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.

9.15 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.

9.16 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 2006/07 within the terms of the most recent Ministerial statement on approach. Whilst this would result in a reduction in total grant entitlement for 2006/07 of only around £110,26, it would mean an overall reduction of £1.114n 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.

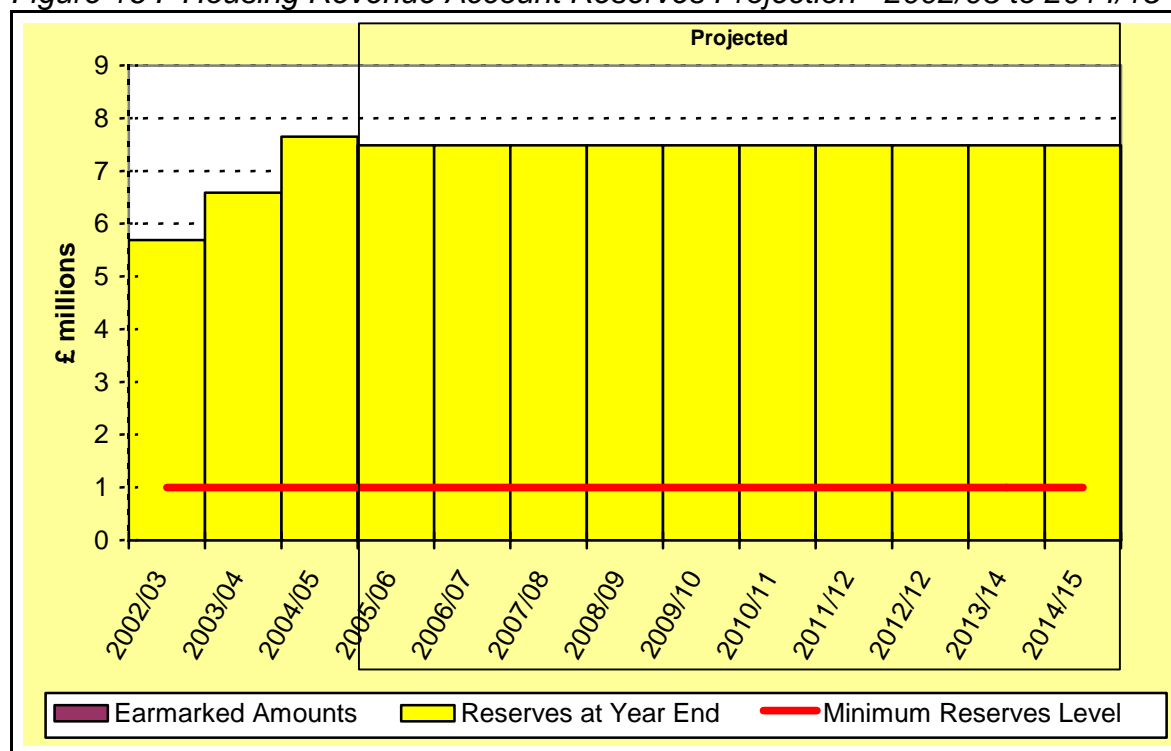


- 9.17 This MTS document already provides an appropriate means of assessing this factor as part of the setting of the Council's overall financial strategy.
- 9.18 Risk analysis and a determination of the adequacy of the level of reserves are key elements within the statement which Directors of Finance 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)

- 9.19 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 16 : Housing Revenue Account Reserves Projection - 2002/03 to 2014/15



- 9.20 This serves to highlight that the level of reserves is projected to remain above the minimum level agreed until 2013/14, but does not build in any assumption for additional spending from reserves for specific projects, for example sheltered housing refurbishment. This will be further considered as part of the Capital Housing Investment Strategy for Housing report, which is scheduled for consideration at the 17 November Community Services Scrutiny Committee.

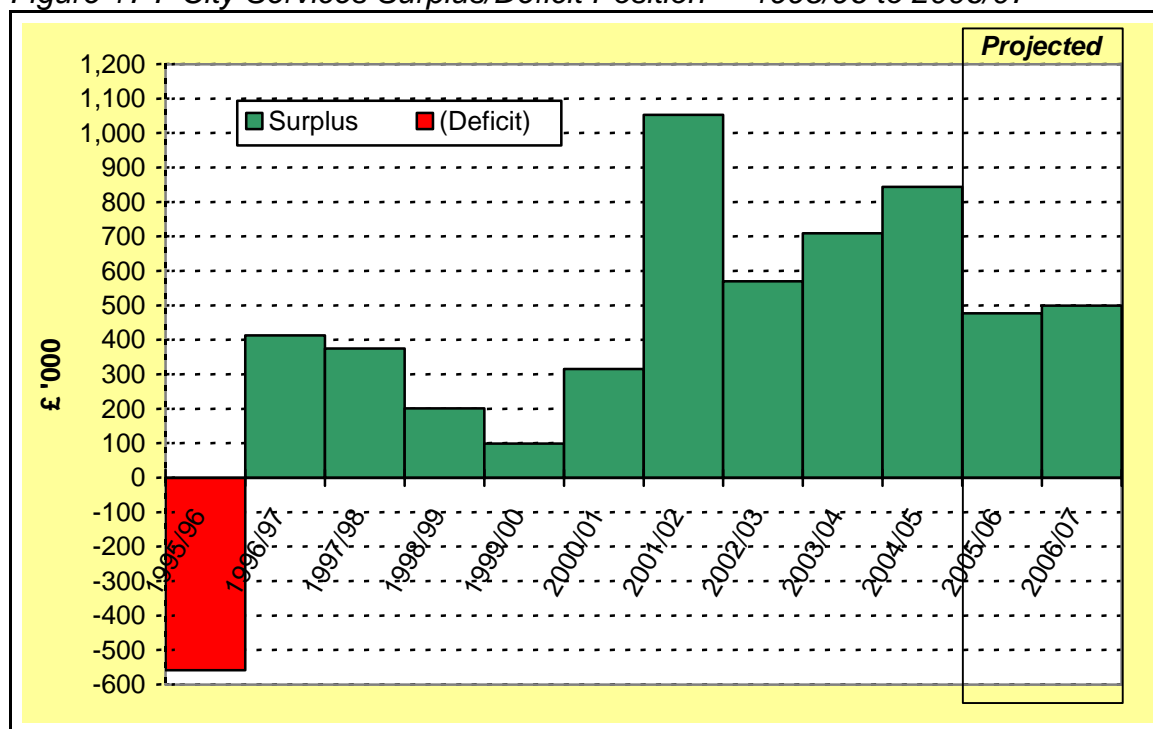


- 9.21 This reflects the latest estimated position, with final outturn figures for 2004/05 included. Further work is being undertaken to review the longer-term implications of the more favourable allowances in the 2004/05 subsidy announcement.
- 9.22 Planning for the HRA is being undertaken for 2006/07 in conjunction with the outcome of the Stock Options Appraisal exercise, the need to meet decent homes, the requirement for additional investment in the private sector and the need to invest in our own sheltered stock.

City Services

- 9.23 City Services have drawn up detailed Business Plans for all of their services, which were based on Service (and Performance) Plans which were approved by Executive Councillor for Commercial and Human Resources (now Customer Services and Resources) in the January 2005 Committee cycle.
- 9.24 The graph below illustrates the surplus/deficit position for City Services since 1995/96. For 2004/05 the final overall position reflected a surplus of £843,860 compared with an original projection of £555,000.

Figure 17 : 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.



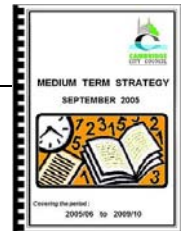
- 9.26 The accounting arrangements for City Services results in a net trading surplus or deficit at the end of each financial year. For the purposes of drawing up the final accounts this is treated as a contribution to the General Fund reserves.
- 9.27 Throughout the year City Services made an ongoing 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, Commercial Waste 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 Customer Services and Resources portfolio, whilst the remaining City Services' services are within the Environment and Community Development & Leisure portfolios.
- 9.30 The table below illustrates, using the projections for 2005/06, the categories for which turnover and resultant surplus / deficit will effectively be analysed.

Table 18 : City Services trading by Fund

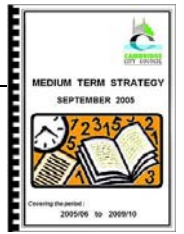
Cost Centre	General Fund		Housing Revenue Account
	Internal Trading	External Trading	
Building Maintenance	9	21	20
Building Projects	0	5	25
PVCu Factory	0	30	20
Public Realm Enforcement	(9)		
Waste Management	304	(*)	
Street Scene	41	9	(~)
Design & Print	1	1	
TOTALS	346	66	65

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.

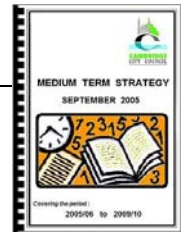


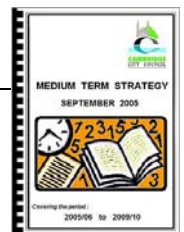
- 9.31 A number of issues will impact on City Services trading activities including:
- the transfer of Parking Services, including Parking enforcement (LAPE)
 - involvement in the procurement strategy, particularly purchase card piloting and stores operations to reduce invoice processing
 - partnership working with Apollo in delivering the Decent Homes agenda
 - the future of the PVCu factory now that the programme of replacement windows is drawing to a close
 - potential external contracts that may require tendering for, and these outcomes will be significant to the wider financial planning for the services in question.
- 9.32 As 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. 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 from 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 2005/06 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 G).
- 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 The redistribution of housing capital receipts has been, and remains, a fundamental principle of national housing capital finance. Introduced under powers contained within the Local Government Act 2003, a new national pooling regime was implemented from 1 April 2004.
- 10.16 Pooling applies to 75% of receipts from Right-to-Buy sales and 50% of other receipts, unless they can be excluded. The pooling arrangements also apply to non-monetary receipts. The arrangements applied to all new receipts from 1 April 2004, but were not applied retrospectively.



- 10.17 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.
- 10.18 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.
- 10.19 Recognising the impact of the changes on debt-free authorities (such as the City Council) the regulations provided for transitional arrangements covering the first 3 years of the regime. Under these arrangements relevant authorities are able to reduce the amount that must be paid into the pool by 75%, 50% and 25% respectively for 2004/05, 2005/06 and 2006/07. To claim this for a particular year the authority must remain debt-free.
- 10.20 The transitional arrangements continue to be of significant advantage to the Council, and therefore, it is considered unlikely to be in the Council's overall interest to undertake any new long-term borrowing up to 2006/07.

Major Repairs Allowance (MRA)

- 10.21 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 2005/06 is £4.916m and is predicted to be increased for inflation in each of the 10 years, but with reductions for Right-to-Buy sales.

Right to Buy Sales (RTB)

- 10.22 The proceeds of dwelling sales under the Right to Buy have 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 element of receipts from sales of council houses to be used for housing purposes.
- 10.23 The actual level of sales under this scheme in 2004/05 was lower than in 2003/04 at 109 units in total. However, the average useable receipt per property was higher due to the increased market values in Cambridge, maintaining similar levels of capital receipt.



Table 19 : Right to Buy Sales - 2001/02 to 2007/08

	Actual Sales				Forecast Sales		
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Sales - Houses	67	68	69	62	53	52	51
- Flats	56	43	46	47	47	46	45
- RTMs	0	0	6	0	0	0	0
Total Sales	155	111	121	109	100	98	96
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Net Capital Receipt	7.155	7.602	9.960	10.060	9.740	9.724	9.528
- of which 'Usable'	1.788	1.901	9.960	7.975	5.933	4.143	2.317

- 10.24 The projected level of sales for future years reduces steadily, reflecting the anticipated trend and assumptions used within the stock option model. Given the importance of this element in terms both of revenue and capital planning review mechanisms have been developed between Housing and Finance to improve the accuracy, and timeliness, of information for forecasting and monitoring purposes. This still remains a difficult area to predict accurately, as it is affected by external factors, such as interest rates and property prices.
- 10.25 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, due to the introduction of national pooling of housing receipts, a significant fall in direct access to such receipts will be evident from 2004/05 onwards, even allowing for the transitional arrangements available until 2006/07 (see 4.5).

Asset Management Plan (AMP)

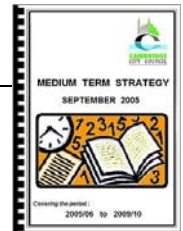
- 10.26 Whilst this does not have to be submitted to Government after 2002, due to the achievement of a 'good' rating on previous submissions and the Council's 'Excellent' rating under CPA, it is felt to still be important to keep the AMP updated, as it fulfils a key role in considering how the deployment and use of assets (land and buildings) can be optimised in terms of benefits for the delivery of council services and the achievement of a financial return.



- 10.27 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.
- 10.28 There development work was undertaken during 2004, with the support of a property specialist from PricewaterhouseCoopers, to enhance the performance indicators for the property portfolio and the AMP, and build trend information and comparators; which are the subject of separate reporting to Members.

Property Portfolio Review

- 10.29 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).
- 10.30 The proposals for the next stage of redevelopment at Lion Yard are currently being reviewed in light of the opportunities now afforded through the direct link with the new Grand Arcade development. This could result in a far more significant redevelopment proposal with consequent implications for the Council in terms of the size of its required contribution to the development costs (at 25%). This is being closely monitored by officers.
- 10.31 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.
- 10.32 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.
- 10.33 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.
- 10.34 Figures for rental income built into the forecast allow for projected disposals. Detailed findings from the review are normally reported to Customer Services and Resources Scrutiny Committee, as they contain confidential information which is exempt from general publication.



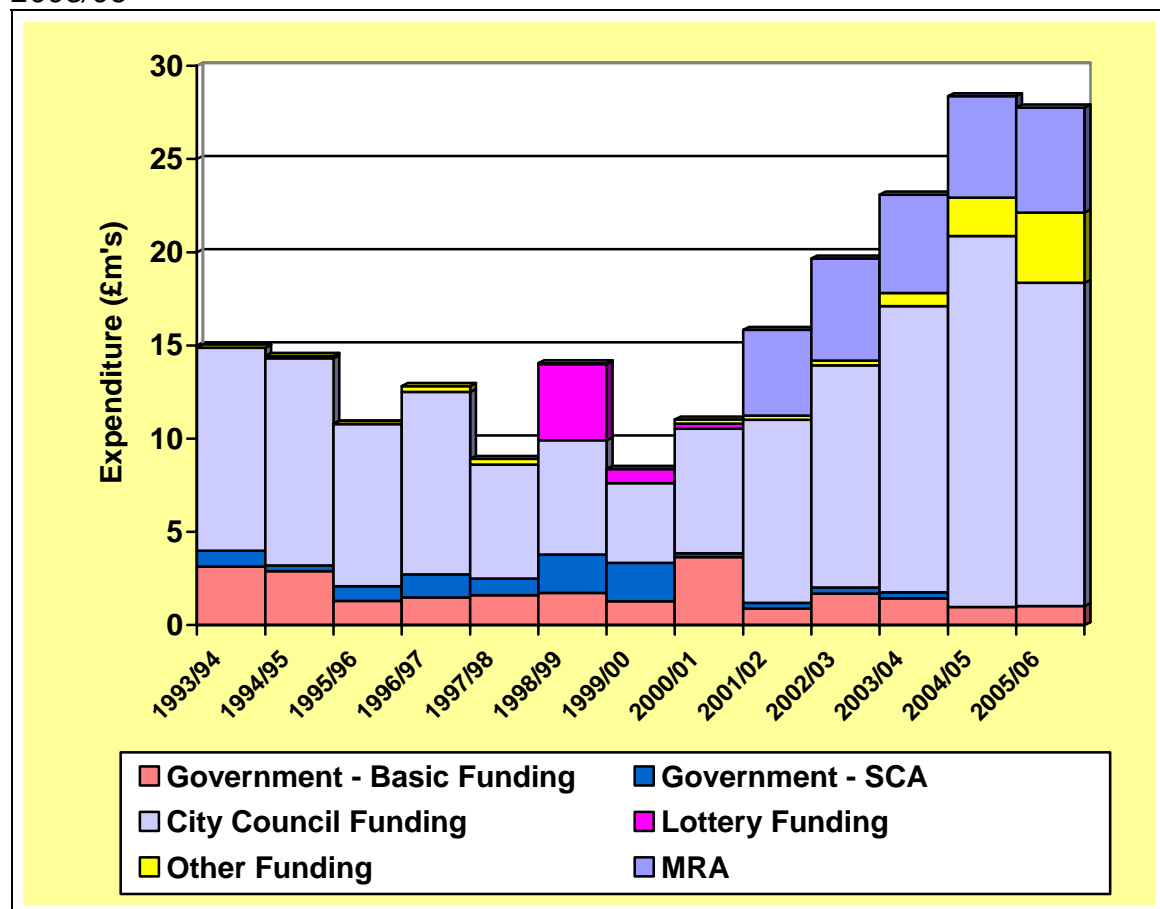
10.35 When planning any further asset disposals the revenue impact of the disposals (i.e. the potential loss of net rent income from the asset against the income which would be received from the investment of the set-aside portion of the receipt) must also be taken into account.

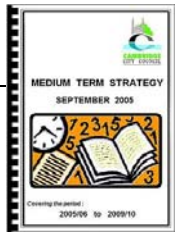
Summary

10.36 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.

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

Figure 18 : Cambridge City Council Capital Funding Sources - 1993/94 to 2005/06





- 10.38 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.
- 10.39 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 2005/06

- PR6 Safer City Programme
- PR16 Public Conveniences

Funding only to 2006/07

- PR15 Repair & Refurbishment Programme – Hobsons Conduit

- 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 S.
- 11.5 An initial review of the Hold List items has confirmed that there is no requirement for any immediate funding decisions at the 8 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 :-

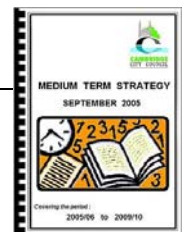


Table 20 : New Capital Bids - July Scrutiny Committee Cycle

Scheme	Scheme Cost			Funding Source
	2005/06 (£ 000's)	2006/07 (£ 000's)	Total (£ 000's)	
Approvals under Urgency Powers				
Grant to Kettles Yard (SC282)	40,000	0	40,000	Use of reserves
EFS relocation (SC281)	44,000	0	44,000	R&R Fund
Guildhall Server Room (SC277)	65,000	0	65,000	TIF
Wireless Working Scheme (SC279)	99,000	0	99,000	£50,000 from TIF and £49,400 DWP Grant
Abbey Leisure Facilities (SC237)	25,000	0	25,000	Additional £25k of s.106 funding (total scheme cost £775k)
Total	273,000	0	273,000	

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 received £900,000 of funding linked to the IEG process, the latest sum of £150,000 having been received recently.

11.12 The use of this funding is being prioritised through the Technology Investment Fund (TIF), in order to ensure that it is most appropriately utilised.

11.13 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)

11.14 At the end of 2004/05 the TIF had a balance of £1,136,480. During the current year, to date, a further £150,000 of IEG funding has been received whilst expenditure and commitments have accounted for £278,415.



- 11.15 This would imply a balance on the TIF at the end of the current year of £1,008,065. However, further bids for funding are currently being considered through the ICT Steering Group.
- 11.16 It is also anticipated that elements of the Corporate Change Programme, in particular the Customer Access Strategy work, will result in sizeable bids for funding to support the ICT aspects associated with the final outcomes.

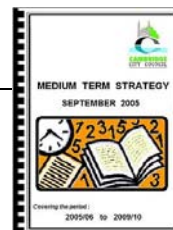
Housing Capital Expenditure

- 11.17 The Council’s debt free status has reduced the pressures on capital expenditure related to housing services, as 100% of Right-to-Buy receipts were usable in 2003/04 and 75 % in 2004/05. In the following two years the Council benefits from the residual transitional arrangements for debt-free authorities, which allow the amount to be paid into the new national pool to be reduced by 50% and 25% respectively. The additional capital receipts available and to be allocated to meet strategic housing priorities as a result of transitional protection, have been estimated as :

Table 21 : Capital Receipts available for Housing Purposes - 2005/06 to 2009/10

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Estimated capital receipts available for Housing	15,319	14,784	12,104	6,330	241

- 11.18 The application of these available funds will be reviewed in more detail as part of the Capital Investment Strategy for Housing report which will be considered at the 17 November 2005 meeting of the Community Services Scrutiny Committee.
- 11.19 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.
- 11.20 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 O.
- 12.6 The usable capital receipts assessment is based on the transitional arrangement, for debt-free authorities in the period 2005/06 to 2006/07; i.e. 50% usable receipts 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 P. 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 S.
- 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.

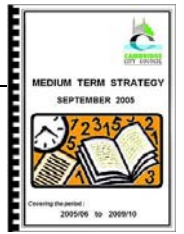
Commitment of Available Funds

- 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 22 : Commitments Against Available Capital Funding - 2005/06 to 2009/10

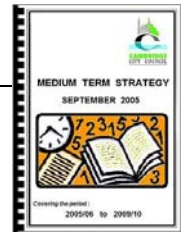
	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)
Programmes	18,476	13,994	14,086	14,318	8,642
Schemes	9,287	112	102	0	0
Total Spend	27,763	14,106	14,188	14,318	6,629
Available Funding	(27,763)	(14,811)	(14,908)	(15,268)	(9,533)
Surplus / (Shortfall) in Funding	0	(705)	(720)	(950)	(891)

- 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 2006 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



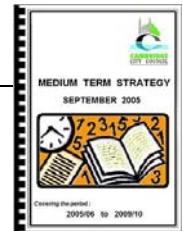


13. Budget Strategy and Process

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 2006/07 no significant changes are proposed compared with 2005/06.
- 13.4 Review work relating to Central and Support Services is continuing in the current year, with detailed review work on the Human Resources Service and a number of cross-cutting themes (such as the approach to charging for these services) scheduled.
- 13.5 It is proposed that these services follow a similar process to direct services for the 2006/07 budget (as in the 2005/06 budget process), 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.
- 13.6 No further changes to the process are anticipated and the budget and decision making process, which is illustrated in Appendix A.
- 13.7 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 (2005/06)
- Consideration of 2006/07 budgets only takes place during one cycle of Scrutiny Committee meetings, in January 2006

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

The Calculation of Cash Limits

13.9 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.

13.10 For 2006/07 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.

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

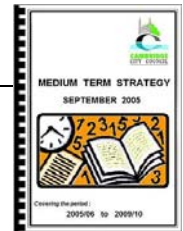
13.12 The calculation of the affordability of the projected base position for 2006/07 was outlined earlier, and results in the determination of the level of savings required as shown below :-



Table 23 : Calculation of 2006/07 Savings Requirement

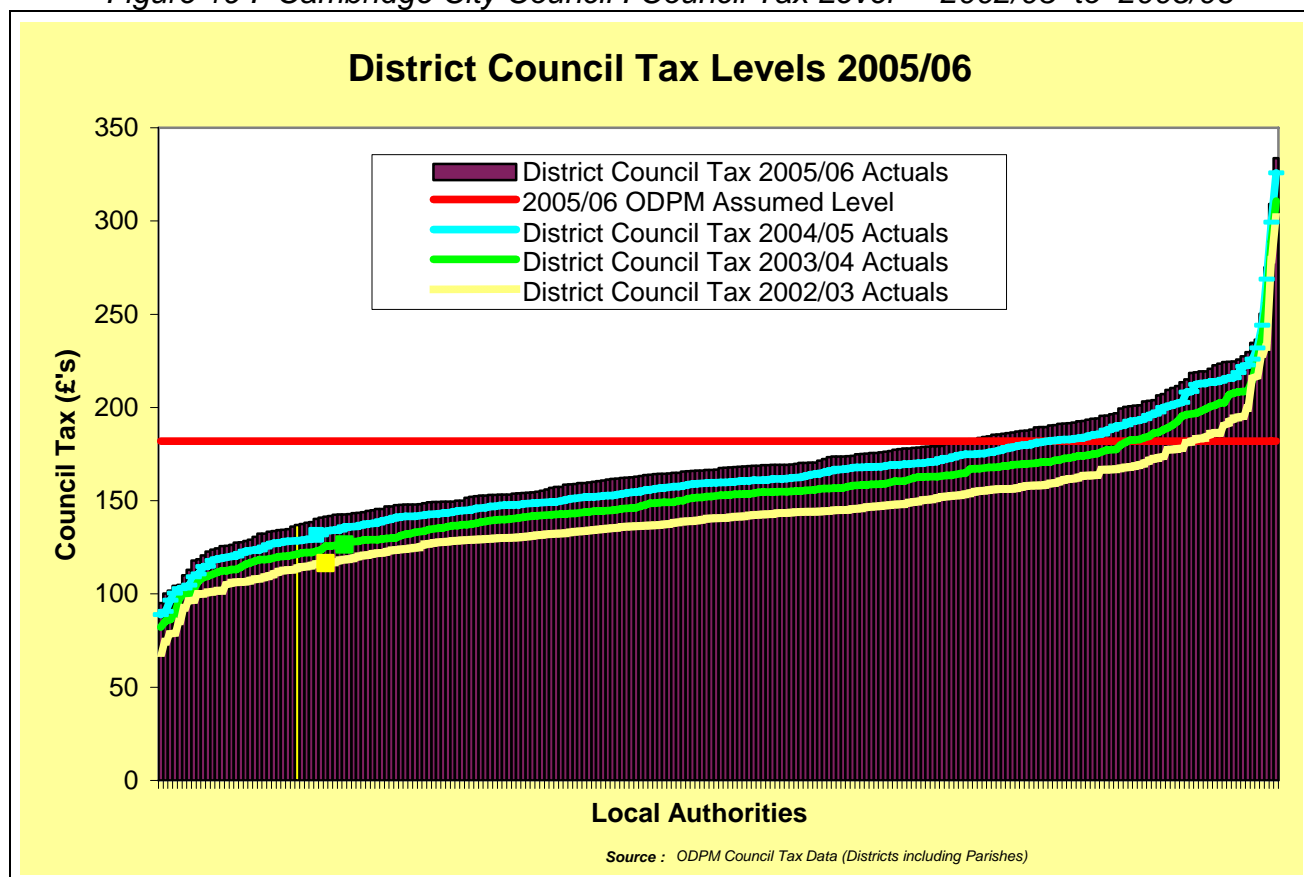
		(£ 000's)	(£ 000's)
	SPEND		
	Inflated Committee Base	21,581	
	Capital adj. (AMRA & MRP)	(6,953)	
	Other appropriations	1,250	15,878
		<hr/>	
<i>add</i>	NEW REQUIREMENTS		
	Unavoidable costs	(149)	
	Priority Policy Fund	500	
	Other items	527	878
		<hr/>	<hr/>
			16,756
<i>less</i>	AFFORDABILITY		
	Use of Reserves	(637)	
	Council Tax	5,236	
	Total External Support	11,137	15,736
		<hr/>	<hr/>
	Need to reduce overall base by :-		1,020
			<hr/> <hr/>

13.13 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.



- 13.14 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.
- 13.15 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.
- 13.16 This year, the approach being adopted is to exclude any major external contracts which are 'within term' during 2006/07. In practice this means that only the Pools Service Management and the recently let Housing Repairs contracts will be excluded.
- 13.17 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.
- 13.18 The effect of this is an implied reduction of 2.91% in the calculation of committee cash limits (compared with 2.60% last year), based on an adjusted gross expenditure base of £34.999m.
- 13.19 The more detailed calculation of cash limits for individual committees is contained in Appendix T.
- 13.20 Given the current indications for FSS for 2006/07 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 £15,736,170.
- 13.21 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).
- 13.22 The City Council had the 30th lowest level (out of 238) of Council Tax for a district council, based on ODPM statistics, as illustrated in the table below. At £136.92 at Band 'D' the level was 24.7% lower than the level assumed by the Government in its calculation of grant entitlement of £181.93. The full charge for City residents at Band 'D' (i.e. including the elements for the County, Fire and Police) is the 12th lowest (again of 238), at £1,166.52 for 2005/06.

Figure 19 : Cambridge City Council : Council Tax Level - 2002/03 to 2005/06



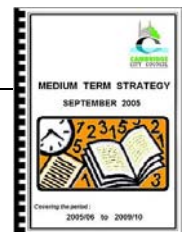
13.23 This strategy is designed to continue to deliver a broadly stable level for the City's element of Council Tax without unduly impacting on services, in line with previous aims.

13.24 The reserves table (shown at Appendix L) demonstrates that the Council's previous plans to provide for an on-going level of reserves over the medium to long-term of around £5m is still sustainable.

REVENUE - HOUSING REVENUE ACCOUNT

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

13.26 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 2.6%.



Use of balances

- 13.27 The available balances at the end of 2004/05 stand at about £7.3m. The plan assumes that the balances will be used to counter the effect of negative subsidy and direct revenue funding (DRF) of capital to enable further investment in the housing capital programme, as required. This will be considered in more detail as part of the Capital Investment Strategy for Housing report which will be considered at the 17 November 2005 meeting of the Community Services Scrutiny Committee.
- 13.28 This will enable the Council to operate, within the current arrangements until 2013/14.

CAPITAL

The Budget Process

- 13.29 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.
- 13.30 There are two main categories for capital items :-
- 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
 - 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.
- 13.31 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.



13.32 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 24 : 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>

13.33 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.

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



Table 25 : Consideration of Capital Items

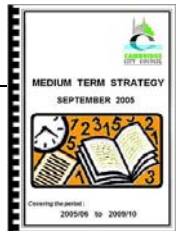
Strategy Scrutiny date	Issues to be considered
July	<p>Overview of the existing capital position, including the implications of the outturn for the prior year.</p> <p>Review of current Hold List.</p> <p>Preview of anticipated spending pressures and likely external funding for the next financial year.</p> <p>Consideration of any bids referred from committees.</p> <p>Housing Investment Programme submission made to the ODPM.</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>

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

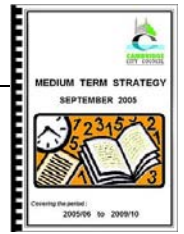
Summary

13.36 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.

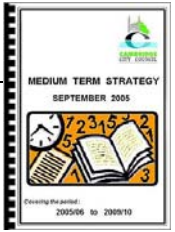
13.37 In fulfilling this aim one of the key factors is ensuring medium and long-term sustainability of services and policies adopted by the Council, and the analysis in this paper serves to demonstrate that this is achievable.



- 13.38 2006/07 and future years will be particularly difficult for the General Fund, due to the uncertainty surrounding 'floor' arrangements for future revenue support grant methodology and Settlements.
- 13.39 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.
- 13.40 The MTS shows that the major pressures faced for 2006/07 can be met with savings targets being held to a reasonable level, as a result of benefits derived from the Council's financial strategies.

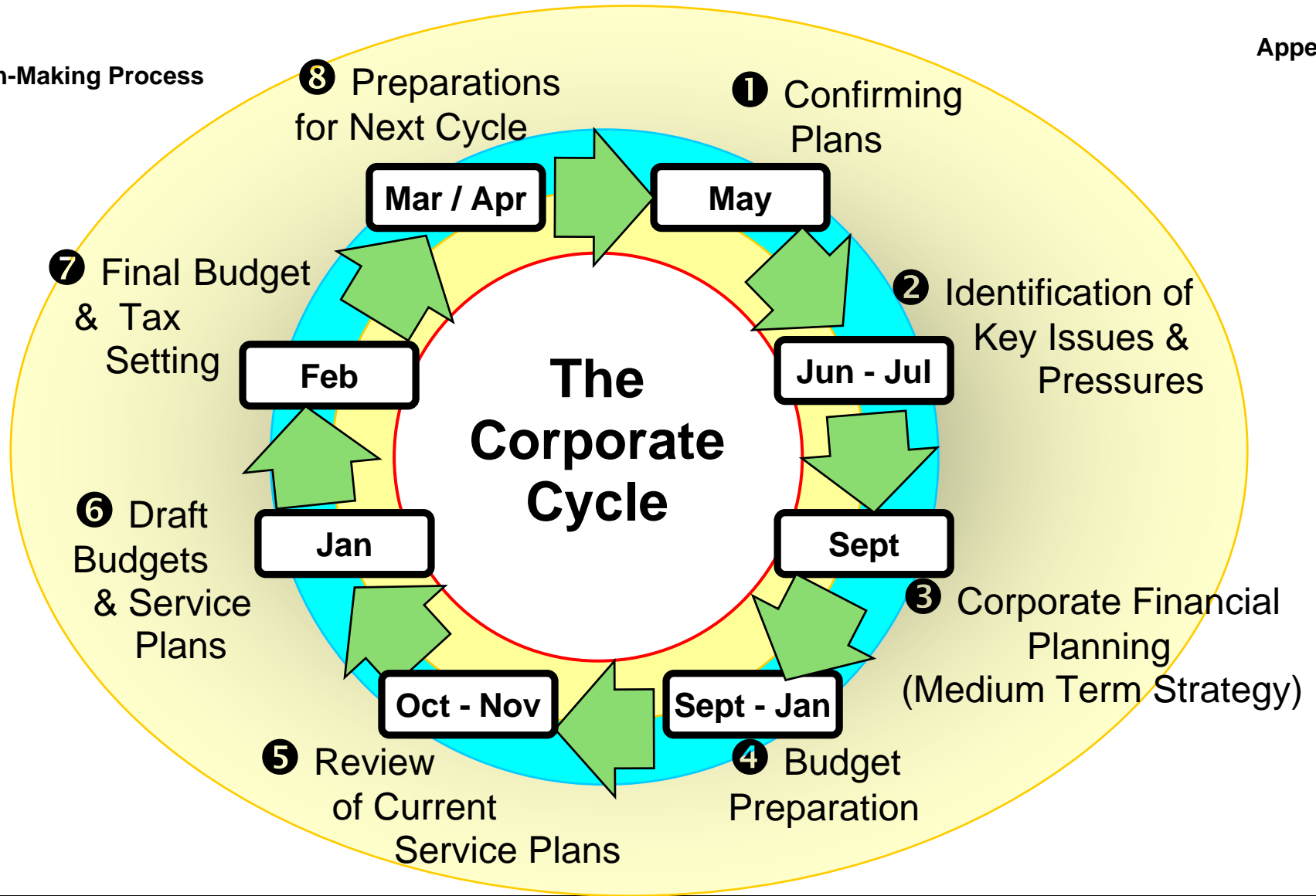


Appendices



Appendix A

Corporate Decision-Making Process



Outline Budget Preparation Timetable

Timetable for the key stages in the 2006/07 Corporate Planning and Decision-Making Cycle and Budget Preparation process

Proposed Date	Major Stage
11 May	Council AGM - adopts Annual Statement which indicates outline plan & priorities for 2006/07
25 May	Timetable for production of MTS and 'deliverables' list
20 June	CMT / Executive Councillors Meeting
<i>various</i>	MTS 'Issues' papers to Committee Manager for Scrutiny Committees
4 July to 22 July	Scrutiny Committee meetings - <i>providing feedback to Leader for</i>
↓	<i>Updating for new events / information</i>
5 Sept	Strategy Scrutiny Committee meeting
<i>various</i>	MTS Presentations / Briefings for Members
8 September	Council agrees MTS
Nov Cycle	See separate table below : performance against Service Plans for current year 2005/06
mid Nov	Provisional Government Settlement figures issued
mid Dec	Executive issues Draft Service Plans and budgets for all Scrutiny Committee areas
Jan Cycle	See separate table below: Draft Budgets & Service Plans for 2006/07
26 Jan	Executive Budget Meeting which considers final Service Plans, budgets, precept and tax requirements

Proposed Date	Major Stage
10 Feb	Special Strategy Scrutiny Committee considers any Budget amendment motions
23 Feb	Council sets Council Tax precepts and levels
24 Feb	Final approved budgets to be sent to Cost Centre Managers by Finance
24 Mar	2006/07 Budget Book published by Finance
Jan - Mar	Medium Term Objectives cascade through staff performance reviews

November Scrutiny Committee Cycle

[to consider current year performance 2005/06]

	Housing Management Board	Environment	Customer Services & Resources	Community Services	Strategy
Draft Agenda despatched	10 Oct.	11 Oct.	18 Oct.	20 Oct.	24 Oct.
Final Agenda publication	24 Oct.	25 Oct.	1 Nov.	3 Nov.	7 Nov.
Committee Dates	7 Nov.	8 Nov.	15 Nov.	17 Nov.	21 Nov.

January Scrutiny Committee Cycle

[to consider Draft Budget & Service Plans 2006/07]

	Housing Management Board	Environment	Customer Services & Resources	Community Services	Strategy	Exec. Budget Meeting
Draft Agenda despatched	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
Final Agenda publication	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
Committee Dates	9 Jan.	10 Jan.	17 Jan.	19 Jan.	23 Jan.	26 Jan.

Note :

- There will be a Special Strategy meeting to consider Budget Amendment submissions on 10 February 2006, prior to Council on 23 February 2006.
- 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.

Annual Statement 2005/06

During 2005-2006 we will undertake the following programme to deliver on these objectives and prepare for further initiatives in later years :

Better Services

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

We will

- continue to build on our Excellent CPA result in line with the action plan agreed with the Audit Commission designed to make further improvements to the way the Council works and the services it delivers
- Develop a Customer Access Strategy designed to ensure we provide an effective co-ordinated and efficient response to all customers who contact us
- aim to continue progress in meeting the government's targets for determining planning applications within set deadlines as long as the Council's quality standards can be maintained
- seek to improve the efficiency and speed of Council Tax and Business Rates collection as well as improve overall collection rates
- seek to reduce the level of overpaid Housing and Council Tax Benefits, through the provision of prompt and accurate assessments as well as improved communications
- strive to maximise awareness and uptake of Council Tax Benefit
- follow-up the conference on tackling debt and seek ways of extending access to banking services
- use mapping poverty research to help target services to those communities which are most disadvantaged and to inform work with partners in the Local Strategic Partnership on tackling social inclusion
- 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

- continue implementing a race equality scheme for the Council, which includes 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
- work with BME residents and our partners to implement the joint “Cultural Diversity in Cambridge” action plan for 2005/06
- complete planned works to achieve accessibility by the disabled to the Council’s public buildings
- ensure that new development is fully accessible and that the Access Grant Fund is spent effectively
- assess the accommodation needs of travellers and develop in conjunction with partners a strategy for meeting those needs including evaluating the option of temporary emergency sites
- put in place arrangements to enhance the dog warden service to meet new statutory responsibilities for out of hours work
- develop the planning service to meet the challenges of growing demand and high public expectations

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

We will

- implement the agreed new arrangements following the review of decision making under the Council’s new constitution to ensure they are both efficient and effective whilst encouraging openness and participation
- review the work of the area committees and implement any agreed changes
- 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
- facilitate the new decision making duties under the Licensing Act
- improve the level of public information on Council projects and the marketing of appropriate initiatives
- provide full robust support for the Council’s policies in the Public Inquiry into the new Local Plan

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

We will

- work with partners in the Cambridge Local Strategic Partnership to deliver the objectives of the Community Strategy for the City
- continue to exploit the potential for joint working and partnering arrangements building on the experiences of successful joint arrangements in areas such as occupational health, consultation, recruitment advertising, waste collection and system procurement.
- implement phased 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
- meet new statutory responsibilities for civil protection in partnership with other public authorities

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

We will

- strive to achieve excellent design in the environment including both buildings and the public realm
- champion the proactive conservation and stewardship of the built and natural environments
- promote environmentally sustainable development in the City and enhance the Council's own environmental performance
- 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 Cambridgeshire Horizons to achieve ambitious housing and infrastructure targets, while ensuring that it operates in an acceptably open and accountable manner
- work with city residents in developing master plans for the major development locations such as the Southern and Northern Fringes and Cambridge East
- promote and implement 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
- encourage individuals, small groups of householders; businesses and other organisations to use renewable sources to meet some of their energy needs
- increase home energy efficiency across all tenures
- 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 the Council's new Economic Development Strategy which provides support for the local economy while balancing factors affecting quality of life in the City
- review the potential of the Market Square to both develop further as a thriving, flexible market and better fulfil its role as a public space
- undertake a pilot study of the potential for community markets on Sundays in areas outside the city centre taking into account existing market provision elsewhere in the City
- work to ensure the successful development of the Grand Arcade scheme to support the continuing vitality of the city centre and to minimise the negative impacts of the redevelopment period
- organise a range of events in the city centre that adds to the vitality of the City and attracts both economically sustainable tourists and shoppers
- following the vacation of the Crown Court, investigate changes to the use of parts of Guildhall with the aim of enhancing its role as a significant civic building in the city centre and improving access to council services
- complete a programme of improvement of local shopping facilities, including disabled access for shops
- continue the work of rationalising street signage and removing obsolete signs

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

We will

- improve the liaison between local residents and traders and the Streetscene teams
- develop the Council's policy to introduce effective mechanised methods of street cleaning, especially within residential areas
- continue the programme to refurbish or replace the City's public toilets
- investigate the requirement for a management plan and a programme of works to restore worn or damaged areas of the City's parks and open spaces
- further develop the enforcement service to reduce the impact of environmental crime in streets and open spaces

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

We will

- work with partners to achieve the objectives of the new Community Safety Strategy 2005-8 including the new Anti-social Behaviour Strategy
- establish the new enlarged Community Safety and Anti-social Behaviour Team as an integrated part of the Community Services Department, and continue to develop strategies, policies and procedures in line with national requirements and national and local strategic objectives.
- establish ways to involve community groups and improve communication with the public on community safety issues including neighbour nuisance
- upgrade the CCTV control room and start a rolling programme of CCTV equipment replacement and the introduction of digital recording equipment
- develop approaches to the use of mobile CCTV cameras to tackle crime and anti-social behaviour in hotspots, building on the outcomes of the study in the effectiveness of the cameras in deterring and detecting crime and public perceptions of the cameras
- continue to fund Community Support Officers to back up the police presence on the streets and improve enforcement

- further boost the environmental enforcement team to tackle public nuisance problems
- implement the 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

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

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:
 - o a rapid transit element
 - o systems such as on-street ticketing and real-time information to increase the convenience, efficiency and attractiveness of bus services
 - o investigation of demand management measures, including congestion charging for commuting into Cambridge
 - o improved arrangements for buses in the city centre, promoting a range of new measures to improve layout and management
 - o 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
- continue to campaign and lobby for public transport improvements including:
 - o the creation of a new Chesterton railway station
 - o an East-West rail route
 - o changes to legislation to allow 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
- continue support for Dial-a-Ride and Taxicard, serving elderly and disabled people while seeking improvements in these services

- 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
- maximise the benefits for traffic flow and residential parking of the successfully launched parking enforcement service

Encourage sustainable waste management through recycling and waste minimisation

We will

- introduce an alternate weekly plastics kerbside collection service across the City
- expand the capacity for kerbside recycling and refuse collection services to cope with the growth in population
- change the collection frequency of black wheeled refuse bins from weekly to alternate weekly to encourage waste minimisation and recycling
- investigate the provision of a nappy collection service for appropriate households
- expand the recycling services for flats and houses in multiple occupation to increase public participation in recycling
- promote recycling in schools and colleges expanding services where necessary.
- provide additional information to residents on recycling and waste minimisation issues through the Council's website and by the production of a regular magazine for householders.
- 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
 - a requirement for 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

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; 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 Cambridgeshire Horizons, the County Council and South Cambridgeshire District to develop the resources to achieve the committed growth in the sub-region, including the achievement of as many as possible high quality new affordable houses at Arbury Camps, Northstowe and on other future schemes within and around the edge of the City
- consider the investment requirements of housing for the longer term, following the decision on Stock Options for the Council's own stock and in relation to opportunities presented by the land audit taking place this year
- continue to work with partners to enable the development of affordable housing in the Cambridge Sub Region through grant and non-grant funded solutions.
- improve the coordination between the planning and strategic housing functions of the Council
- enhance the capacity of the housing development team to respond to opportunities arising from the high levels of housing development in the City
- take action to meet the future affordable housing and sustainable communities targets of the revised Local Plan.
- meet affordable housing and sustainable communities requirements to attract maximum Social Housing Grant
- continue to achieve mixed tenure schemes and provide new build adapted units to meet published targets
- develop a Private Sector Housing Strategy

- improve uptake of schemes of grants and loans for housing repairs for low income home-owners
- continue with the work of bringing empty housing into use by persuasion, compulsory purchase or the new compulsory management powers
- set up a Landlord Accreditation Scheme, initially in partnership with major institutions that recommend or keep lists of potential landlords for their staff and/or students.
- ensure that private landlords are clear about the required standards of maintenance in their properties and use enforcement powers against landlords who put their tenants' safety at risk
- ensure that there is adequate independent specialist housing advice and support
- increase private tenants' awareness of their rights, especially students
- promote a good practice scheme on deposits for private leasing
- work towards meeting the private sector Decent Homes standards in relation to vulnerable groups

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

We will

- implement the findings of the Strategic Review of Sheltered Housing in the Cambridge context, including full local assessment, and options for service delivery, and investment options to address needs for improvement and modernisation above the Decent Homes standard.
- integrate flexible support and home care in sheltered housing and for other tenants with support needs
- review the Allocations Policy in consultation with tenants and other stakeholders to work out a new and understandable scheme for allocating scarce social housing in a way which would enable future development of Choice Based Lettings
- use the new repairs partnering contracts to ensure a best value repairs service and achievement of Decent Homes standard by 2010
- enhance the environment of Council housing through improved control of the growth of weeds

- minimise impact on services to vulnerable groups arising from government reductions in Support People funding

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

We will

- continue to reduce the number of rough sleepers in the City to as near to zero as possible
- establish specialist residential accommodation for continuing drinkers in premises on Newmarket Road
- 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
- ensure the continuation of the access officer scheme to minimise the use of temporary or bed and breakfast accommodation

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

We will

- implement the outcome of the Committee of Inquiry into Grants
- continue to work with the voluntary sector to implement the voluntary sector compact for the benefit of the community
- support community groups of all kinds to promote the well being of their members
- celebrate the 40th anniversary of the signing of the Friendship Agreement with Heidelberg
- investigate ways in which support could be given to residents associations besides those that primarily represent Council tenants

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
- review the management of community centres and explore the options for the future provision and management of community facilities and their wider role as service information and access points
- achieve the successful launch of the new East Chesterton community centre on Brown's Field
- seek opportunities for the funding of replacement mobile youth facilities and continue to work with partners to develop a city centre youth facility
- encourage greater use of parks and open spaces by all residents with particular emphasis on groups whose usage is low
- work closer with local residents over the maintenance and management of parks and open spaces through existing organisations or by creating new consultation groups
- Seek opportunities to develop and strengthen the range of opportunities for the provision of arts and entertainments through direct provision including the Corn Exchange, the provision of grant aid and in work with a range of partners in the city
- encourage greater participation in sport and exercise by all residents with particular emphasis on groups where usage is low by:
 - o maintaining council facilities to a high standard, particularly completing capital projects to refurbish Kings Hedges Learners Pool and Abbey Sports Centre and establish the 'Sport hub' in the north of the City which both form part of the 'Active England' grant award
 - o working with sport clubs and sport facility providers to implement remodelling of the 'City Sport' initiative
 - o providing open access sports facilities in parks and open spaces, where development contributions have been secured, in consultation with residents, young people and ward councillors
 - o reviewing the criteria for concessions for the Leisurecard and, in liaison with SLM Ltd., actively market the revised product

- o supporting and developing community initiatives linked to the government's PESSCL (PE, School Sport and Club Links) programme
- implement the recently agreed revised policy for mooring and charging for boats wishing to moor on the riverbanks in the City Council's ownership
- investigate the remaining lifespan of the buildings and plant at Jesus Green Outdoor Pool and ways by which this unique facility can be kept

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

We will

- work with partners to produce a revised plan for improving the health of Cambridge people
- place the health and the well being of citizens as a key priority in the coming year, including
 - o extending the Reccy Ranger scheme to encourage more children to take exercise on the City's recreation grounds
 - o continuing to fund and support Buchan Street Healthy Living Centre

Resources

We will

- continue the discipline of a Medium Term Strategy with the requirement to identify efficiencies with corporate planning and decision-making, developing the annual budget process
- establish and make use of an efficiency fund to enable flexible and timely responses to opportunities to provide efficiency gains
- implement a corporate change programme designed to continue the identification and realisation of efficiency gains, and demonstrate the strong corporate commitment to this agenda, including key projects during 2005/06 specifically dealing with Implementing Electronic Government, Procurement, and a Customer Access Strategy
- maximise the opportunities in the re-tendering of the Council's IT contract, develop an effective IT client team better to support the Council's work, and

support implementation and development of systems and processes to deliver improved customer service priorities, including e-government and the continued development of the new council website

- 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
- 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
- prepare for possible public concerns arising from potential impacts of Council Tax revaluation
- monitor government spending plans and the continued dependence on the mechanism of 'floors' within the revenue support grant system and to assess whether Council may need to increase Council Tax significantly just to maintain current services to meet service demands arising from population growth



Appendix D

Progress Against the Medium Term Objectives (MTOs)

(1) Better Services

PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Better Services									
Delivering high quality services in a fair and equal way to all sections of the community.									
LPI	Number of collections missed per 100,000 collections of household waste.	1st 1147 2nd 781 3rd 553 4th 1102	1,102	20	1st 1051 2nd 689 3rd 500 4th 381	394	15		It has been agreed that this indicator does not give an accurate representation of performance as it can be hugely influenced by events beyond the Council's control e.g. bad weather and so has been replaced by a new indicator for 2005-06.
LPI (new for 2005-06)	% of collections made on the day of collection.	1st N/A 2nd N/A 3rd N/A 4th N/A	N/A	N/A	1st N/A 2nd N/A 3rd N/A 4th N/A	99.62%	99%	New indicator	New indicator for 2005-06. 2004-05 year-end data shown for information only.
BV2a	The Level of the Equality Standard to which the authority conforms.		1	3		2	3		In 2004-05 we concentrated on developing the processes and activities necessary to meet the duty to promote race equality contained within the Race Relations (Amendment) Act 2000. This has resulted in slower progress than anticipated on introducing and embedding some of the new processes, systems and procedures specifically required by Level 3 of the Equality Standard.
BV2b	The duty to promote race equality.		63%	N/A		79%	80%		
BV156	% Authority buildings which are suitable for and accessible to disabled people.		23.5%	25.0%		25.00%	27.2%		The target for 2005-06 has been amended to 27.20% due to the inclusion of Browns Field Community Centre due for completion later in 2005.



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
LPI	(i) % of total days public conveniences are available for use.	16	96.5%	98%		99.5%	98.0%		
	(ii) Number of toilet blocks of a 3/5 star rating or higher.		18	19		19	19		
BV3	% Citizens satisfied with the overall service provided by the authority.		58%	N/A		58%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04. Data collected every three years.
BV74	% Tenants satisfied with the Council as a Landlord.		71%	N/A		71%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04. Data collected every three years.
	(i) % BME Tenants satisfied with the Council as a Landlord.		71%	N/A		71%	N/A	N/A	
	(ii) % non-BME Tenants satisfied with the Council as a Landlord.	N/A	71%	N/A		71%	N/A	N/A	
BV80	Percentage of users who either agree or strongly agree that they are satisfied with our benefits office: Facilities for getting in touch. Service in the office. The telephone service. Benefits staff. Forms to be completed. Speed of service.		77% 81% 70% 81% 57% 74%	N/A		77% 81% 70% 81% 57% 74%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04.



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV90	(i) % People expressing satisfaction with recycling facilities.	61%*	64%	N/A		64%	N/A	N/A	No Best Value survey undertaken for 2004-05 and not due for collection in 2005-06, figures are those for 2003-04.
	(ii) % People expressing satisfaction with waste collection facilities.		88%	N/A		88%	N/A	N/A	
<p>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.</p>									
LPI	Number of members of the public attending meetings (including area committees).	2nd 503 4th 531	1,034	N/A	2nd 540 4th 475	1,015	N/A		
LPI	Number of speakers (members of the public) and petitions at meetings.	2nd 109 4th 138	247	N/A	2nd 146 4th 86	232	N/A		
LPI (New 2004-05)	(i) % People who agree or strongly agree that the Council tells residents what it is doing.		N/A	N/A		57%	N/A	New Indicator	Data from Autumn 2004 Citizens' Survey.
	(ii) % People who agree or strongly agree that the Council takes residents views into account when making decisions.		N/A	N/A		52%	N/A	New Indicator	Data from Autumn 2004 Citizens' Survey.



(2) Strong Economy

PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Strong Economy									
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.									
BV8	% invoices paid within 30 days of receipt.	1st 95.3%	95.90%	97.50%	1st 97.9%	97.97%	98.00%		
		2nd 95.6%			2nd 97.9%				
		3rd 96.0%			3rd 98.4%				
		4th 95.9%			4th 97.7%				
QoL22	Number of days per year when pollution is moderate or higher.		a) 21 b) 12 c) 9	No target set		a) 15 b) 3 c) 4	N/A		a) Parker Street b) Gonville Street c) Silver Street.
QoL29	Annual average traffic flow on Cambridge roads.		170,036	No target set		168,088	N/A		The traffic flow for 2004-05 was about 1950 vehicles (1.1% approx.) less than in 2003-04.
LPI	% Increase or decrease in VAT registered businesses annually.		+ 0.28% (2002 data adjusted, was+0.72%)	No target set		- 0.84% (2003 data)	N/A		The calculation of these figures has changed due to the introduction of a new industrial classification system. The data for 2002 has also been adjusted to take into account this change so a reasonable comparison can be made.
LPI	% Increase or decrease in the number of local jobs.		+ 2.09% (2002 data adjusted, was+6.37%)	No target set		- 1.00% (2003 data)	N/A		
LPI	(a) % Local shops re-let within 6 months.		0%	50%		100%	50%		



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
	(b) % Local offices re-let within 3 months.		83%	60%		57%	65%		7 offices were relet during 2004-05 of which 4 met the criteria. Larger offices have tended to attract less interest and where practical we are subdividing some units to attract tenants.
	(c) % Local industrial premises re-let within 3 months.		50%	60%		66%	65%		15 industrial units were relet during 2004-05 of which 10 met the criteria.
BV111	% Applicants and those commenting on planning applications satisfied with the service received.		71%	N/A		71%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04.

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	% highways that are of an acceptable or higher standard of cleanliness.	1st 93.5% 2nd 92% 3rd 93.3% 4th 95.0%	95.00%	95.00%	1st 95% 2nd 97% 3rd 97% 4th 95%	95.00%	98.00%		
LPI	Average time taken to remove abandoned vehicles (days).	1st 11 2nd 11 3rd 9 4th 9	9	10	1st 9 2nd 9 3rd 8 4th 8	8	10		
LPI	a) % graffiti cleanups within 5 days.	1st 90.4% 2nd 93.2% 3rd 95.2% 4th 94.29%	94.30%	94%	1st 94.7% 2nd 95.3% 3rd 96% 4th 96.86%	96.86%	95%		
LPI	b) % abusive graffiti cleanups within 1 day.	1st 100% 2nd 100% 3rd 100% 4th 100%	100%	98%	1st 99.3% 2nd 99.3% 3rd 99.3% 4th 99.25%	99.25%	98%		
LPI	% of Parks and Open Spaces	1st 70.1%	75%	72%	1st 73.1%	76.50%	72%		



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
	to an acceptable or higher standard of maintenance.	2nd 71.7%			2nd 74.0%				
		3rd 73.9%			3rd 74.2%				
		4th 75.2%			4th 76.5%				
LPI	% People expressing satisfaction with a) public toilets and b) parks and open spaces.		a) N/A b) 92%	No target set		a) 43% b) 61%	N/A	N/A	Data taken from the Citizens' Survey of November 2004.
BV89	% People satisfied with cleanliness standards.		64%	N/A		64%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04.
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.		24.6	23.1		17.31	15.59		We are working with the police to reduce burglary through our Community Safety Strategy. We provide advice, advertising and property marking kits. Ongoing police operations and initiatives have helped achieve the reduction of 29.6%.
BV127	Violent crimes per 1,000 population.		27.4	N/A		27.13	24.86		This is part of a larger Best Value Performance Indicator, which has been amended for 2005-06, and no targets were set for this indicator in 2004-05.
BV128	Vehicle crimes per 1,000 population.		14.2	16.1		11.34	10.35		Vehicle crime remains a priority for the Community Safety Strategy, and targeted operations have helped achieve a further reduction of 20% in this area. This indicator has been amended for 2005-06.
LPI	(a) % People who feel 'fairly safe' or 'very safe' after dark while outside in the authority area.		35%	No target set		49%	N/A		Data taken from the Citizens' Survey of November 2004.
	(b) % People who feel 'fairly safe' or 'very safe' during the day while outside in the authority area.		84%	No target set		96%	N/A		Data taken from the Citizens' Survey of November 2004.



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
Encourage sustainable waste management through recycling and waste minimisation.									
BV82a	% of total tonnage of household waste arisings recycled.	1st 12.1% 2nd 13.6% 3rd 10.5% 4th 13.4%	13.5%	14%	1st 11.5% 2nd 12.2% 3rd 14.6% 4th 15.8%	13.5%	16.00%		
BV82b	% of total tonnage of household waste arisings which have been sent for composting.	1st 11.0% 2nd 12.4% 3rd 10.7% 4th 9.9%	9.9%	16.0%	1st 18.8% 2nd 16.9% 3rd 15.4% 4th 12.7%	16.0%	20.00%		
BV84	Number of kilograms of household waste collected per head of population.	1st 111.9 2nd 112.6 3rd 106.4 4th 98.1	429	450	1st 110.1 2nd 109.3 3rd 101.5 4th 92.9	413.80	455		The low actual figure can partly be attributed to our waste minimisation policy and action plan.
BV86	Cost of household waste collection per household.		£37.86*	£44.43		£38.54	£44.43		
BV91	% Population served by a kerbside collection of recyclables.		90%	91%		91%	91%		
Reduce the impact of traffic on the city by promoting and supporting improved public and community transport, cycling and walking.									
LPI	Local bus passengers entering and leaving Cambridge per day.		25,000	25,800		26,195	N/A		This exceeded Cambridgeshire's target of 25,800.



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
LPI	Park and Ride: off-street parking ratio.		35:65	N/A		38:62	N/A		The 2004-05 figures are for the calendar year 2004. Approximately 1.54 million cars per year are using the Park & Ride sites compared to approximately 2.54 million using off street car parks. The original 2003-04 figure was based on data from 2001, this has been adjusted to reflect the figure for the calendar year 2003. Comparing the two years 2004 to 2003, the Park & Ride usage has increased by about 7% with a drop of about 6% in off-street parking.
QoL30	% of children travelling to and from school by different modes: Car. Bicycle. Bus/Train. Walk. Other.		N/A	N/A		20 17 2 60 1 (Taxi)	N/A	N/A	The survey does not cover all schools as the response rate was only 44% from all the Primary schools and included only one Secondary school.
QoL31	Kilometres of dedicated cycle routes per 100km of roads.		Not collected	N/A		52 (this includes off road routes)	1km per year	N/A	The County Council did not collect this information in 2004.
LPI	Modal share of: (a) cyclists. (b) pedestrians.		a) 19% b) 20%	N/A		a) 17% b) 22%	a)19% (by 2007) b)N/A	N/A	



(3) Better Housing

PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
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.									
QoL13a	% of households that can afford to purchase the average first time buyer's property in the area.		< 13%	N/A		< 9%	N/A	N/A	There is no specific description of what this indicator is and how it is to be calculated. To obtain a 95% mortgage on the average price for a Flat/Maisonette (for the quarter year January to March 2005) a single income of £48,450 is required (This figure was £42,970 in 2003-04). The earnings data available would suggest that fewer than 10% of the working population in Cambridge earn this amount or above.
QoL13b	Affordable housing (house price/earnings affordability ratio).		7.92	N/A		8.34	N/A	N/A	The data is based on the average full time earnings for people working in Cambridge in 2004 against the average house price in the period January to March 2005. The figure for 2003-04 has been adjusted on the basis of the same calculation to enable comparison.
LPI	(i) Number of new homes built.		596	300		737	350		Increased numbers of new homes built due to a number of large sites that have been developed during the year.
	(ii) Number of houses brought back into occupation.		11	15		15	15		



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
BV184a	% of LA homes which were 'non-decent' as at 1 April each year.		48% (Actual at 1-4-2003)	37%		42% (Actual at 1-4-2004)	39%		The target figure for the 1 April 2004 was not achieved but as this is as at the start of the year it reflects activity for the previous year rather than the current reporting year. The figure at 1 April 2005 is 35% against the 39% target.
BV184b	% change in proportion of non-decent LA homes between 1 April one year and the next.		-12.5%	-7.0%		-16.7%	-17.0%		The target figure for this indicator for the current reporting year has been exceeded by some margin, mainly due to two reasons. When a property has become vacant we have rescheduled refurbishments so they are carried out whilst the property is empty, which is more efficient. Also the previous figures for non-decent homes were estimated from a survey of a sample and as more properties are surveyed, the accuracy of this figure improves.
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.	1st	88%	90%	1st	88.2%	92.5%		Although the target was not reached, there has been a steady improvement in appointments being kept. The repairs partnership will be exploring options for improving repair times further. This Indicator is due to be deleted as a Best Value Indicator for 2005-06 although it will be retained as a Local Performance Indicator.
		2nd			2nd				
		3rd			3rd				
		4th			4th				
LPI	% urgent repairs completed within the national time limit.	1st	93%	N/A	1st	94%	N/A		Housing will be monitoring all types of repair throughout 2005-06, not just urgent and non-urgent repairs.
		2nd			2nd				
		3rd			3rd				
		4th			4th				
LPI	Average time (days) taken to complete non-urgent repairs.	1st	14.9	N/A	1st	14.3	14		
		2nd			2nd				
		3rd			3rd				
		4th			4th				



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
LPI	Average relet times (days) for LA dwellings.	1st 19.8 2nd 24.0 3rd 19.3 4th 23.1	20*	20	1st 18.8 2nd 20.2 3rd 14.8 4th 19.5	19.5	20		Due to a change in how empty properties are managed and the introduction of a new IT system at City Services, the figures for re-letting times experienced a 'settling in' period during the third quarter.
BV66a	% rent collected.	1st 97.22% 2nd 97.05% 3rd 97.14% 4th 97.72%	97.72%	98.25%	1st 97.59% 2nd 97.46% 3rd 97.95% 4th 97.78%	97.78%	98.50%		The rent arrears team are looking at good practice of other Authorities in rent collection and how tenants can be encouraged to pay their rent and arrears. Options include introducing an incentive scheme. Rent statements were also sent out earlier this year, to give tenants time to pay off any outstanding debt before the new financial year. The effectiveness of this will be monitored by the Rents team.
BV74	% Tenants satisfied with the Council as a Landlord.		71%	N/A		71%	N/A	N/A	No survey undertaken in 2004-05, figures are those for 2003-04. Indicator amended and due for collection in 2006-07.
	(i) % BME Tenants satisfied with the Council as a Landlord.		71%	N/A		71%	N/A	N/A	
	(ii) % non-BME Tenants satisfied with the Council as a Landlord.		71%	N/A		71%	N/A	N/A	
BV75	% Tenants satisfied with opportunities for participation in management.		51%	N/A		51%	N/A	N/A	No survey undertaken in 2004-05, figures are those for 2003-04. Indicator amended and due for collection in 2006-07.
	(i) % BME Tenants satisfied with opportunities for participation in management.	N/A	40%	N/A		40%	N/A	N/A	
	(ii) % non-BME Tenants satisfied with opportunities for participation in management.	N/A	50%	N/A		50%	N/A	N/A	



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
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.	2nd 4th	<i>Not collected</i>	N/A	2nd 4th	<i>Not collected</i>	N/A	N/A	Information against this MTOPI has not been collected this year as there are now a number of other P.I.s in this area.
BV183a	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.	2nd 5.7 4th 6	*7	6	2nd 8 4th 6	6	6		Performance has on the whole improved steadily during the course of the year but over the year remains just outside the 6 week target. We are now consistently working well within the target. This PI has effectively been looking at those households who left B&B some time ago and long before the government set it's 6 week target. As these move out of the scope of the calculation our performance is likely to show further improvement.
BV183b	b) hostel accommodation.	2nd 26 4th 22.5	24	22	2nd 53 4th 30	30	21		Performance has improved steadily during the course of the year although remains outside the 22-week target. The 30-week figure tends to reflect the average length of time spent in all forms of temporary accommodation. It is felt that households in hostel accommodation should not be prioritised above those households in other forms of temporary accommodation. Very often hostel accommodation is the most appropriate form of temporary accommodation. We intend now to look at ways of reducing average time spent in temporary accommodation as a whole.
LPI	Average time (days) taken to decide whether to accept people as homeless.	2nd 23 4th 23	23	20	2nd 23 4th 23	23	*25		The end of year figure of 23 days matches last years performance and has remained consistently around that level throughout the year. Performance is within the *25 day target which had been revised upwards (agreed by Housing Management Board - Oct 04) to better ensure that quality is built into the decision making process.
LPI	Average number of homeless households in temporary accommodation during the year in B&B accommodation: a) Families with children.	2nd 6.6 4th 3	4.8	N/A	2nd 1 4th 2	2	N/A		We do not set targets for these indicators. They are to show the current position of B&B use only. We have placed an average of 6 households (all sizes) a month into B&B. Performance has improved from 11 households at the start of the year (May 2004). Placement of families with children has remained consistently low and has ranged from between just one and two per month.
LPI	b) 16-17 year olds.	2nd 3.5	2.8	N/A	2nd 0	1	N/A		



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.	
		4th	2.8		4th	1			The key to reduction in use of B&B and length of stay for those households placed there, has primarily been through accessing other forms of accommodation e.g. in the private sector through the Access Scheme and by ensuring faster turn around of other types of temporary accommodation.	
LPI	c) 18-25 year olds.	2nd	1.8	N/A	2nd	0	1	N/A		
		4th	2.2		4th	1				
LPI	Number of rough sleepers.	2nd	13	10	2nd	8	7	10		This figure is lower than last year mainly because the team: <ul style="list-style-type: none"> - have a more controlled system of allocations into the hostel system. - have an experienced and highly proactive street outreach team. - are working much more closely with the nightshelter. - have diverted over 50 clients to accommodation outside Cambridge.
		4th	11		4th	7				
LPI	Rough sleepers permanently rehoused (% who have achieved a 12 month tenancy).			N/A						This PI has been amended to record those clients referred to the Tenancy Sustainment Team who have sustained a 12-month tenancy or more. The Team have successfully sustained, through on-going support, all 19 'pure' rough sleepers in the programme for 2004-05.



(4) A Healthy and Thriving Economy

PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	2005-06 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken.
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 not-for-profit sector.									
LPI	Amount spent by the Council on grant aid annually.		1,085,074	1,079,760		1,071,970	N/A		
LPI	% spend in disadvantaged areas.	N/A	Not collected	N/A		Not collected	N/A	N/A	
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	Number of people using community facilities.	2nd 134,234 4th 289,000	289,000	270,000	2nd 143,000 4th 287,660	287,660	N/A		
LPI	(i) Take-up of City Leisurecard 'A'.	N/A	19%	N/A		18%	N/A		This is a percentage of the total number of Leisurecard holders.
LPI	ii) Proportion of the population who have a Leisurecard A and are: a) Disabled. b) Claiming benefits.	N/A	a) 2.2% b) 4.0%	N/A		a) 0.4% b) 2.7%	N/A		The Leisurecard scheme has not been promoted this year whilst a review has been undertaken about the future of the card scheme as a whole.
LPI	Standard achieved for involvement of youth in democracy.		Emerging	N/A		Established	N/A		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	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 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.		64% 67% 69% 92%	N/A		64% 67% 69% 92%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04.
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		77% 81% 82% 94% 40% 47% 43% 67%	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%. No survey taken for 2004-05 and not due for collection in 2005-06, figures are those for 2003-04. Due to the number of survey respondents, these figures are accurate to within +/- 10.5%.
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.		60% 59% 61% 56%	N/A		60% 59% 61% 56%	N/A	N/A	No survey undertaken in 2004-05 and not due for collection in 2005-06, figures are those for 2003-04.



PI Code	Indicator Description	2003-04 Quarter	2003-04 Actual	2004-05 Target	2004-05 Quarter	As at Mar 05	at 2005-06 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	Infant Mortality.		5.9	N/A		3.9	N/A		Figures are for 2002 (the latest year available) and are expressed as the rate per 1,000 live births.
LPI	Deaths from accidents.	N/A	19	N/A		25.83	N/A		Figures are for 2001-02 (the latest year available) and are expressed as the rate per 100,000 population.
LPI	Excess winter deaths.	N/A	34	N/A		-6	N/A		Figures are for the year 2002-03 (the latest year available). This is calculated as winter deaths (in December-March) minus the 4-month average of non-winter deaths. For this year the winter deaths were less than average.



Appendix E

Respondents' Views on Specific Council Services

The following tables summarise the responses obtained from the Citizens' Survey relating to prioritisation of specific services in 2004, compared with responses obtained in the 2002 Survey.

A. Specific services that should receive more money

(2004 highest compared to 2002 response)

Service	2002	2004
Activities for children and young people	n/a	36%
CCTV	18%	34%
Recycling	27%	31%
Local community safety initiatives	14%	29%

B. Specific services that should receive more money

(2002 highest compared to 2004 response)

Service	2002	2004
Recycling	27%	31%
Supporting homeless people	24%	2%
Transport services for elderly/disabled	23%	3%
Public toilets	20%	3%

C. Specific services that should receive less money

(2004 highest compared to 2002 response)

Service	2002	2004
Conservation of historic buildings	8%	5%
Supporting homeless people	7%	5%
None	53%	52%

D. Specific services that should receive less money

(2002 highest compared to 2004 response)

Service	2002	2004
Arts and entertainment promotions	15%	2%
Cambridge Corn Exchange	15%	2%
Tourism services	14%	4%
Private sector housing advice	14%	3%
None	53%	52%



E. Specific services that the Council should not provide at all

(2004 highest compared to 2002 response)

Service	2002	2004
Supporting homeless people	2%	4%
Conservation of historic buildings	4%	3%
Should provide all services	68%	55%

F. Specific services that the Council should not provide at all

(2004 highest compared to 2002 response)

Service	2002	2004
Private sector housing advice	5%	2%
Should provide all services	68%	55%

G. Specific services for which respondents are prepared to pay more

(2004 highest compared to 2002 response)

Service	2002	2004
Activities for children and young people	n/a	22%
CCTV	7%	11%
Local community safety initiatives	5%	11%
Recycling	15%	9%
None	56%	34%

H. Specific services for which respondents are prepared to pay more

(2002 highest compared to 2004 response)

Service	2002	2004
Recycling	15%	9%
Supporting homeless people	9%	1%
None	56%	34%



In addition to the Citizens' Survey, the group of young people were also asked for their views on which services should receive more money, which should receive less money and which services should not be provided by the City Council.

Their response is shown in the table below.

Question	Service
More money	Activities for children and young people CCTV Recycling Community centres Transport for the elderly and disabled
Less money	Removal of graffiti Grass cutting and planting on highway verges
Should not provide	Grass cutting and planting on highway verges Removing abandoned vehicles



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	Population Of Cambridge City Council Area									
	Total No.					%age of Total				
	2001	2006	2011	2016	2021	2001	2006	2011	2016	2021
0 - 4	5,200	5,500	5,900	6,900	8,200	4.73%	4.84%	4.90%	5.10%	5.60%
5 - 14	9,900	10,300	11,100	12,400	13,500	9.00%	9.06%	9.22%	9.17%	9.23%
15 - 24	25,600	27,800	29,900	33,500	34,600	23.27%	24.45%	24.83%	24.78%	23.65%
25 - 44	34,500	35,100	37,400	43,900	52,000	31.36%	30.87%	31.06%	32.47%	35.54%
45 - 64	20,400	21,100	22,400	24,100	23,400	18.55%	18.56%	18.60%	17.83%	15.99%
65 - 74	6,900	6,600	6,400	7,100	7,400	6.27%	5.80%	5.32%	5.25%	5.06%
75 - 84	5,300	5,200	5,100	5,000	4,800	4.82%	4.57%	4.24%	3.70%	3.28%
Over 84	2,200	2,100	2,200	2,300	2,400	2.00%	1.85%	1.83%	1.70%	1.64%
Total	110,000	113,700	120,400	135,200	146,300	100.00%	100.00%	100.00%	100.00%	100.00%



Appendix G

Treasury Strategy Statement & Annual Treasury Report 2005/06

1. Introduction

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

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

The suggested strategy for 2005/06 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor. The strategy covers:

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

2. Treasury Limits for 2005/06 to 2007/08

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

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

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



3. Prudential Indicators for 2005/06 – 2007/08

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

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

PRUDENTIAL INDICATOR	2003/04	2004/05	2005/06	2006/07	2007/08
	actual	probable outturn	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
General Fund	6,112	12,694	9,664	3,318	3,554
HRA	6,939	8,302	13,243	11,087	10,933
TOTAL	13,051	20,996	22,907	14,405	14,487
Ratio of financing costs to net revenue stream					
General Fund	-8.37%	-15.84%	-17.45%	-14.40%	-13.92%
HRA	-1.07%	-1.14%	-1.23%	-1.16%	-1.09%
Net borrowing requirement	-44,598	-66,087	-63,954	-61,936	-57,919
<i>In year Capital Financing Requirement</i>					
General Fund	0	0	0	0	0
HRA	0	0	0	0	0
TOTAL	0	0	0	0	0
Capital Financing Requirement as at 31 March					
General Fund	-1,331	-1,331	-1,331	-1,331	-1,331
HRA	893	893	893	893	893
TOTAL	-438	-438	-438	-438	-438
Affordable Borrowing Limit	£.p	£.p	£.p	£.p	£.p
Increase in council tax (band D, pa)	0.00	0.00	0.00	0.00	0.00
Increase in housing rent per week	0.00	0.00	0.00	0.00	0.00
	(no increases in either council tax or housing rents anticipated as a result of the Council setting its borrowing limits below)				



PRUDENTIAL INDICATOR	2003/04	2004/05	2005/06	2006/07	2007/08
Specific Treasury Management Prudential Indicators	actual	probable outturn	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised limit for external debt					
Borrowing	11,370	12,461	12,739	10,245	10,245
other long term liabilities	0	0	0	0	0
TOTAL	11,370	12,461	12,739	10,245	10,245
Operational boundary for external debt					
Borrowing	5,070	5,961	6,239	3,745	3,745
other long term liabilities	0	0	0	0	0
TOTAL	5,070	5,961	6,239	3,745	3,745
Upper limit for fixed interest rate exposure					
Net interest re fixed rate borrowing / investments	-1,575	-2,825	-3,199	-2,776	-2,692
Upper limit for variable rate exposure					
Net interest re variable rate borrowing / investments	55	68	71	71	68
Upper limit for total principal sums invested for over 364 days (per maturity date)	0	0	0	0	0

Maturity structure of new fixed rate borrowing during 2005/06	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 31/12/04 comprised:

		Principal	Av. rate
		£m	%
Fixed rate funding	Local bonds	0.027	4.07
Variable rate funding	Short-term borrowing	1.433	4.19
TOTAL DEBT		<u>1.460</u>	4.18
TOTAL INVESTMENTS		64,080	4.87

5. Borrowing Requirement

	2003/04 actual	2004/05 probable outturn	2005/06 estimate	2006/07 estimate	2007/08 estimate
	£'000	£'000	£'000	£'000	£'000
New borrowing	0	0	0	0	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	0	0	0	0
TOTAL	0	0	0	0	0



6. Prospects for Interest Rates

The Council has appointed Sector Treasury Services as treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Appendix A draws together a number of current City forecasts for short term 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 – January 2005

	Q/E1 2005	Q/E2 2005	Q/E3 2005	Q/E4 2005	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007
Base Rate	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.25%	4.25%	4.25%	4.50%	4.50%
5 yr Gilt Yield	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%
10 yr PWLB Rate	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
25 yr PWLB Rate	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%

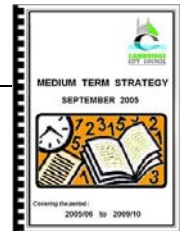
Economic background

UK

- GDP robust, but indications of weakening activity ahead.
- Slowdown in household spending and weakening housing market.
- Benign inflation at present, may rise in 2005 as high street competition cannot sustain the current situation against the effect of rising oil prices.
- Sterling expected to remain at \$1.80 or above.

International

- US - measured interest rate raising by the Federal Reserve; weak trend employment data
- Consumer slowdown shows no signs of abating and this will be compounded by high oil prices, rising interest rates, the fading effects of past tax cuts and a faltering labour market.
- US inflation benign.
- ECB has held repo rate at 2.00% since June 2003.
- Weak domestic demand/export led growth indicates an economy about to suffer as world economy expected to slow.



Interest rate forecast

The base rate is expected to rise to 5.00% in Q1 2005 but it is nearing the peak of the cycle and is consequently expected to fall back in 2005.

Long term 25 year PWLB rate

Expected to remain around 4.75%

- Housing market to weaken from fast market increases causing consumers to feel the pinch.
- Slower global growth driven by weakness in the US

7. Borrowing Strategy

It is not anticipated that the Council will need to borrow for capital purposes during 2005/06.

8. ANNUAL INVESTMENT STRATEGY

8.1 Investment Policy

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

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

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

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

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



Specified Investments:

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

	Minimum ‘High’ Credit Criteria
Debt Management Agency Deposit Facility	N/A
Term deposits – UK government	N/A
Term deposits – other LAs	N/A
Term deposits – banks and building societies	Short-term F1or P1, Support 3.

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

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

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

Non-Specified Investments:

These are investments which, by definition, do not meet the conditions laid down in the previous paragraph and potentially carry additional risk, e.g. non-formally rated institutions and lending for periods beyond one year. However, the Council does not anticipate becoming involved, at least for 2005/06, 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.



8.2 Investment Strategy

Liquidity of Investments:

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

Interest Rate Outlook:

Sector is forecasting base rates to be on a falling trend from 5.00% in Q1 and Q2 2005 to 4.50% in Q1 & 2 of 2006. In general terms, the Council will therefore aim to weight its investments to longer periods when rates are falling and shorter periods when rates are rising.

End of year Investment Report

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



**Appendix G
Annex 1**

INTEREST RATE FORECASTS

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

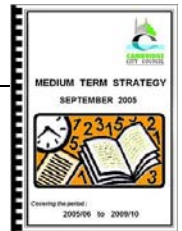
1. INDIVIDUAL FORECASTS

Sector View interest rate forecast – January 2005

	Q/E1 2005	Q/E2 2005	Q/E3 2005	Q/E4 2005	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007
Base Rate	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.25%	4.25%	4.25%	4.50%	4.50%
5 yr Gilt Yield	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%
10 yr PWLB Rate	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
25 yr PWLB Rate	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%

UBS Economic interest rate forecast (for quarter ends) - January 2005

	Q/E1 2005	Q/E2 2005	Q/E3 2005	Q/E4 2005	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006
Base Rate	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
10 yr PWLB rate	4.70%	4.60%	4.65%	4.70%	4.70%	4.70%	4.70%	4.70%
25 yr PWLB rate	4.55%	4.55%	4.60%	4.65%	4.65%	4.65%	4.65%	4.65%



Capital Economics interest rate forecast – January 2005

	Q/E1 2005	Q/E2 2005	Q/E3 2005	Q/E4 2005	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006
Base Rate	4.75%	4.50%	4.25%	4.00%	3.75%	3.50%	3.50%	3.50%
5yr gilt yield	4.40%	4.30%	4.20%	4.00%	3.80%	3.60%	3.70%	3.80%
10 yr PWLB rate	4.55%	4.45%	4.45%	4.35%	4.25%	4.15%	4.25%	4.35%
25 yr PWLB rate	4.50%	4.40%	4.50%	4.45%	4.50%	4.50%	4.55%	4.55%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – 19.01.2005 summary of forecasts of 25 City and 14 academic analysts for Q4 2004 and 2005. (2006 – 2008 are as at November 2004 but are based on 11 forecasts)

	Repo	Quarter ended		annual average repo rate		
		Q4 2004	Q4 2005	ave. 2006	ave. 2007	ave. 2008
Indep. forecasters						
BoE Base Rate	4.75%	4.77%	4.71%	4.81%	4.82%	4.76%
Highest base rate	4.75%	5.00%	5.25%	5.50%	5.25%	5.25%
Lowest base rate	4.75%	4.75%	3.90%	4.10%	4.10%	3.80%



Appendix G Annex 2

ANNUAL TREASURY REPORT 2004/05

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. 2004/05.

2.0 The Council's Strategy for 2004/05

Interest rates

Short-term interest rates

Base Rate was forecast to rise from 3.75% to 4.25% by the end of 2004, with a risk that it might rise more quickly if economic recovery was stronger and faster than forecast. This was based upon the prospect for interest rates given to the Council, in December 2003, by its external treasury advisers (Sector Treasury Services Ltd).

It was forecast that there was likely to be little inflationary pressure to raise rates due to wage inflation and producer price inflation running at benign levels and the prospect of oil prices declining. In addition, the potential for a rise in base rate was felt to be limited by the heightened sensitivity of consumers to interest rate rises affecting personal borrowing.

Longer-term interest rates

The view on longer-term fixed interest rates was that long-term PWLB rates would be fairly stable around the 5.0% level for most of the financial year.

Borrowing

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

Investments

The Council would aim to weight its investments to longer periods when rates are falling and to shorter periods when rates are rising. Expectations were that average investment returns would be in the region of 4.125%.



3.0 Outturn for 2004/05

Interest rates

Short-term interest rates

Base rate rose in 0.25% steps from 4.0% in February 2004 to reach 4.75% in August 2004 where it stayed for the rest of the financial year. House prices grew strongly during 2004 and consumer confidence was high; this fed through into strong increases in personal borrowing. Early in 2005 the housing market slowed sharply and consumer confidence fell as high oil prices reduced spending power. This eased pressure for a further increase to 5.0%.

Longer-term interest rates

The PWLB 25-30 year rate started the year at 4.80% and then hovered around 5.0% – 5.10% in May and June before falling back to 4.5% towards the end of December 2004. During February and March 2005 the rate rose again to a peak of 4.90% as high oil prices renewed inflation concerns.

Borrowing

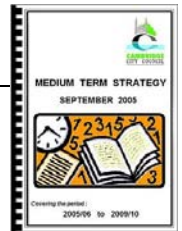
As anticipated in the Strategy, the Council did not undertake any borrowing for either capital or revenue purposes. The Council remains technically 'debt free', even though it still had, at 31 March 2005, £21,600 of monies owing to Local Bond holders (£28,800 at 31 March 2004) and £1,432,543 of Temporary Borrowing (£1,439,423 at 31 March 2004) (note: both types of borrowing 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 view on interest rates and the interest rates on offer.

As in past years, cash flow remained 'healthy' throughout 2004/05. However, the quicker than expected rise in base rates, to a high of 4.75% in August 2004, meant that the actual investment return for the year was 4.66%, higher than the forecast of 4.125%. This compared favorably with the average 7-day LIBID rate of 4.52%, used as a benchmark by the externally run Local Authority Treasury Benchmarking Club.

Statistical information on the level of the Council's investments for 2004/05 is given below:



Investment Outturn for 2004/05

Surplus Funds Invested	Surplus Funds Repaid	Average Daily Investment	Rate of Return	Benchmark Return
£464,240,000	£450,040,000	£1,827,716	4.66%	4.52%

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 and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in Annex 3.



ANNEX 3

PRUDENTIAL INDICATORS

	Actual 2003/04 £	Probable Outturn 2004/05 £	Actual Outturn 2004/05 £
Estimates of capital expenditure			
- General Fund	6,112,000	12,694,000	11,233,000
- HRA	6,939,000	8,302,000	7,944,000
Total	13,051,000	20,996,000	19,177,000
Estimates of the incremental impact of capital investment decisions on:			
Band D Council Tax (City element)	0.00	0.00	0.00
Average weekly housing rent	0.00	0.00	0.00
Net Revenue Expenditure (revenue stream)			
- General Fund	14,790,000	15,543,800	15,535,000
- HRA	26,312,000	25,762,000	25,586,000
Estimates of ratio of financing costs to net revenue stream			
Financing costs			
- General Fund	(1,238,560)	(2,464,079)	(2,584,765)
- HRA	(282,000)	(294,000)	(348,000)
Total	(1,520,560)	(2,758,079)	(2,932,765)
% of net revenue expenditure			
- General Fund	(8.37%)	(15.85%)	(16.64%)
- HRA	(1.07%)	(1.14%)	(1.36%)
Estimates of Capital Financing Requirement			
- General Fund	(1,331,218)	(1,331,218)	(1,630,889)
- HRA	893,250	893,250	893,250
Total	(437,968)	(437,968)	(737,639)
Net borrowing & the Capital Financing Requirement	(44,598,470)	(66,086,964)	(59,673,496)
Authorised limit			
for borrowing	11,369,942	12,461,333	12,461,333
for other long term liabilities	0	0	0
Total	11,369,942	12,461,333	12,461,333



	Actual 2003/04 £	Probable Outturn 2004/05 £	Actual Outturn 2004/05 £
Operational boundary			
for borrowing	5,069,942	5,961,333	1,454,143
for other long term liabilities	0	0	0
Total	5,069,942	5,961,333	1,454,143
Upper limits on fixed interest rate and variable interest rate exposures			
Fixed rate	(1,575,174)	(2,824,866)	(2,999,240)
Variable rate	54,614	66,787	66,475
Maturity structure of borrowing at fixed rates			
upper limit (as %age of debt at start of year)			
under 1 year	45%	81%	81%
1-2 years	28%	19%	19%
2-5 years	28%	0%	0%
5-10 years	0%	0%	0%
over 10 years	0%	0%	0%
	100%	100%	100%
lower limit (as %age of debt at start of year) take to be 0% in all cases			
Prudential limits for principal sums invested for periods longer than 364 days			
	0	0	0



Appendix H

Investments : Revised Counter Party List

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

Additions

Heritable Bank	UK Bank
Banque Palatine	Foreign Bank (France)
IXIS Corporate & Investment Bank	Foreign Bank (France)
DekaBank Deutsche Girozentrale	Foreign Bank (Germany)
Landesbank Sachsen Girozentrale	Foreign Bank (Germany)
Korea First Bank	Foreign Bank (South Korea)
Banco Popular Espanol	Foreign Bank (Spain)
Nordea Bank AB	Foreign Bank (Sweden)

Deletions

Citigroup Global Markets Holdings Inc	UK Bank
Nordea Bank AB	Foreign Bank (Finland)
Entenial	Foreign Bank (France)
Banque Sanpaola	Foreign Bank (France)
CDC Ixis Capital Markets	Foreign Bank (France)
SEB AG	Foreign Bank (Germany)
Bankgesellschaft Berlin AG	Foreign Bank (Germany)
Landesbank Hessen-Thuringen Girozentrale	Foreign Bank (Germany)
IntesaBci	Foreign Bank (Italy)
NIB Capital Bank NV	Foreign Bank (Netherlands)
Fleet National Bank	Foreign Bank (United States)

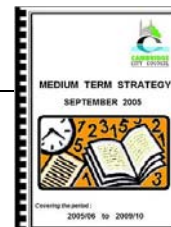
Revised Counter-Party List

(including amendments shown above, with new names highlighted)

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

UK Building Societies

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



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

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UK Banks

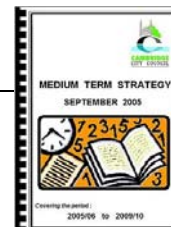
Abbey plc
 Alliance & Leicester
 Bank of Butterfield (UK) Limited
Bank of Scotland Plc
 Barclays Bank plc
 Bradford & Bingley
 Bristol & West
 Co-operative Bank
 Crown Agents Financial Services
 Egg Banking plc
 Halifax Plc
HBOS Treasury Services Plc
Heritable Bank
 HSBC Bank Plc
 Lloyds TSB Bank
 Merrill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

United Kingdom
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Foreign Banks

Australia & New Zealand Banking Group
 Commonwealth Bank of Australia
 National Australia Bank
 Westpac Banking Corporation
 Erste Bank der oesterreichischen Sparkassen
 Dexia Bank
 Fortis Bank
 KBC Bank
 Bank of Montreal
 Bank of Nova Scotia

Australia
 Australia
 Australia
 Australia
 Austria
 Belgium
 Belgium
 Belgium
 Canada
 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
Banque Palatine	France
BNP Paribas	France
Credit Agricole	France
Credit Industriel et Commercial (CIC Group)	France
Dexia Credit Local	France
IXIS Corporate & Investment Bank	France
Societe Generale (SG)	France
Bayerische Landesbank Girozentrale	Germany
DekaBank Deutsche Girozentrale	Germany
DePfa Deutsche Pfandbriefbank AG	Germany
Deutsche Bank AG	Germany
Deutsche Postbank AG	Germany
Dresdner Bank, AG	Germany
DZ Bank AG	Germany
HSH Nordbank AG	Germany
ING BHF-BANK AG	Germany
Landesbank Baden-Wuerttemberg	Germany
Landesbank Rheinland-Pflaz Girozentrale	Germany
Landesbank Sachsen Girozentrale	Germany
Landwirtschaftliche Rentenbank	Germany
Norddeutsche Landesbank Girozentrale	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
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
Rabobank International	Netherlands
SNS Bank Nederland NV	Netherlands

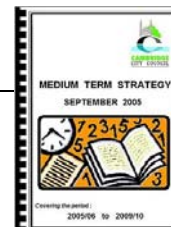


DNB Nor Bank	Norway
Banco BPI SA	Portugal
Banco Comercial Portugues	Portugal
Banco Espirito Santo	Portugal
Banco Santander Totta SA	Portugal
Caixa Geral de Depositos	Portugal
Allied Irish Banks	Rep of Ireland
Anglo Irish Bank Corporation plc	Rep of Ireland
Bank of Ireland	Rep of Ireland
DEPFA BANK plc	Rep of Ireland
First Active plc.	Rep of Ireland
IIB Bank Limited	Rep of Ireland
Development Bank of Singapore (DBS)	Singapore
Koram Bank	South Korea
Korea First 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 Popular Espanol	Spain
Banco Santander Central Hispano	Spain
Caja de Ahorros de Galicia	Spain
Confederacion Espanola de Cajas de Ahorros	Spain
Landshypotek	Sweden
Nordea Bank AB	Sweden
Skandinaviska Enskilda Banken AB	Sweden
Svenska Handelsbanken	Sweden
Swedbank (ForeningsSparbanken AB)	Sweden
Credit Suisse First Boston	Switzerland
UBS AG	Switzerland
Emirates Bank International	United Arab Emirates
National Bank of Abu Dhabi	United Arab Emirates
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
HSBC Bank USA NA	United States
JP Morgan Chase Bank	United States
Mellon Bank NA	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 I

Budget Assumptions

The main assumptions included in the budget forecast are :-

Ref.	Assumption
(1)	Base - 2005/06 Approved Budget, as amended, with known changes for 2006/07.
(2)	General inflation on expenditure - included at 2.3% <i>(Based on April indices)</i>
(3)	<p>Employee budgets include:</p> <ul style="list-style-type: none"> - cost of pay award allowance 2.95% (or Oct 2005 RPI, if greater) - allowance for incremental progression 2.20% total allowance for pay and increments 5.15% <p>- Allowance for incremental progression has been included pending any detailed budget adjustments to reflect performance results or any residual impact of the single status implementation.</p> <p><i>Managers will be advised of any adjustments to pay budgets for the purposes of the 2005/06 revised or 2006/07 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, typically 2.00%
(6)	Property Rental income – based on projections from the portfolio, reflecting actual incidence of rent reviews. Overall effect is equal to 4.42% (2.12% above the assumed level of inflation).
(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 4.5%).
(9)	Major contracts and agreements, in term are rolled forward based on the specified inflation indices in the contract or agreement.
(10)	Grants and Subsidies are analysed for sensitivity based on possible range of implications dependent on the Government’s approach to the withdrawal of protection arrangements.



Appendix J

Unavoidable Spending Pressures

(a) General Fund

Issue	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Notes / Justification
Change in External Interest	(503,000)	(151,000)	(99,000)	113,000	165,000	<i>Based on latest interest rate projections, and profile of sums invested</i>
Employers Pension contribution	0	97,720	171,010	635,180	1,074,920	<i>Based on the increased employers contribution rates notified by the actuary for the Pension Fund, following the 2004 Revaluation. The step-increase from 2008/09 reflects the increased period over which the deficit will be recovered from 3 to 6 years..</i>
Land Charges / Searches	140,000	110,000	110,000	110,000	110,000	<i>Land Charges / Searches - actual fees received in 2004/5 and the current year are less than budget. Search fees will increase to £109 (previously £77) from 1/9/05 following a marketing campaign. Income projections include repayment for NLIS capital project funding over the MTS period.</i>
Council Tax Benefits, Rent Allowances & Rebates	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	<i>Following the position in 2004/05 and reviewing 2005/06 Budgets, preliminary workings indicate that. subject to potential impact of clawback. the</i>



Issue	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Notes / Justification
						<i>budgets need to be significantly amended by the level shown.</i>
Building Control cost allocation	193,000	193,000	193,000	193,000	193,000	<i>Future year implications of the review of the allocation of costs between fee-earning and non fee-earning accounts, conducted as part of the 2004/05 account closure process. This results in additional net expenditure to be met by the General Fund, with a corresponding improvement in the trading position on the fee-earning account.</i>
Licensing Act 2003	(60,000)	(70,000)	(70,000)	(70,000)	(70,000)	<i>Adjustment to the existing provision for the introduction of the new Licensing scheme. This reflects additional income as a result of the latest national fee scales notified, less provision for expenditure on temporary staffing which will be required due to the short timescale for implementation.</i>
Total Net Effect	(440,000)	(149,280)	(23,990)	652,180	1,143,920	



(b) Housing Revenue Account

Issue	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Notes / Justification
Change in External Interest	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>Based on latest interest rate projections, and profile of sums invested</i>
Employers Pension contribution	0	30,920	54,110	200,980	340,120	<i>Based on the increased employers contribution rates notified by the actuary for the Pension Fund, following the 2004 Revaluation. The step-increase from 2008/09 reflects the increased period over which the deficit will be recovered from 3 to 6 years.</i>
Total Net Effect	0	30,920	54,110	200,980	340,120	



(c) Capital

Issue	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Notes / Justification
Disabled Facilities Grants	200,000	200,000	200,000	200,000	200,000	<i>Due to statutory requirements in a service where demand has increased, Disabled Facilities Grant expenditure was greater than anticipated for 2004/05 and is expected to continue at higher levels for current and future years. This will give rise to a pressure on the Housing Investment Programme.</i>
Total Net Effect	200,000	200,000	200,000	200,000	200,000	

Areas of Uncertainty

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

(a) All Funds

Ref.	Area of Uncertainty
(1)	<p>Rating Revaluation Appeals</p> <ul style="list-style-type: none"> <i>the Council has registered appeals with the Valuation Office regarding a number of its properties. If the appeals are successful then the ongoing business rates payable each year will be reduced, and there will also be a lump sum receivable in respect of prior years. 1 April 2005 saw the introduction of a revised rating list, which has required further reviews.</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 Serco (formerly ITNet) is due to finish in June 2006. Work is currently underway on retendering for this service.</i>
(3)	<p>Procurement</p> <ul style="list-style-type: none"> <i>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.</i>
(4)	<p>VAT</p> <ul style="list-style-type: none"> <i>effects of the partial exemption regulations. The calculation has previously been close to the threshold, however actions to 'opt to tax' on selected assets has reduced the potential of a breach, and the associated cost implications in terms of non-recoverable VAT.</i>
(5)	<p>Capital Issues</p> <ul style="list-style-type: none"> there is uncertainty regarding a number of capital related issues. These include: <ul style="list-style-type: none"> <i>the comparative advantage of transitional benefits from debt-free status and Prudential Borrowing</i> <i>adequacy of Repairs and Renewal Funds</i>

Ref.	Area of Uncertainty
	<ul style="list-style-type: none"> • <i>use of Section 106 funds</i>
(6)	<p>Grand Arcade</p> <ul style="list-style-type: none"> • <i>this project will impact across a broad range of service areas. Each Committee must consider how it will effect their Budget either through Revenue items or the consequence of slippage on the project</i>
(7)	<p>Regional Growth</p> <ul style="list-style-type: none"> • <i>there will be significant implications for the Council from the impact of the Growth Agenda, both within the City and in the wider sub-region. The Council is working in partnership with Cambridgeshire Horizons and neighbouring authorities to determine the capital and revenue consequences. Revenue pressures are anticipated in terms of increased demand on a number of services. However, the time-lag for population increases feeding into the Government's grant distribution model and the Council's position £1.3m below the "Floor" are likely to result in, at least short-term, revenue pressures.</i>
(8)	<p>Joint Working and Services Funded Jointly with Other Organisations</p> <ul style="list-style-type: none"> • <i>the future funding plans and decisions by partner organisations in such circumstances can result in pressures for the City Council</i> • <i>the proposed capping of South Cambridgeshire District Council's Council Tax in 2005/06, with potential longer-term implications for their expenditure levels, may result in funding / service pressures in a number of areas of service provision where joint working arrangements are in currently place or direct contributions made.</i>

(b) General Fund

Ref.	Portfolio	Area of Uncertainty
(1)	Strategy	<p>General Fund / Housing Revenue Account Transfers</p> <ul style="list-style-type: none"> • <i>the basis for the transfers, relating to services shared by the whole community, is being reviewed. This involves grounds maintenance, street cleaning, bulky refuse, communal and street lighting, housing needs, racial harassment, strategy and staff time.</i>

Ref.	Portfolio	Area of Uncertainty
(2)		<p>Poll Tax and / or Council Tax Collection Fund deficit / surplus contributions</p> <ul style="list-style-type: none"> • <i>these have a one-off effect, and are assessed in January each year.</i> • <i>projections for 2005/06 will be completed as part of the budget process.</i>
(3)		<p>Growth Areas Delivery Grant</p> <ul style="list-style-type: none"> • <i>the Government's Sustainable Communities Plan has allocated significant amounts to Growth Area Delivery Grants through to 2005/06. The purpose of the grant is to unlock housing development. The amount of future funding involved is unclear at the moment, however there is potential for a significant contribution to the Council's asset base in the medium term.</i>
(4)		<p>New Legislation / Regulation</p> <ul style="list-style-type: none"> • <i>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.</i>
(5)		<p>Area Committee Review *</p> <ul style="list-style-type: none"> • <i>the Area Committee Review will be completed by the end of November and any financial implications will be reported at that time</i>
(6)		<p>Diversity *</p> <ul style="list-style-type: none"> • <i>costs of translation and interpretation will increase as part of our Diversity agenda</i>
(7)		<p>Travellers</p> <ul style="list-style-type: none"> • <i>the Council will need to provide for costs in respect of the emergency provision of Travellers' accommodation</i>

Ref.	Portfolio	Area of Uncertainty
(8)	Planning and Transport	Taxicard <ul style="list-style-type: none"> <i>the scheme is due to be reviewed in the November cycle of meetings.</i>
(9)		Concessionary fare scheme <ul style="list-style-type: none"> <i>the implications of the introduction of free travel for eligible bus users as part of the national Budget in April 2005 are yet to be fully quantified.</i>
(10)		Bus Shelters <ul style="list-style-type: none"> <i>additional capital for renewal of bus shelters in addition to the existing programme.</i>
(11)		Market Square Project <ul style="list-style-type: none"> <i>the potential Capital and Revenue implications arising from this project, which is highlighted in the Council's Annual Statement, are yet to be determined.</i>
(12)		Section 106 Funding <ul style="list-style-type: none"> <i>a review is needed to consider the options available to us for the full and appropriate utilisation of these funds for both revenue and capital projects.</i>
(13)		Anti-Social Behaviour Act 2003 <ul style="list-style-type: none"> <i>provision has been made for the implementation of High Hedges legislation from 1 June 2005, however we do not know the volume of work and are unsure as to whether the fees will cover costs.</i>
(14)		Planning Delivery Grant 2006/07 <ul style="list-style-type: none"> <i>there is uncertainty about amount of money that Government will make available in the light of this year's significant national fee increase. Government have also indicated that PDG will be phased out over time, with costs increasingly expected to be covered through fees.</i>

Ref.	Portfolio	Area of Uncertainty
(15)		<p>Development Control</p> <ul style="list-style-type: none"> resources required to deal with growth agenda - may/likely to need additional staff resources in development control to deal with application workload arising out of urban extensions and other areas of significant change. Resource issues across whole of planning service will also need to be reviewed.
(16)		<p>Grand Arcade</p> <ul style="list-style-type: none"> additional costs associated with Grand Arcade unforeseen delays in the programme that impact negatively on the City Centre e.g. the new Lion Yard Car Park being delayed beyond Oct 06 will need to be addressed as part of City Centre Management and indeed Visit Cambridge budget.
(17)		<p>Parking Services</p> <ul style="list-style-type: none"> income difficult to project given the effects of Grand Arcade and changing parking habits, but the intention is to review the position based on 2005/06 part year information future structural repairs and maintenance to the Car Parks would require capital expenditure and funding. An evaluation is currently being prepared to establish whether the current levels of Repair and Renewal Fund provision are likely to be sufficient <ul style="list-style-type: none"> a full inventory for future replacement and upgrade of equipment (e.g. to take account of debit card payments) is currently being prepared to establish the adequacy of the Repair and Renewals provision. The current purchase and maintenance contracts are being reviewed as other options now available to the authority may be more beneficial (which could be used to invest in the business e.g. structural repairs).

Ref.	Portfolio	Area of Uncertainty
		<ul style="list-style-type: none"> • <i>if the Local Authority Parking Enforcement (LAPE) service continues to stay in surplus then the planned contribution to the account of £100k in 2005/06 and £72k in 2006/07 may not be required. Any surplus would also be available for reinvestment into LAPE and other transport-related service improvements in consultation with the County Council.</i>
(18)		<p>Tourism</p> <ul style="list-style-type: none"> • <i>costs or income opportunities as a result of Regional review by EEDA of tourism management functions. The implications of this will become clearer over the summer months.</i> • <i>overall impact of restructuring and proposed relocation of the Tourist Information Centre</i> • <i>impact of the downturn in High Street spending on overall usage of and income generated by the Tourist Information Centre</i> • <i>effect of the Guildhall Working Party review of Ground Floor accommodation</i>
(19)		<p>Planning Delivery Grant *</p> <ul style="list-style-type: none"> • <i>the national grant allocation has yet to be agreed. There may be a reduction following the significant increase in fees. Whether this will mean more or less money for us next year notwithstanding improved performance against government targets is unclear. Government have indicated that it will be phased out over time, with costs increasingly covered through fees.</i>
(20)		<p>Conservation *</p> <ul style="list-style-type: none"> • <i>a new national performance indicator (BVPI 219) will result in additional resources to undertake appraisals of all local Conservation Areas</i>

Ref.	Portfolio	Area of Uncertainty
(21)	Environmental Services	<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> • <i>Licensing Act 2003 [Single premises license to cover the sale by retail of alcohol; the supply of alcohol by clubs; the provision of regulated entertainment; the provision of late night refreshment.</i> • <i>Gaming Bill introduced on 18th October 2004. The Bill proposes the replacement of the entire existing British law on gambling and has significant implications on the development of casinos</i> • <i>Waste Electrical and Electronic Equipment (WEEE) Directive [Restriction of the use of certain hazardous substances in electrical and electronic equipment]</i> • <i>Waste and Emissions and Trading (WET) Act 2003 [new provisions giving waste disposal authorities the power to direct waste collection authorities to deliver waste in a state of separation]</i> • <i>Housing Act 2004 (Housing Health and Safety Rating System (HHSRS) [if a local authority identifies a property as unfit for habitation it has a duty to take action]</i> • <i>Clean Neighbourhood and Environment Act 2005 (from 1 April 2006) [Fly tipping, litter, nuisance alleys, fly posting and graffiti, abandoned and nuisance vehicles, dogs & noise]</i> • <i>Government White Paper on Health –“Choosing Health” – includes a proposal to introduce new legislation to control smoking in public places, which will be enforced by local authority environmental health services.</i> • <i>Hamilton Report – recommended the rationalisation of enforcement functions.</i>

Ref.	Portfolio	Area of Uncertainty
(22)	Community Services (Housing General Fund)	<p>Supporting People</p> <ul style="list-style-type: none"> <i>national funding pressures within the provision of support services are expected to result in the need to make significant savings or reductions in the services that we provide within the Supporting People regime. In addition, cuts to Supporting People funded voluntary sector services could result in financial pressures and/or the inability to deliver the Single Homeless/Rough Sleepers Strategy.</i>
(23)		<p>Housing Aid</p> <ul style="list-style-type: none"> <i>implementing the recommendations of the choice based lettings review is expected to have significant one-off and some ongoing financial implications.</i>
(24)		<p>Homelessness</p> <ul style="list-style-type: none"> <i>the need to re-tender the private sector leasing scheme (currently with King Street Housing) for providing accommodation for homeless in the private rented sector is likely to result in some changes in the scheme funding arrangements.</i>
(25)		<p>Parks</p> <ul style="list-style-type: none"> <i>bark disposal - additional costs of removal of bark from playgrounds following Council policy aims to have all playgrounds covered in soft tarmac. Option is to reduce improvements in playground provision.</i> <i>costs of improvements and modifications to Parks facilities to meet current and future legislation</i>
(26)		Community Services (General Fund)
(27)	<p>Swimming Pools *</p> <ul style="list-style-type: none"> <i>the City pools will require ongoing maintenance work, including Abbey Pool (underway) and Parkside.</i> 	

Ref.	Portfolio	Area of Uncertainty
(28)		<p>Arts and Entertainment</p> <ul style="list-style-type: none"> • <i>the Corn Exchange catering contract is due to be re-let during 2006. This could provide an opportunity for a greater income generation, especially if synergies with management of the Guildhall Halls and Guildhall catering can be exploited.</i> • <i>there are possible adverse financial implications from new licensing regime and the need to license door staff.</i> • <i>a major overhaul of Corn Exchange building is proposed for summer 2006 (when the building will be 20 years old): first estimates of various works (e.g. replacing auditorium and foyer floors, replacing tiered seating, toilet and bar refurbishment) are in the region of £150k, most of which can be met from R & R, but there may be a need for a capital bid if these funds are insufficient.</i> • <i>potential impact of alternative use of Covent Garden.</i>
(29)	Customer Services & Resources	<p>Customer Access Strategy</p> <ul style="list-style-type: none"> • <i>it is anticipated that there will be costs associated with the implementation of the Customer Access Strategy.</i> • <i>telephone system operating lease is up for renewal in 2006/07. Options to be explored within the Customer Access Strategy.</i>
(30)		<p>Office Accommodation Review</p> <ul style="list-style-type: none"> • <i>work is in progress to review options at the Guildhall and Hobson/Mandela House. Outcomes will also be dependent on the Customer access Strategy.</i>
(31)		<p>Potential Market Square project.</p> <ul style="list-style-type: none"> • <i>currently highlighted in the Annual Statement as a priority. This could have an impact both in terms of short-term effects on income and capital costs of any agreed project. Timing uncertain. Also reported to Environment Scrutiny Committee</i>

(32)	<p>Property Disposals - a number of asset disposals are likely during the MTS period, including:</p> <ul style="list-style-type: none"> • <i>9/10 Grafton Street. - this disposal has already been approved (C&HR 9/11/04) and marketing will start shortly. Completion is scheduled to take place in 2005/06, but there could be slippage into 2006/07.</i> • <i>land at Arbury Camp - this is the Council's residual parcel of market housing land. Completion is scheduled to take place in 2005/06, but there could be slippage into 2006/07.</i> • <i>former Barn at Tenby College - this is about to go on the market. This will generate a receipt for housing purposes.</i> • <i>land at rear of 51/57 Ditton Lane. Potential disposal of "back land" to facilitate an infill development. This would generate a receipt for Housing purposes</i> • <i>Triangle Site at Kings Hedges Road - this is the residue of the Council's ownership in Northern Fringe West. Completion is unlikely before 2006/7</i> • <i>land at Clay Farm - the Council owns 16+ acres gross.</i> • <i>development at Northern Fringe – the council owns plots of land to the east of Milton Road. It is unclear when development is likely to proceed.</i>
(33)	<p>IT</p> <ul style="list-style-type: none"> • <i>the IT re-tendering exercise may require funding for additional consultant and professional fees, such as Legal.</i> • <i>there may be costs associated with or savings arising from the new contract depending upon the way the service is delivered and the changes in technology and future client demands on this service.</i> • <i>there could be financial implications in respect of upgrading the accommodation occupied by the current IT provider</i>

	<ul style="list-style-type: none"> • <i>future service developments and the progression of E-Government and Customer Access will need funding, including projects such as Planning On-Line, Corporate GIS and Cash Receipting. This may exceed the funding currently provided through the Technology Improvement Fund (TIF).</i>
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(b) Housing Revenue Account

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Revenue Account	Rent Subsidy <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>
(2)		Right to Buy Sales <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>
(3)		Rent Restructuring Review <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>
(4)		Achievement of Decent Homes <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. Achievement against the plans for delivery of the standard within the agreed timescales is regularly monitored, and new/updated information on existing stock condition reviewed to identify any additional implications.</i>

Ref.	Portfolio	Area of Uncertainty
(5)		<ul style="list-style-type: none"> <i>the need to re-roof an additional 8 blocks of tenanted, council owned accommodation has been identified, to add to the 17 blocks already earmarked for work. This work is over and above that required by decent homes, and has not therefore been included in the anticipated capital spend. Work is being undertaken to identify any available resources within the decent homes programme that could be used to offset this additional expenditure.</i>
(6)		<p>Aids and Adaptations (Revenue)</p> <ul style="list-style-type: none"> <i>demands on the Aids and Adaptations Service within HRA tenancies are ever increasing due to statutory requirements and updated legislation.</i>
(7)		<p>Supporting People</p> <ul style="list-style-type: none"> <i>national funding pressures within the provision of support services are expected to result in the need to make significant savings or reductions in the services that are provided within the Supporting People regime.</i>
(8)		<p>Asset Management Strategy</p> <ul style="list-style-type: none"> <i>the production of a Ten Year Asset Management Strategy for sheltered housing provision in our own stock, is expected to result in significant re-modelling of the existing provision. The implications of this project are expected to be clearer by the October cycle.</i>
(9)		<p>Cleaning Contracts</p> <ul style="list-style-type: none"> <i>a review of the current cleaning contracts is anticipated during the current year.</i>

(c) Capital

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Capital	Asset Management Strategy <ul style="list-style-type: none"> <i>the production of a Ten Year Asset Management Strategy for sheltered housing provision in our own stock is expected to result in significant re-modelling of the existing provision. The implications of this project are expected to be clearer by the October committee cycle.</i>
(2)		Aids and Adaptations (Capital) <ul style="list-style-type: none"> <i>the revenue costs of the Aids and Adaptations Service within HRA tenancies are ever-increasing due to additional demand in a statutory service.</i>

Note :

- (*) Denotes items which were raised after the meeting of the relevant Scrutiny Committee. All other items were reported to Scrutiny Committees in the July cycle.



Appendix L

General Fund Projection 2005/06 to 2009/10

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Net Spending (Cttee Totals)	21,209,600	21,581,280	21,675,960	21,794,340	22,027,750	Inflated base budgets (includes savings, inflation and PPF effects from prior years)
<i>add</i>						
	21,209,600	21,581,280	21,675,960	21,794,340	22,027,750	
<i>less</i> Asset Management Revenue Account	(4,936,870)	(4,936,870)	(4,936,870)	(4,936,870)	(4,936,870)	
<i>less</i> Minimum Revenue Provision Adj.	(2,016,360)	(2,016,360)	(2,016,360)	(2,016,360)	(2,016,360)	
	14,256,370	14,628,050	14,722,730	14,841,110	15,074,520	
<i>less</i> Contribution to :						
Technology Investment Fund (TIF)	155,000	0	0	0	0	IT contract saving contribution
Capital Plan	6,288,000	1,250,000	1,195,500	1,400,000	1,400,000	Revenue contribution to fund capital spending
	20,699,370	15,878,050	15,918,230	16,241,110	16,474,520	
<i>add</i> Anticipated changes						
Employers Pension contribution	0	342,000	684,000	684,000	684,000	Additional 1.5% p.a. from 2005/06 to 2007/08 - approved Feb 2005



General Fund category	2005/06	2006/07	2007/08	2008/09	2009/10	Comments / Notes
	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	
Employers Pension contribution	0	97,720	171,010	635,180	1,074,920	Additional cost per final actuarial report
JNC pay review	185,400	185,400	185,400	185,400	185,400	Provision against outcome of review
Land Charge / Search income	140,000	110,000	110,000	110,000	110,000	Reduced income based on lower activity levels from 2004/05
Benefits (CTB, Rent Allowances and Rebates)	(210,000)	(210,000)	(210,000)	(210,000)	(210,000)	Review of benefit levels and subsidy entitlement (subject to clawback)
Building Control	193,000	193,000	193,000	193,000	193,000	Review of allocation of costs between the Building Control Account and non-fee earning work
Licensing Act 2003	(60,000)	(70,000)	(70,000)	(70,000)	(70,000)	Adjustment to provision for new Act, reflecting final national fee scales
External Interest	(503,000)	(151,000)	(99,000)	113,000	165,000	Latest review of projected receipts from investments
Property Rent	0	(119,000)	(119,000)	(119,000)	(119,000)	Projected increase in excess of inflationary level
	20,444,770	16,256,170	16,763,640	17,762,690	18,487,840	
<i>add</i> Priority Policy Fund (PPF)	0	500,000	500,000	500,000	500,000	Net Total included in each year
	20,444,770	16,756,170	17,263,640	18,262,690	18,987,840	
<i>less</i> Net savings Requirement	-	(1,020,000)	(1,020,000)	(1,020,000)	(1,020,000)	New savings required in each budget year
Total Net Spending Requirement	20,444,770	15,736,170	16,243,640	17,242,690	17,967,840	



General Fund – Funding Statement 2005/06 to 2009/10

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Total Net Spending Requirement	20,444,770	15,736,170	16,243,640	17,242,690	17,967,840	
/less External Support	(11,026,480)	(11,136,740)	(11,248,110)	(11,360,590)	(11,474,200)	Formula Grant (RSG and NNDR Pool share)
	9,418,290	4,599,430	4,995,530	5,882,100	6,493,640	
/less Collection Fund (Surplus) / Deficit						
- Council Tax	35,180	0	0	0	0	Based on latest review of Collection Funds
- Poll Tax	(20,100)	0	0	0	0	
	9,433,370	4,599,430	4,995,530	5,882,100	6,493,640	
/less Income from Council Tax	(5,009,900)	(5,236,480)	(5,473,330)	(5,720,610)	(5,979,200)	
Contribution (To) / From Reserves	4,423,470	(637,050)	(477,800)	161,490	514,440	

Memo Items :

Council Tax

- Taxbase	36,590	36,773	36,957	37,142	37,328
- Council Tax at Band 'D'	£136.92	£142.40	£148.10	£154.02	£160.18
- Implied annual Council Tax increase	-	4.00%	4.00%	4.00%	4.00%



General Fund Reserves Projection 2005/06 to 2009/10

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Balance as at 1 April (b/f)	12,008,540	7,585,070	8,222,120	8,699,920	8,538,430	
less Contribution (to) / from General Fund	(4,423,470)	637,050	477,800	(161,490)	(514,440)	
Balance as at 31 March (c/f)	7,585,070	8,222,120	8,699,920	8,385,430	8,023,9960	Minimum working balance £1.5m, target level £5m over the medium-term.



Appendix M

HRA Summary Forecast - 2004/05 to 2008/09

Description	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)
Supervision & Management - General	4,395	4,491	4,665	4,846	5,034
Supervision & Management - Special	1,181	1,217	1,264	1,313	1,364
Repairs & Maintenance	5,214	5,369	5,611	5,863	6,127
Rent Rebates Subsidy Limitation (Payable to GF)	313	267	219	168	114
Capital Payments	23,385	23,385	23,385	23,385	23,385
Depreciation - transferred to Major Repairs Reserve	8,086	8,086	8,086	8,086	8,086
Other Expenditure	502	575	641	657	675
Total Expenditure	43,076	43,390	43,870	44,319	44,786
Rental Income	(24,676)	(25,589)	(26,546)	(27,534)	(28,553)
Service Charges	(1,348)	(1,381)	(1,416)	(1,450)	(1,486)
HRA Subsidy (including MRA)	7,915	8,691	9,624	10,535	11,471
Other Income	(624)	(639)	(655)	(672)	(689)
Total Income	(18,733)	(18,919)	(18,993)	(19,121)	(19,257)
Net Cost of Services	24,344	24,471	24,878	25,198	25,529



Description	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)
Net Cost of Services b/f	24,344	24,471	24,878	25,198	25,529
AMRA					
Capital Charges - interest charged to HRA	(23,385)	(23,385)	(23,385)	(23,385)	(23,385)
Loan Interest	42	42	42	42	42
Interest Receivable	(451)	(410)	(403)	(397)	(391)
Mortgage Interest Receipts	(11)	(11)	(9)	(7)	(6)
Redemption Premium charged to Revenue	545	545	545	545	546
Net Operating Expenditure	1,084	1,252	1,668	1,996	2,335
Appropriations					
Housing Set-Aside	0	0	0	0	0
Depreciation Adjustment	(3,171)	(3,260)	(3,330)	(3,393)	(3,455)
Direct Revenue Financing of Capital	2,449	2,221	1,883	1,627	1,358
FRS17 Adjustment	(205)	(213)	(221)	(230)	(238)
(Surplus) / Deficit for Year	158	0	(0)	0	0
(Surplus) / Deficit b/f	(7,325)	(7,167)	(7,167)	(7,167)	(7,167)
Total Balance c/f	(7,167)	(7,167)	(7,167)	(7,167)	(7,167)



Appendix N

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.

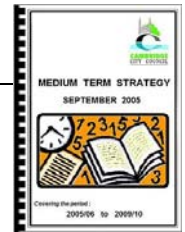
PR3 CITY CENTRE MANAGEMENT PROGRAMME

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 : C Rankin

Remit :

The City Council has promoted cycling by investing in improvements to cycle facilities for over 20 years. The work has consisted of the introduction of new facilities as well as improvements to existing facilities. With greater emphasis now on the need to provide good alternatives to the car, this work is becoming increasingly important. The City Council works jointly with the County Council on developing and promoting cycling and the two authorities have adopted a joint strategy for looking at areas for improvements. The County Council normally provides additional funding which at least matches the amount allocated by the City Council. 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 : D Kaye

Remit :

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

(*) The programme 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 : H Hepburn

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.

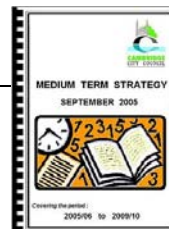
PR11 ENVIRONMENTAL IMPROVEMENTS - PAVEMENTS

Approved Timescale : 2001/02 and ongoing

Lead Officer : J. Isherwood

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 : J. Isherwood

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 : J. Isherwood

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 : B Human

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 : A Wingfield

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 : E Oliver

Remit :

The Council currently owns 63 shelters across the City, of varying age and construction type. This budget is to provide for up to 5 new or replacement bus shelters each year. The exact number will depend on size, layout and location of the shelters.



Appendix O

Capital Funding Availability Projection - 2005/06 to 2009/10

Funding		Financial Year				
Source	Type	2005/06 £'s	2006/07 £'s	2007/08 £'s	2008/09 £'s	2009/10 £'s
External Support	Basic Credit Approval (BCA)	(1,006,000)	-	-	-	-
	Specified Capital Grants (SCG)	(575,000)	(230,000)	(230,000)	(230,000)	(230,000)
	Other Sources	(1,162,000)	(67,000)	(55,000)	(55,000)	(50,000)
	Major Repairs Allowance (MRA)	(5,635,000)	(4,821,000)	(4,752,000)	(4,683,000)	(4,617,000)
	Section 106	(2,028,000)	-	-	-	-
	TOTAL - External Support	(10,406,000)	(5,118,000)	(5,037,000)	(4,968,000)	(4,897,000)
City Council	Usable Capital Receipts	(7,317,000)	(5,839,000)	(6,135,000)	(6,318,000)	(2,014,000)
	Direct Revenue Financing (DRF) - HRA	(2,397,000)	(2,149,000)	(1,769,000)	(1,512,000)	(1,156,000)
	Direct Revenue Financing (DRF) - GF Services	(276,000)	(120,000)	(120,000)	(120,000)	(66,000)
	Repair & Renewals Fund	(1,228,000)	(400,000)	(652,000)	(950,000)	
	Earmarked Reserves	(258,000)				
	Earmarked Reserves – Technology Investment Fund	(331,000)				
	Direct Revenue Financing (DRF) - Use of Reserves	(5,788,000)	(1,185,000)	(1,195,000)	(1,400,000)	(1,400,000)
	TOTAL - City Council	(17,357,000)	(9,693,000)	(9,871,000)	(10,300,000)	(4,636,000)
	Total Available Finance	(27,763,000)	(14,811,000)	(14,908,000)	(15,268,000)	(9,533,000)



Appendix P

Capital Plan Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
CATEGORY TOTALS												
	Approved Programmes		9,063	7,847	18,477	13,994	14,086	14,318	8,642	75,341	156	
	Approved Schemes		19,385	8,966	9,288	112	102	0	0	18,470	1,066	
	TOTAL CAPITAL PLAN		28,448	16,813	27,765	14,106	14,188	14,318	8,642	93,811	1,222	



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR001	Housing Investment Programme (HIP)	J Hovells		0	15,910	13,039	12,886	12,743	8,017	60,581	0	Detailed review of schemes is undertaken by Housing Committee.
PR003	City Centre Management Programme	A Joyce	323	183	63	30	30	30	30	366	2	£35k funding for 2000/01 apprvd at City Board 6/7/98. 3 year prog (2001/02 - 2003/04) apprvd at City Board 29/1/01. £30k on-going approved at Strategy Scrutiny 26/1/04.
PR004	Sustainable City Programme	S Pidgeon	507	286	37	35	35	35	35	463	8	£10k trnsfrd to Arb. Strategy (PR08) apprvd at City Brd 1/2/99. £50k for 2000/01 apprvd 29/3/99. 3 year prog (2001/02-2003/04) apprvd City Brd 29/1/01. £15k tfrd to rev. in 2003/04. £35k on-going apprvd at Strategy Scrutiny 26/1/04
PR005	Neighbourhood Community Planning	K Hay	536	473	0	0	0	0	0	473	0	Scheme amended 8/5/00 Cty Brd. Addtn'l £80k tfd from Hold List, apprvd 29/01/01. Decisions on match fundng for £80k expected in 2002/03. £20k tfrd to SC153 Bermuda Terrce C/R. £6k tfrd to SC086.
PR006	Safer City Programme	L Kilkelly	450	251	104	0	0	0	0	355	8	Three year extension of programme approved at City Board 31/01/00. Three year extension of programme approved at Strategy Scrutiny 28/01/03
PR007	Cycleways	C Rankin	1,145	603	297	150	150	150	150	1,500	23	3yr prog funded by rev contr. Appd 9/11/98 Env Cttee. Addl £25k pa appd C/Bd 29/3/99. Addl £150k in 02/03 funded from Cnty cont.-for Nmkt Rd c/way. Now on-going £50k pa with match funding from Cnty apprvd 28/01/03. Addl £50k pa 25/1/05



Capital Plan - Approved Items

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PR009	Joint-Use Sports Facilities	D Kaye	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 Ctte. Sch. reduced by £50k due to alt. funding for Milton Climbing Centre-apprvd at Strat. Scrut. 28/01/03. Manor Coll proj appsl to July Ctte.
PR010	Environmental Improvements Programme	H Hepburn	1,200	634	133	25	25	25	25	867	68	Scheme approved 8/5/00 City Board. Was shown as SC90. Additional £150k pa approved at City Board 29/1/01. Contributions of £63k achived by 31/3/03, which will allow additional expenditure. One off £50k reduction in 2004/05.
PR010a	Environmental Improvements Programme - North Area	H Hepburn	158	0	34	31	31	31	31	158	0	Budget now allocated to area committees.
PR010b	Environmental Improvements Programme - South Area	H Hepburn	159	0	35	31	31	31	31	159	0	Budget now allocated to area committees
PR010c	Environmental Improvements Programme - West/Central Area	H Hepburn	193	0	69	31	31	31	31	193	0	Budget now allocated to area committees
PR010d	Environmental Improvements Programme - East Area	H Hepburn	189	0	65	31	31	31	31	189	0	Budget now allocated to area committees
PR011	Environmental Improvements - Pavements	J Isherwood	350	205	45	50	50	50	50	450	0	£50k pa approved at City Board 29/1/01



Capital Plan - Approved Items

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PR012	Road Safety Schemes - Traffic Calming	J Isherwood	900	629	121	100	100	100	100	1,150	0	Scheme apprvd 8/5/00 City Bd. Addtnl £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.
PR013	Road Safety Schemes - Crossings	J Isherwood	585	260	201	75	75	75	75	761	0	Scheme apprvd 8/5/00 City Bd. Addtnl £45k pa apprvd at City Bd 29/1/01. Addtnl £30k pa drf. Q/Ediths Way, Tvrshm Drift, C/H High St & Crltn Way up & running. KH Rd about to be inst'd. Barton Rd & Storeys Way likely. £26,339 S106 rec'd.
PR014	Environmental Safety Fund	B Human	252	42	138	36	36	36	36	324	0	Approved at City Board 9/7/01. Agreed at Environment Scrutiny 11/11/03 that fund be used to improve street lighting in those areas with highest violent crime figures.
PR015	Repair and Refurbishment Programme - Hobsons Conduit	A Wingfield	25	10	10	5	0	0	0	25	0	£5K per annum for five year (ending 2006/07) approved at City Board 11/02/02. Funded from use of reserves.
PR016	Public Conveniences	B Kerry	1,238	1,017	287	0	0	0	0	1,304	42	City Board 1/2/99 approved. Additional £70k R&R fundng. 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	303	3,207	452	300	550	950	0	5,459	0	Apprvd C/Bd 29/01/01 funded from R&R. Further apprvl at C/Bd 26/11/01. Ext of prog apprvd in 03/04 MTS. £338.5k 03/04 apprvd 28/01/03. £95k Refuse Veh. apprvd at Strat. 7/7/03. £338k apprvd Strat. 26/1/04. Tfr'd 2 PVCu vans from 05/06 Co
PR018	Bus Shelters	E Oliver	100	20	30	25	25	0	0	100	6	Approved at Strategy Scrutiny 26/1/04. Four-year programme finishing in 2007/08. Funded from use of reserves.



Capital Plan - Approved Items

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	Approved Programmes		9,063	7,847	18,477	13,994	14,086	14,318	8,642	75,350	156	

Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC011	Chesterton Community College Sports Hall	D Kaye	250	19	231	0	0	0	0	250	0	Project appraisal to July 2002 CD&L Scrutiny Committee
SC033B	CCTV Street Lighting	H Hepburn	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.
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	161	16	0	0	0	0	177	0	City Board 1/2/99 approval. Finance and Human Resources bids to Strategy Scrutiny 28/01/03. Funded from R&R (£138k) and use of reserves (£39k). Funding split: Finance £65k: Human Resources £112k.
SC072	Poster Boards	J Hunter	33	23	10	0	0	0	0	33	0	Approved City Board 29/3/99. Funded from use of reserves. Work almost complete. Funding for Phase 2 approved at 31/01/00 City Board. Additional £13k approved City Board 29/1/01



Capital Plan - Approved Items

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SC073	New Information Boards	A Wilson	15	0	15	0	0	0	0	15	0	Approved City Board 29/3/99. Funded from use of reserves. Design work in progress.
SC080	Nuns Way Community Building	C Robertson	383	360	10	0	0	0	0	370	12	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	John Frost	159	145	14	0	0	0	0	159	0	Approved 31/1/00 City Board. Funded from R&R. Web-enabled programme earmarked for 2003/04.
SC094	Allotment Improvements	T Ray	108	107	1	0	0	0	0	108	0	Scheme funded from S106 agreement re disposal of land at Nuffield Road (£107,500).
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	1,626	534	1,101	0	0	0	0	1,635	398	Apprvd at City Board 29/1/01. Funded from uor. £100K trfd to SC106-apprvd at City Board 9/7/01. Plan. app. submitted and expected to go ctte in Aug. Compl. of scheme expected early 2005. Further funds £176k S106 Nov 2004.
SC106	Enhance Existing Community Facilities - East Chesterton	K Hay	150	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	C Robertson	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.



Capital Plan - Approved Items

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SC110	Corn Exchange Air Handling	G Saxby	60	0	60	0	0	0	0	60	0	Approved at City Board 29/1/01. Funded from reserves. Further investigation needed after outcome of BVFSR approved.
SC121	Sports Development	I Ross	403	236	56	0	0	0	0	292	42	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 tfr'd to SC206.
SC125	IT Infrastructure Upgrade	J Nightingale	1,332	1,282	49	0	0	0	0	1,331	11	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.
SC131B	Access to Buildings - Improvements (All Saints Market)	A Joyce	1	0	1	0	0	0	0	1	0	Allocation of DDA funding.
SC131E	Access to Buildings - Improvements (Hobson House/Mandela House/Guildhall)	T Attewell	23	9	14	0	0	0	0	23	0	Allocation of DDA funding, £23,500 approved. New reception desk and lift improvement programmed for 2003/04.



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SC131H	Access to Buildings - Improvements Year 2 (Community Centres)	K Hay	44	43	0	0	0	0	0	43	0	Allocation of DDA funding.
SC131I	Access to Buildings - Year 2 & 3 - Conveniences on Recreation Grounds	C Robertson	76	2	74	0	0	0	0	76	0	Allocation of DDA funding.
SC131J	Access to Buildings - Improvements Year 2 & 3 (Car Parks)	S Simmonett	76	0	41	0	0	0	0	41	4	Allocation of DDA funding. £35k transferred to SC211.
SC132	City Services - Environmental Improvements	G Watts	99	98	2	0	0	0	0	100	0	Approved at City Board 11/02/02. Funded from use of reserves. Work delayed due to other schemes taking precedence.
SC142	On-Line (E Gov) Payments Implementation of Cash Management System	John Frost	94	46	48	0	0	0	0	94	29	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.
SC145	Cellarers Chequer Roof Repair	J Cowin	82	54	28	0	0	0	0	82	0	Approved at City Board 11/02/02. Funded from use of reserves. 2003/04 funding (£28k) tfrd to Hold List - approved at Strategy Scrutiny 28/01/03. Further remedial work planned for 2003/04.
SC148	Computerisation of Land Charges Project	F Barratt	464	496	0	0	0	0	0	496	3	Approved at City Board 11/02/02. Funded from use of reserves with a five year repayment plan from increases in related fees and charges. £4k transferred to revenue.
SC152	Guildhall Electricity Supply Upgrade	J Cowin	125	117	8	0	0	0	0	125	8	Approved at C&HR Scutiny Committee 2/7/02. Funded from R&R.



Capital Plan - Approved Items

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SC154	Allotment Improvements (from S106 Newmarket Rd)	T Ray	107	83	25	0	0	0	0	108	8	Funded from S106 scheme.
SC159	Midsummer Common - Access & Path Re-enforcement	C Robertson	55	0	55	0	0	0	0	55	15	Funded from S106 scheme.
SC160	Member Services Connectivity Project	G Olliffe	31	16	15	0	0	0	0	31	3	Approved at Strategy Scrutiny 28/01/03. Funded from Technology Investment Fund (TIF).
SC161	Queen Anne Terrace Car Park Improvements	S Simmonett	2,006	1,944	63	0	0	0	0	2,007	63	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	108	37	0	0	0	0	145	2	Approved at Strategy Scrutiny 28/01/03. Funded from Technology Investment Fund (TIF).
SC163	Compulsory Purchase Orders (CPOs)	R Coey	1,336	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	420	0	0	0	0	0	420	0	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. £35k redirected to SC197 Scrutiny Comm. 18/01/05
SC165	City Services - Replace Entrance Barrier	G Watts	30	7	23	0	0	0	0	30	5	Approved at Strategy Scrutiny 28/01/03. £20k funded from use of reserves and £10k funded from R&R.



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SC166	Improvements to Shop Front Forecourts	J Cowin	141	89	52	0	0	0	0	141	2	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.
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	61	85	0	0	0	0	146	57	Apprvd at Strategy Scrutiny 24/3/03. Funded from use of reserves (£50k) and Comm. Safety Prtnrshp (£40K). Addtnl £36k apprvd at C&HR 13/1/04. Funded from DRF. Addtnl £20k apprvd at Strategy Scrutiny 26/1/04. Funded from use of reserves
SC181	St Matthew's Piece & Play Area	C Robertson	35	43	66	0	0	0	0	109	8	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee. Additional £66k S106 funding.
SC182	Allotment Improvements (Whitehill Allotment Site)	M Mehta	20	9	11	0	0	0	0	20	0	Funded from S106 scheme.
SC183	Coleridge Rec & Kings Hedges Rec Skateboard Park	T Ray	100	0	100	0	0	0	0	100	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee.



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SC192	Development Land on the North Side of Kings Hedges Road	J Cowin	86	70	16	0	0	0	0	86	11	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.
SC195	St. Andrew's Hall	K Hay	250	0	246	0	0	0	0	246	0	Approved at Strategy Scrutiny 26/1/04. Funded from S106.
SC196	CCTV Control Room Upgrade & Equipment Replacement	J Cowin	366	0	162	102	102	0	0	366	0	Approved at Strategy Scrutiny 26/1/04. Funded from R&R. Further approval 9.11.04 - £336k R&R, £30k External funding. Funding amended to £334k R&R, £12k External funding.
SC198	Lammas Land Pavilion	C Robertson	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.
SC201	Lion House Scheme	John Cowin	421	463	0	0	0	0	0	463	5	Council 6/12/03. Additional funding approved at Council 9/9/04, £230k external funding, £82k R&R, £58k DRF & £26k Earmarked Reserves tfr'd from SC036.
SC202	Fison Road Youth Centre	C Robertson	19	7	12	0	0	0	0	19	0	Funded from S106.
SC205	Stourbridge Common Play Area	M Mehta	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	I Ross	320	0	310	10	0	0	0	320	0	£175k funded from S106, £110k transferred from SC121, £25k funded from Active England Grant, £10k funded from R&R. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.



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SC209	Christs Pieces Play Area Refurbishment	A French	50	0	50	0	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	C Robertson	68	43	25	0	0	0	0	68	1	Funded from S106 (£50k) and R&R (£18k). Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	A Scovell	39	4	35	0	0	0	0	39	27	Funded from Disabled Access Fund (£4k) and transfer from SC131J £35k. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC214	LAPE	P Necus	656	431	7	0	0	0	0	438	1	Set-up costs met by County Council.
SC215	Christ Piece Trees/Landscaping	A French	11	0	11	0	0	0	0	11	0	Funded from S106
SC216	Queen Edith Multisport	C Robertson	40	0	40	0	0	0	0	40	0	Funded from S106
SC217	Nuns Way - Safer Routes	P Bishop	8	0	8	0	0	0	0	8	0	Funded from S106 (approx £8k)
SC218	ServiceMail Upgrade	P Boucher	28	28	0	0	0	0	0	28	4	Funded from R&R. Project Appraisal to Strategic IT Scrutiny 29 July 2004.
SC220	Refurbishment of 23 Market Street	J Cowin	135	160	0	0	0	0	0	160	11	Funded from External Funding £40k, Property Strategy Fund £78k and use of reserves £17k
SC221	Lion Yard - Contribution to Works	J Cowin	1,000	0	1,000	0	0	0	0	1,000	0	Approved at Council 9/9/04. Funded from usable capital receipt £2m (£1m contributes to funding available)



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SC224	Office Accommodation - Electoral Services and Reception & Office Services improved working conditions	G Olliffe	25	0	25	0	0	0	0	25	0	Approved at C&HR Scrutiny 9.11.04. Funded from R&R
SC225	Bishops Mill - motorise & automate sluice	J Cowin	100	0	100	0	0	0	0	100	0	Approved at C&HR Scrutiny 9.11.04
SC226	Refurbishment of Play Areas - Numerous (NOV 04) Church End, Coleridge, Ditton Fields, Ramsden Square, Queen Edith's	C Robertson	236	0	236	0	0	0	0	236	72	Approved Scrutiny 18.11.04. S106 funded.
SC228	St Albans RG Multisport Area	C Robertson	51	0	51	0	0	0	0	51	0	S106 funded
SC229	Lammas Land / Coe Fen / Snobs Brook dredging	C Robertson	40	0	40	0	0	0	0	40	0	S106 funded
SC230	Buchan Street Neighbourhood Centre	K Hay	149	0	149	0	0	0	0	149	0	Approved scrutiny 18.11.04
SC231	East Barnwell Community Centre	K Hay	130	0	130	0	0	0	0	130	0	Approved scrutiny 18.11.04. £60 external, £70 S106 funded
SC232	Arbury Community Centre	K Hay	500	0	500	0	0	0	0	500	0	Approved scrutiny 18.11.04. £400 external, £100 S106 funded
SC235	Coldhams Common - Woodland Walk Bridge	C Robertson	4	0	4	0	0	0	0	4	0	S106 funded
SC235	Histon Road Cemetery Landscaping	T Spaxman	31	0	31	0	0	0	0	31	0	Approved at Env Scrutiny 16.11.04. S106 funded.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC236	Trumpington Rec Tennis Court	C Robertson	25	0	25	0	0	0	0	25	0	Funded from S106
SC237	Abbey Sports Changing Facilities	I Ross	775	0	775	0	0	0	0	775	0	Funded from S106, lottery etc
SC238	St Albans Rec - Notice Board	T Ray	1	0	1	0	0	0	0	1	0	Funded from S106
SC239	Nine Wells	H Hepburn	20	0	20	0	0	0	0	20	10	S106 funded
SC240	Barnwell West Nature Reserve	H Hepburn	15	0	15	0	0	0	0	15	0	S106 funded
SC241	Barnwell East Nature Reserve	H Hepburn	8	0	8	0	0	0	0	8	0	S106 funded
SC242	Alexander Gardens - demolition of toilets	C Robertson	7	5	3	0	0	0	0	8	0	S106 funded
SC243	Shelley Row play area	M Mehta	15	0	15	0	0	0	0	15	0	Funded S106
SC244	Mandela House air conditioning (Revenue Services)	John Frost	35	0	35	0	0	0	0	35	0	Approved at Strategy Committee 7.2.05
SC245	Lighting and decorating works at Grafton East Car Park	P Necus	25	0	25	0	0	0	0	25	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from R&R.
SC246	Credit Card readers & installations at within Car Parks	P Necus	10	0	10	0	0	0	0	10	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from UOR.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC247	CCTV line from Grafton West Car Park to Guildhall to enable monitoring	P Necus	5	0	5	0	0	0	0	5	0	Approved at Strategy Scrutiny 7.2.05. Funded from Use of Reserves
SC248	Lighting around Grafton West Pay-On-Foot machines	P Necus	3	0	3	0	0	0	0	3	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC249	Lion Yard Car Park CCTV cameras	P Necus	53	0	53	0	0	0	0	53	33	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC250	Replace Grafton East Car Park tracking (cameras on rails)	P Necus	30	0	30	0	0	0	0	30	53	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC251	Machinery for Surface Cleaning of Queen Anne Terrace Car Park	P Necus	33	0	33	0	0	0	0	33	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC252	Provision of additional litter bins in residential areas	D Coventry	5	0	5	0	0	0	0	5	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC253	Additional litter bins in Burleigh Street	D Coventry	5	0	5	0	0	0	0	5	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC254	Streetscene/City Ranger/Enforcement Service - Provision of GIS software and associated hardware	J Wilson	12	0	12	0	0	0	0	12	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF..
SC255	Destination Management System for Cambridge	N Bolton	28	0	28	0	0	0	0	28	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC256	Through the Glass "out of hours" information point	N Bolton	4	0	4	0	0	0	0	4	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC257	ePOS system for TIC shop and main counter	N Bolton	7	0	7	0	0	0	0	7	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC258	Planning Services On-Line - Phase 1: Public Access	J Summers	76	0	76	0	0	0	0	76	17	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC259	Corporate GIS - Initial Investigation of project	M Greensmith	15	0	15	0	0	0	0	15	8	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC260	Environment & Planning - Meet Health & Safety standards	P Boucher	50	0	73	0	0	0	0	73	34	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC261	Various Capital works at the Crematorium	T Spaxman	247	0	247	0	0	0	0	247	39	Approved at Strategy Scrutiny Committee 7.2.05. Funded from R&R £97k and Use of Reserves £150k.
SC262	Christ Pieces new petal irrigation bed system	C Robertson	5	0	5	0	0	0	0	5	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC263	Alternate weekly refuse and plastics collection (Waste Strategy)	R Coey	505	119	386	0	0	0	0	505	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from SC222 & SC223 £310k (Use of Reserves), £195k R&R.
SC264a	Full Customer Services Strategy (LGOL)	F Barratt	35	0	35	0	0	0	0	35	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264b	CRM requests and procurement (LGOL)	F Barratt	25	0	25	0	0	0	0	25	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264c	e-Government manager and programme office (LGOL)	F Barratt	95	0	95	0	0	0	0	95	2	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264d	Business Analyst (LGOL)	F Barratt	95	0	95	0	0	0	0	95	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.



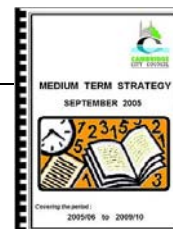
Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC264e	E-Government Technical Infrastructure (LGOL)	J Nightingale	25	5	20	0	0	0	0	25	28	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264f	Web Developer (LGOL)	J Nightingale	30	0	30	0	0	0	0	30	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264g	e-Government Software and Hardware (LGOL)	J Nightingale	45	0	45	0	0	0	0	45	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC265	Freedom of Information Paribus Info Asset Register Project	J Nightingale	22	0	22	0	0	0	0	22	10	Approved Council 24/2/05 TIF Funded
SC266	CHVC Access	T Ray	7	2	5	0	0	0	0	7	0	Funded from Reserves
SC268	Dudley Road Tree Planting & Path	A French	15	1	14	0	0	0	0	15	0	S106 funded
SC269	Fanshawe Allotments Road Water Installation	M Mehta	5	0	5	0	0	0	0	5	0	S106 funded
SC270	Shopmobility at Park Street & Christ's Pieces	J Cowin	72	32	40	0	0	0	0	72	28	Funded from £72k External Contribution.
SC272	St Andrews Play Area	T Ray	20	19	1	0	0	0	0	20	0	Funded from S106
SC276	Queen Edith (Nightingale Avenue) - Tennis Court	C Robertson	13	0	13	0	0	0	0	13	0	S106 funded
SC277	Guildhall Server Room (TIF)	J Nightingale	65	0	65	0	0	0	0	65	0	Approved under Emergency Powers August 2005. TIF funded.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2005/06 Budget (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC278	9-12 Grafton Street - costs associated with sale of the property	J Cowin	40	0	40	0	0	0	0	40	0	Costs to be met initially from the Property Improvement Strategy Fund. Following the sale of the property those costs will be recovered from the sale proceeds. Approved at C&HR Committee 9/11/04.
SC279	Wireless Working Scheme	John Frost	99	0	99	0	0	0	0	99	0	Funded from DWP grant £49,400 and TIF £50,000. Approved under urgent action.
SC280	Grand Arcade Partnership	J Cowin	250	0	250	0	0	0	0	250	0	Payment due on completion of head lease. Funded from use of reserves.
SC281	EFS Relocation Cherry Hinton Hall Cottage	N Bolton	44	0	44	0	0	0	0	44	0	Approved under urgent action. Funded from use of reserves
SC282	Kettle's Yard	N Cutting	40	0	40	0	0	0	0	40	0	Council contribution to Kettle's Yard extension programme. Timing of contribution will be dependent on other funding agencies' timescales
	Approved Schemes		19,385	8,966	9,288	112	102	0	0	18,468	1,066	
Total Capital Plan			28,448	16,813	27,765	14,106	14,188	14,318	8,642	93,818	1,223	



HOUSING CAPITAL PROGRAMME

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
External Support					
Use of Provision for Credit Liabilities (Re: Supported Capital Exp)	(1,006)	0	0	0	0
Disabled Facility Grants (2004/05 60% of £388k expenditure)	(230)	(230)	(230)	(230)	(230)
Major Repairs Allowance (MRA)	(4,916)	(4,821)	(4,752)	(4,683)	(4,617)
MRA Brought Forward					
Total External Support	(6,152)	(5,051)	(4,982)	(4,913)	(4,847)
City Council					
Usable Capital Receipts	(5,945)	(4,159)	(2,261)	(2,129)	(2,014)
Other Land Sales Capital Receipts					
Usable Capital Receipts - Low Cost Shared Ownership	(300)	(300)	(300)	(300)	(300)
Direct Revenue Financing	(2,397)	(2,149)	(1,769)	(1,512)	(1,255)
Repairs & Renewals Fund (R&R) HRA					
Compulsory Purchase Orders - 3 properties	(1,035)	(400)	(400)	(400)	(400)
Compulsory Purchase Orders - Rock Road					
Total City Council Funding	(9,677)	(7,008)	(4,730)	(4,341)	(3,969)
Total Available Finance	(15,829)	(12,059)	(9,712)	(9,254)	(8,816)
Less Expenditure on Housing within the HRA					
Spend on Own Stock	10,944	10,787	10,633	10,488	4,782
Low Cost Home Ownership (Funded from Capital Receipts)	300	300	300	300	300
Rawlyn Court Sheltered Scheme Refurbishment					
Whitlock's receipt to be used for Sheltered Housing Refurbishment	1,999	0	0	0	0
Disabled Access / H&S Improvements to 89 Cherry Hinton Road					
Total Expenditure on HRA	13,243	11,087	10,933	10,788	5,082



	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Resources remaining after funding expenditure on the HRA	(2,586)	(972)	1,221	1,534	(3,734)
Less Expenditure on GF Housing					
Regulatory Reform Order (RRO) Initiative	850	850	850	850	0
Long Term Vacants	100	100	100	100	0
Private Landlords (non HMO)	85	85	85	85	0
Do It Yourself Shared Ownership Scheme	533	534	535	537	538
Continuing Drinkers Residential Project					
Victoria Road Hostel					
Compulsory Purchase Orders - 3 properties	1,035	400	400	400	400
Compulsory Purchase Orders - Rock Road Disabled Facilities Grants (DFG) Commitments (60% Funded by Grant)	383	383	383	383	383
DFG Additional Commitments (Not Funded by Grant)					
Total Expenditure on GF Housing	2,986	2,352	2,353	2,355	1,321
Resources remaining after funding expenditure on HRA & GF Housing	400	1,380	3,574	3,889	(2,413)
Capital Receipts Reserved to Generate Interest to Fund RRO Revenue Costs	(466)	0	0	0	(1,623)
Capital receipts b/f	(15,319)	(14,784)	(12,104)	(6,330)	(241)
Contribution (to) / from Capital Balances	(66)	1,380	3,574	3,889	(4,036)
Anticipated additional spend for meeting other strategic housing priorities	600	1,300	2,200	2,200	3,000
Capital Balance c/f	(14,784)	(12,104)	(6,330)	(241)	(1,277)

Note :

The above excludes available S106 receipts (Homerton at £2.2m and others of £182k) which are to be spent on affordable housing.



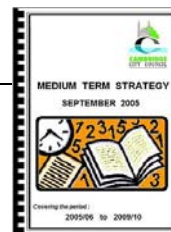
Appendix Q

Capital Plan - Funding Variations Since Last Report

Source	Funding Type	2005/06 Projection			Comment
		Last Report (£ 's)	Current (£ 's)	Difference (£ 's)	
External Support	Basic Credit Approvals (BCA)	1,006,000	1,006,000	0	
	Specified Capital Grants (SCG)	540,000	575,000	35,000	Reprofiled from 2004/05
	Supplementary Credit Approvals (SCA)	0	0	0	
	Other Sources	1,190,000	1,162,000	(28,000)	£13k reprofiled from 2004/05, new schemes £89k (SC270 & SC279), reduced External Funding contributions (SC105, SC196 & SC237)
	Major Repairs Allowance (MRA)	4,916,000	5,635,000	719,000	Allowance carried forward from 2004/05.
	Section 106	1,364,000	2,028,000	664,000	
	TOTAL – External Support	9,016,000	10,406,000	1,390,000	



Source	Funding Type	2005/06 Projection			Comment
		Last Report (£ 's)	Current (£ 's)	Difference (£ 's)	
City Council	Usable Capital Receipts	7,746,000	7,317,000	(429,000)	Reduced CPO receipts £400k, reduced use of Housing capital receipts £69k, new scheme £40k (SC278)
	Direct Revenue Financing (DRF) – HRA	2,397,000	2,397,000	0	
	Direct Revenue Financing (DRF) – GF	120,000	276,000	156,000	£120k transferred from 2004/05, new schemes £37k (SC237 & SC260)
	Repair & Renewals Fund	1,221,000	1,228,000	7,000	£225k reprofiled from 2004/05, £274k reprofiled to future years, new schemes £56k (SC260 & SC280)
	Earmarked Reserves	142,000	20,000	(122,000)	£94k reprofiled from 2004/05, £216k transferred to Earmarked Reserves – TIF
	Earmarked Reserves - TIF	0	331,000	331,000	£216k transferred from Earmarked Reserves, new schemes £115k (SC277 & SC279)
	Use of Reserves	2,328,500	5,788,000	3,459,500	- see detailed breakdown
	Total – City Council	13,954,500	17,357,000	3,402,500	
Total Available Finance		22,970,500	27,763,000	4,792,500	



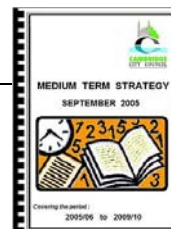
Appendix R

Capital Plan - Profiling Variations Since Last Report

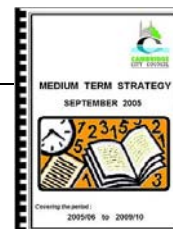
Capital Ref	Description	Change in 2005/06 Total Cost (£'000's)	Comments
SC011	Chesterton Community College Sports Hall	231	Reprofiled from 2004/05
SC033B	CCTV Street Lighting	40	Reprofiled from 2004/05
SC062	Stairwell Mirrors in all Car Parks	2	Reprofiled from 2004/05
SC067	Replacement and upgrade of PS2000	16	Reprofiled from 2004/05
SC072	Poster Boards	10	Reprofiled from 2004/05
SC073	New Information Boards	15	Reprofiled from 2004/05
SC080	Nuns Way Community Building	10	Reprofiled from 2004/05
SC086	Revenues First Software Phase 2	14	Reprofiled from 2004/05
SC094	Allotment Improvements	1	Reprofiled from 2004/05
SC104	Nuns Way Community/Neighbourhood Park	6	Reprofiled from 2004/05
SC105	East Chesterton Community Centre	(1)	Reprofiled from 2004/05
SC107	Recycling Centre for Green Waste	14	Reprofiled from 2004/05
SC110	Corn Exchange Air Handling	60	Reprofiled from 2004/05
SC121	Sports Development	56	Reprofiled from 2004/05
SC125	IT Infrastructure Upgrade	49	Reprofiled from 2004/05
SC127	Improvements to Committee Rooms 1 and 2	3	Reprofiled from 2004/05
SC128	Car Parks Pay on Foot Systems	7	Reprofiled from 2004/05
SC131B	Access to Buildings – Improvements (All Saints Market)	1	Reprofiled from 2004/05
SC131E	Access to Buildings – Improvements (Hobson House/Mandela House/Guildhall)	14	Reprofiled from 2004/05



Capital Ref	Description	Change in 2005/06 Total Cost (£'000's)	Comments
SC131I	Access to Buildings – Improvements Year 2 & 3 – Conveniences on Recreation Grounds	74	Reprofiled from 2004/05
SC131J	Access to Buildings – Improvements Year 2 & 3 (E & P)	41	Reprofiled from 2004/05
SC132	City Services – Environmental Improvements	2	Reprofiled from 2004/05
SC142	New Cashiering System	48	Reprofiled from 2004/05
SC152	Guildhall Electricity Supply Upgrade	8	Reprofiled from 2004/05
SC154	Allotment Improvements (from S106 Newmarket Road)	25	Reprofiled from 2004/05
SC159	Midsummer Common – Access & Path Re-enforcement	55	Reprofiled from 2004/05
SC160	Member Services Connectivity Project	15	Reprofiled from 2004/05
SC161	Queen Anne Terrace Car Park Improvements	63	Reprofiled from 2004/05
SC162	City Services – Helpdesk Project	37	Reprofiled from 2004/05
SC163	Compulsory Purchase Orders (CPOs)	(400)	Reprofiled from 2004/05
SC165	City Services – Replace Entrance Barrier	23	Reprofiled from 2004/05
SC166	Improvements to Shop Front Forecourts	52	Reprofiled from 2004/05
SC167	Recycling/Waste Minimisation Initiatives	12	Reprofiled from 2004/05
SC169	Credit Card Trial at Grafton Centre Car Parks	15	Reprofiled from 2004/05
SC177	Mobile CCTV Cameras	85	Reprofiled from 2004/05
SC181	St. Matthew's Play Area	66	Reprofiled from 2004/05
SC182	Allotment Improvements (Whitehill Allotment Site)	11	Reprofiled from 2004/05



Capital Ref	Description	Change in 2005/06 Total Cost (£'000's)	Comments
SC183	Coleridge Recreation Ground & Kings Hedges Recreation Ground Skateboard Park	100	Reprofiled from 2004/05
SC192	Development Land on the North Side of Kings Hedges Road	16	Reprofiled from 2004/05
SC195	St. Andrew's Hall	246	Reprofiled from 2004/05
SC196	CCTV Control Room Upgrade & Equipment Replacement	(204)	Reprofiled from 2004/05
SC198	Lammas Land Pavillion	30	Reprofiled from 2004/05
SC202	Fison Road Youth Centre	12	Reprofiled from 2004/05
SC203	Coldhams Common Drainage	(100)	Reprofiled from 2004/05
SC205	Stourbridge Common Play Area	42	Reprofiled from 2004/05
SC206	Kings Hedges Learner Pool	10	Reprofiled from 2004/05
SC209	Christs Pieces Play Area Refurbishment	20	Reprofiled from 2004/05
SC210	Hard Surface Cherry Hinton Hall Car Park	25	Reprofiled from 2004/05
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	35	Reprofiled from 2004/05
SC214	LAPE	7	Reprofiled from 2004/05
SC215	Christs Pieces – Trees/Landscaping	11	Reprofiled from 2004/05
SC216	Queen Edith's Multisport	40	Reprofiled from 2004/05
SC217	Nuns Way – Safer Routes	8	Reprofiled from 2004/05
SC218	ServiceMail Upgrade	(3)	Reprofiled to 2004/05
SC221	Lion Yard – Contribution to Works	1,000	Reprofiled from 2004/05
SC242	Alexander Gardens – demolition of toilets	(4)	
SC260	Environment & Planning – Meet Health & Safety standards	23	Additional scheme costs



Capital Ref	Description	Change in 2005/06 Total Cost (£'000's)	Comments
SC263	Alternate weekly refuse and plastics collection (Waste Strategy)	(119)	Reprofiled to 2004/05
SC264e	E-Government Technical Infrastructure (LGOL)	(5)	Reprofiled to 2004/05
SC264f	Web Developer (LGOL)	5	Reprofiled from 2004/05
SC264g	e-Government Software and Hardware (LGOL)	35	Reprofiled from 2004/05
SC265	Freedom of Information Paribus Info Asset Register Project	22	Reprofiled from 2004/05
SC266	CHVC Access	5	
SC268	Dudley Road Tree Planting & Path	14	
SC269	Fanshawe Road Allotments Water Installation	5	
SC290	Shopmobility at Park Street & Christ's Pieces	40	New Scheme
SC272	St. Andrews Play Area	1	
SC276	Queen Edith (Nightingale Avenue) – Tennis Court	13	New Scheme
SC277	Guildhall Server Room (TF)	65	New Scheme
SC278	9-12 Grafton Street – costs associated with sale of the property	40	New Scheme
SC279	Wireless Working Scheme	99	New Scheme
SC280	Grand Arcade Partnership	250	New Scheme
Total Capital - GF Projects		4,467	
PR001	Housing Investment Programme (HIP)	650	
PR003	City Centre Management Programme	33	
PR004	Sustainable City Programme	2	Reprofiled from 2004/05
PR006	Safer City Programme	54	



Capital Ref	Description	Change in 2005/06 Total Cost (£'000's)	Comments
PR007	Cycleways	147	
PR009	Joint-Use Sports Facilities	446	Reprofiled from 2004/05
PR010	Environmental Improvements Programme	(17)	
PR010a	EIP – North Area	34	
PR010b	EIP – South Area	35	
PR010c	EIP – West/Central Area	69	
PR010d	EIP – East Area	65	
PR011	EIP – Pavements	(5)	Reprofiled to 2004/05
PR012	Road Safety Schemes – Traffic Calming	21	Reprofiled from 2004/05
PR013	Road Safety Schemes – Crossings	126	Reprofiled from 2004/05
PR014	Environmental Safety Fund	102	Reprofiled from 2004/05
PR015	Repair and Refurbishment Programme – Hobsons Conduit	5	Reprofiled from 2004/05
PR016	Public Conveniences	76	£11k reprofiled from 2004/05, £65k additional approval
PR017	City Services – Vehicle Replacement Programme	(12)	Reprofiled to 2004/05
PR018	Bus Shelters	5	Reprofiled from 2004/05
Capital - Programmes		(1,465)	
TOTAL CAPITAL PLAN		4,400	



Appendix S

Capital Bids - Hold List

Ref.	Proposed Scheme / Programme & Comments	Cost to CCC (£ 000's)	External Funding (£ 000's)	Phasing of Expenditure					Funding Source		
				2005/06 (£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	✓	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	✓	x	x
ENVIRONMENT - TRANSPORT & PLANNING											
H21	Consultants fees on Visitor Experience, redevelopment of Old Library, Shop & Crown Court <i>Approval to place on Hold List – Strategy Scrutiny Jan 2005</i>	25	0	25	0	0	0	0	✓	x	x



Ref.	Proposed Scheme / Programme & Comments	Cost to CCC (£ 000's)	External Funding (£ 000's)	Phasing of Expenditure					Funding Source		
				2005/06 (£000's)	2005/06 (£ 000's)	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	Cap	R&R	Rev
H22	Improvements to Shop and Main TIC <i>Approval to place on Hold List – Strategy Scrutiny Jan 2005</i>	50	0	50	0	0	0	0	✓	x	x
H23	Establish Customer Service Centre on Ground Floor at Guildhall <i>Approval to place on Hold List – Strategy Scrutiny Jan 2005</i>	280	0	280	0	0	0	0	✓	x	x
H24	Planning Services On-Line - Further development (see PPF bid) <i>Approval to place on Hold List – Strategy Scrutiny Jan 2005</i>	446	0	446	0	0	0	0	✓	x	x
TOTAL											
		1,399	37	1,436	0	0	0	0			



Appendix T

Cash Limit Calculation - 2006/07

Portfolio / (Scrutiny Committee)	Adj. Gross Expend. (£'s)	Inflated Base Budget (£'s)	Reductions Required (£'s)	Cash Limit (£'s)
Customer Services and Resources	4,682,810	(2,908,540)	136,480	(3,045,020)
Community Development & Leisure (Community Services)	9,524,610	9,465,370	277,580	9,187,790
Housing & Health (Community Services)	2,654,730	2,498,640	77,370	2,421,270
Planning and Transport (Environment)	9,447,670	2,729,610	275,340	2,454,270
Environment (Environment)	5,105,210	5,463,210	148,790	5,314,420
Strategy	3,583,630	4,332,990	104,440	4,228,550
Committee Total	34,998,660	21,581,280	1,020,000	20,561,280
add Priority Policy Fund		500,000		
add Unavoidable cost		378,120		
add Other items		0		
add Contribution to capital		1,250,000		
less AMRA & MRP adjustment		(6,953,230)		
less Use of Reserves		637,050		
less Council Tax income		(5,236,480)		
less Total External Support		(11,136,740)		
Reduction Target		1,020,000		

Reduction calculation :
Based on excluding contractual obligations
 - target rate : 2.91%



Appendix U

Current Major Contracts / Agreements

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

Contract / Agreement	Service Provider	Contract Period / End Date
EXTERNAL CONTRACTS		
Information Technology (IT)	Serco	5 years to 30 November 2005
Swimming Services	Sports & Leisure Management Ltd	7 years to 30 September 2009
Local Authority Parking Enforcement (LAPE)	Legion Security	5 years to 25 October 2009
Gas Maintenance & Inspection	CityCare	to 31 March 2007
Building Maintenance / Decent Homes	Apollo London Ltd	to 30 June 2010
Gas & Electricity Supply Contracts		- exploring joint procurement options
Corn Exchange Catering Concession		- in tendering process
INTERNAL TRADING ARRANGEMENTS		
Building Maintenance / Decent Homes	City Services	to 30 June 2010
Housing Management		Arrangements currently being revised



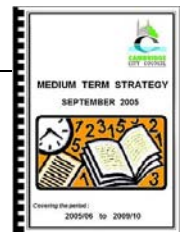
Programme of Best Value Fundamental Service Reviews

Major reviews completed within the last 2 years

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

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. First stage has determined a more detailed review of Human Resources is to be undertaken during 2005/06.



Appendix W

Annual Efficiency Statement (AES)

2005/06 Forward Look

Strategy :

The City Council has, for many years, incorporated a requirement for the identification of efficiencies within its corporate planning and decision-making processes; most specifically as part of its Medium Term Strategy (MTS). The identification of efficiencies, and other savings, have been a key element in enabling the effective reallocation of available resources to achieve the introduction of new or enhanced services to meet the Council's identified Medium Term Objectives.

The approach for 2005/06 combined a general requirement for the identification of efficiencies across all service areas, integrated with the annual budget process, with specific targeted projects and reviews. This work has formed the basis for the completion of this forward-looking Annual Efficiency Statement in respect of 2005/06. The Council will be seeking to further integrate the Annual Efficiency Statement requirements within its existing corporate processes during the year, ensuring the most effective approach with increases to process and associated workloads being minimised.

The Council has recognised the potential need to provide initial funding for initiatives which will provide future efficiency gains, and to this end has made a £150,000 contribution to its Efficiency Fund in 2004/05 to enable a flexible and timely response to any such initiatives which are identified after the main 2005/06 budget has been set.

The use of thematic and cross-departmental groups to progress the work enables shared learning and the dissemination of good practice, as well as the effective identification of the scope for the wider achievement of benefits derived from pilot work.

The Council also recognises the potential for joint working and partnering arrangements and will be seeking to identify further opportunities in these areas during the year, utilising existing professional and regional bodies as well as the Centre For Regional Excellence (East). This will build on the experiences of successful joint arrangements already developed in a number of areas, including occupational health, recruitment advertising, waste collection and system procurement.

To ensure effective co-ordination, monitoring and control of the various streams of work which will be undertaken during 2005/06 the Council has established a Corporate Change Programme. This will play a key role in respect of the continuing identification and realisation of efficiency gains, and demonstrate the strong corporate commitment to this agenda.



Key Actions :

The Corporate Change Programme includes key projects during 2005/06 specifically dealing with :

- Implementing Electronic Government
- Procurement
- Customer Access Strategy Review

Work to date in these projects has resulted in the implementation of a number of developments and pilot schemes for 2005/06. These will be monitored and reviewed to identify the practicalities and benefits that could be achieved through a subsequent corporate roll-out, which will then inform future Annual Efficiency Statements. These are identified, as appropriate, in the workstreams below.

During 2005/06 the Council will be seeking to further develop its approach to effectively quantifying the efficiency gains associated with non-cashable and capital items and, to this end, will be looking to utilise the outcomes of the Local Government Efficiency Measurement Taskforce when they are published.

AES Category	Expected annual efficiency gains (£)	... of which related to capital spend (£)	... of which related to other spend (£)	... of which cashable (£)
Culture and Sport	52,870			52,870
	<p>Strategy : The Council has a partnership contract in place for the management of its Swimming Services, which was based around the achievement of the action plan resulting from the Best Value review of the services. This 7-year contract incorporates identified efficiencies and cost reductions over its term.</p> <p>The outcomes of reviews of the Arts Strategy and Economic Development and Tourism functions are incorporated in the 2005/06 budget, and include a number of identified efficiencies.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • Efficiencies resulting from a review of the Economic Development and Tourism function • The implementation of a restructuring of the Arts Strategy function • Efficiencies within the Tourist Information function, including the introduction of online and automated customer interfaces 			



AES Category	Expected annual efficiency gains (£)	... of which related to capital spend (£)	... of which related to other spend (£)	... of which cashable (£)
Environmental Services	317,960			309,720
	<p>Strategy : The introduction of revised waste collection methods from 1 October 2005, will enable resources to be provided to significantly enhance waste minimisation and recycling initiatives. This will be a key element in enabling the Council to meet future statutory targets for recycling.</p> <p>The Council continues to work as part of the Cambridge Councils' Association Waste Forum (CCAWF) to identify and implement the most effective and efficient methods of dealing with recycling, waste minimisation and diversion in the medium and longer-term.</p>			
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Fundamental review of waste collection methods, to enable resources to be redirected to additional recycling services; in particular, plastics recycling • More efficient use of resources through energy, water, renewable materials sources and recycling initiatives • Improved partnership working with local water companies on water monitoring • Improved materials and methods used in dealing with graffiti 			
Local Transport	95,850			95,850
	<p>Strategy : The outcomes from the review of Parking Services are reflected in 2005/06, reflecting rationalisation of the staffing arrangements for the car parks and improvements to the range of payment options, including initiatives on cashless parking. Work through the citywide transport study and the review of the Local Transport Plan is aimed at improving the effectiveness of support from all of the partner organisations for public and community transport in the City.</p>			
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Efficiencies resulting from a reorganisation as a result of the introduction of revised payment arrangements for car parks, including increased automation and more flexible use of staff resources • Review of public transport initiatives to ensure most effective use of resources and integration with partners 			



AES Category	Expected annual efficiency gains (£)	... of which related to capital spend (£)	... of which related to other spend (£)	... of which cashable (£)
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Social Housing	244,920	167,290	77,630	67,900
	<p>Strategy : The Council's Housing Stock Option Appraisal identified the retention and direct management of the stock as the most appropriate way forward. The resultant programme of works to meet the agreed standard for properties (incorporating Decent Homes) requires a significant level of works over a 7-year period. The Council is seeking to ensure that, in achieving this, all appropriate efficiency gain opportunities are identified and realised. As part of this process, the Council has recently approved new 5-year partnering agreements for the maintenance, repair and improvement of its stock.</p> <p>The partnering agreements require internal and external service providers to work jointly specifically to improve supply chain management, as well as to deliver other efficiency improvements.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • More effective technical management and administration of capital works, resulting in significant improvements in the ratio of fees to work undertaken • Efficiencies in the management and administration of leasehold properties resulting from introduction of a new computerised system • Efficiencies resulting from a restructuring within the Community Services department, and rationalisation of work associated with central and devolved finance teams 			

Supporting People	93,860			0
	<p>Strategy : Review work undertaken with the countywide commissioning group for Supporting People has enabled the Council to identify restructuring opportunities which will result in efficiency gains. The reductions in Supporting People funding will increase the need for the identification of potential improvements in the provision of support services, and this will be considered during the year as part of ongoing review work in conjunction with partners.</p> <p>Key actions :</p> <ul style="list-style-type: none"> • A review of the approach to Supporting People has enabled support visits to be more effectively integrated with other activities 			



AES Category	Expected annual efficiency gains (£)	... of which related to capital spend (£)	... of which related to other spend (£)	... of which cashable (£)
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Other cross-cutting efficiencies not covered above

Corporate Services	33,730			10,000
<p>Strategy : The Council currently has an IT support contract with an external provider. This contract contains expectations for the joint achievement of improvements in terms of both efficiencies and cost. The contract ends in May 2006, and the Council is working with specialist advisors to specify requirements for a new contract, and to explore the potential for any joint procurement work with other authorities.</p> <p>Many of the efficiency gains in 2005/06 relating to Corporate Services are associated with specific cross-cutting workstreams (principally Procurement, Productive Time and Transactions) and are included in the relevant categories below.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • Efficiency gains in electoral services, resulting in reduced requirements for the use of casual staff • Extension of CCTV coverage through partnership arrangements with the County Council and Police Authority, also resulting in reduced deployment requirements for the Police 				

Procurement	89,640			30,000
<p>Strategy : The Council has recognised the potential for efficiency gains associated with procurement and has established a specific project, supported by the appointment of a Procurement Manager, to deliver a wide-reaching programme of change.</p> <p>2005/06 will see the implementation of a number of streams of work which have been developed through the Council's procurement review project. In most instances this involves piloting potential solutions to identify and quantify issues and benefits associated with the wider roll-out across the whole Council.</p> <p>The work of the Council's procurement efficiency project is also targeting the broader development of the use of joint framework agreements.</p>				

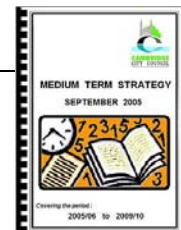


AES Category	Expected annual efficiency gains (£)	... of which related to capital spend (£)	... of which related to other spend (£)	... of which cashable (£)
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Bulk purchasing of paper using existing joint framework agreement, resulting in price and processing benefits • Introduction of Purchase Cards for high volume, low value transactions as a pilot for potential Council-wide roll-out • Pilot of online purchasing for stationery and office supplies, utilising an existing purchasing consortium • Purchase of propane gas through an existing purchasing consortium contract • Review of telephone contracts • Rationalisation of printer requirements resulting in procurement gains 			

Productive time	86,690			16,330
	<p>Strategy : The Council is seeking to identify efficiency gains which can be realised through the implementation of projects under the Implementing Electronic Government programme. Associated project appraisals require the identification of gains.</p> <p>The work on the management of staff attendance continues to be a corporate priority, and Service Plans include targets for improvements in 2005/06.</p>			
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Increased productivity resulting from increased attendance levels • Direct interfacing of systems to remove requirements for manual data entry • Rationalisation of payroll input • Improved grant information and processes, including enhanced IT system • Spare capacity utilised through additional external trading with other local authorities 			



AES Category	Expected annual efficiency gains (£)	... of which related to capital spend (£)	... of which related to other spend (£)	... of which cashable (£)
Transactions	106,620			56,220
	<p>Strategy : The Best Value review of the Council's Revenue Services function identified targets to reduce collection and administration costs, and these have been reflected in Service Plans incorporating identified efficiency gains. The Council is part of a research project being sponsored by the Centre for Regional Excellence to identify an improved information base on methods and costs across a range of potential service delivery models.</p> <p>The Council is also seeking to achieve increased use of electronic, rather than manual, processing for all transactional services.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • Payment of Housing Benefit by BACS instead of by cheque, providing cashable savings and contributing to the fraud reduction action plan • Initiative to increase supplier invoice transactions undertaken electronically • Restructuring to make more effective use of property inspectors time, supported by a DWP bid to introduce mobile technology • Improvements in transactions costs resulting from a restructuring of the Council Tax team, and associated improvements in working practices 			
Total	1,122,140	167,290	77,630	638,890



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