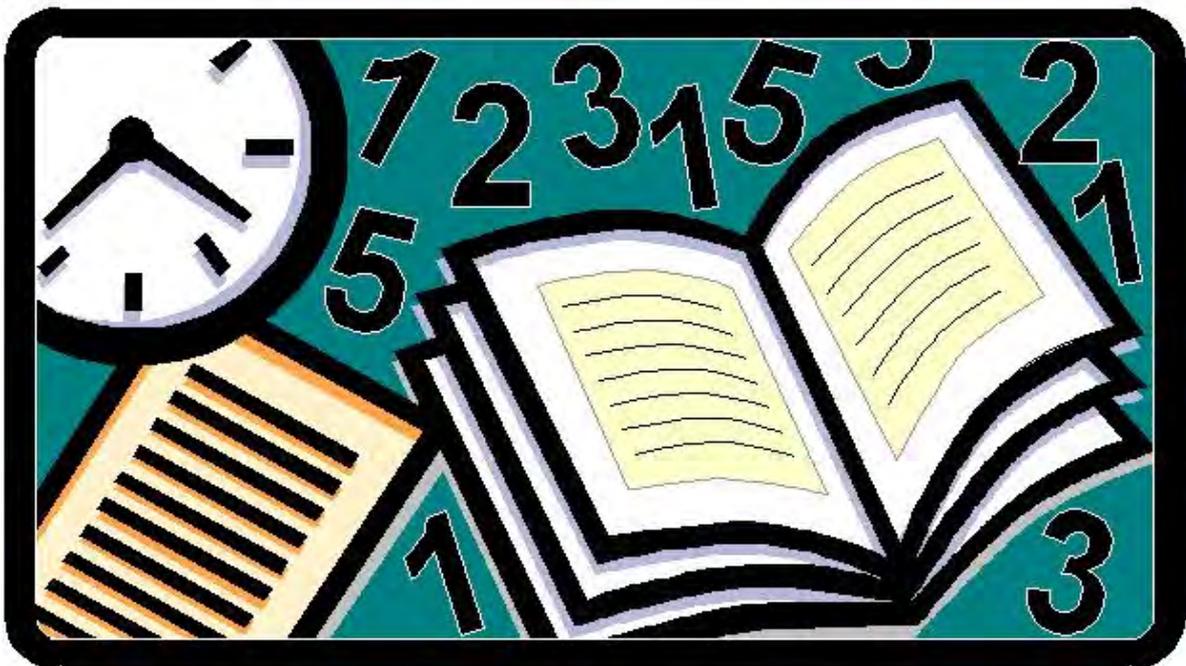




MEDIUM TERM STRATEGY

JULY 2006



Covering the period :

2006/07 to 2010/11



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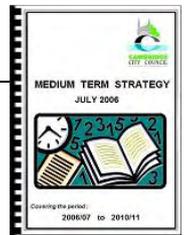
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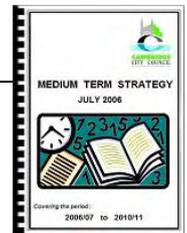


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Executive Summary

Introduction

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

Policy Context

- 3) The key policy context for the MTS was outlined in the MTOs, and supporting detail, which were approved by the Council at its meeting on 23 May 2006. A revised set of MTOs are being considered for approval by Council on 20 July 2006.
- 4) This included determination of the priorities for decision-making in setting the budget for 2007/08. The key elements for prioritisation are :
 - Contribution to the MTOs (adverse effects will be reflected in low prioritisation)
 - Improving Council performance as measured by nationally significant Performance Indicators (savings resulting in adverse effects would be a very low priority)
 - Bids are expected to have explored procurement options, including partnership working
 - Bids representing additional cost to existing services must demonstrate that no further offsetting efficiency savings are available in that service.
- 5) The first countywide Local Area Agreement (LAA) was agreed with Government in March 2006. This is a 3-year agreement which sets out the priorities for the local area which have been agreed between central government and local councils and their partners.
- 6) The agreement sets out outcomes, indicators and targets aimed at improving performance on a range of local and national priorities. It replaces a number of individual bidding processes, and the implications for accessing funding are still being evaluated as the process evolves.



- 7) Council and its partners within the Cambridge Local Strategic Partnership (LSP) have already developed 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. A new strategy is due to be adopted during 2007/08.
- 8) 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.
- 9) 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). The LPSA forms part of the wider LAA, and sets 'stretch targets' across 12 topic areas for achievement by March 2007. Successful achievement against these stretch targets will result in the receipt of reward grant, which could be up to £2m for each LSP. Reward grant will not come directly to the Council, but will be spent in agreement with partners.

Demographic Factors

- 10) 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
- 11) Census 2001 had significant implications for the Council, as the data showed a significant fall in the resident population (108,832) compared with the interim projected figures (124,400).
- 12) This was of particular significance as it is the key element for the distribution of Government grant under the present Formula Grant system.



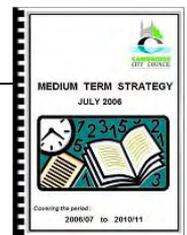
- 13) The adverse effect of this was initially compounded for the City Council by the fact that the continued use of detailed data from the 1991 Census (where the updated 2001 data was still unavailable at that level) was disadvantageous. The use of 2001 data was implemented as part of the 2006/07 Local Government Finance Settlement, which has served to significantly increase the Council's grant entitlement.
- 14) 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.
- 15) The resulting increases of around 2,000 to 3,000 per year moved the City back into the top 10 fastest growing local authorities in population terms.
- 16) 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.
- 17) 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. This is being reflected in the Council's risk planning.
- 18) Regional planning issues will also have an impact for the services delivered by the Council, primarily in the medium and longer-term. This will reflect the final adoption of the new Local Plan, and particularly the implications of the City's position within the Growth Agenda.
- 19) The City is working with key stakeholders, in particular Cambridgeshire Horizons, South Cambridgeshire District Council and the County Council, to estimate and plan for the implications of the Growth Agenda.
- 20) Whilst Government funding and Section 106 funding will assist with the provision of the required infrastructure, this may not cover the full cost; and will certainly not support the ongoing service (and consequent revenue cost) pressures which will affect the City from not only its own increased level of residents but also those in neighbouring districts using services provided in the City.
- 21) Work is currently underway to model the income and expenditure effects of the projected level of growth, which will establish the overall affordability issues, but will also enable effective planning and management of each element of growth. The first phase of this work is scheduled for completion by autumn 2006.
- 22) Whilst the main impact in terms of growth of households and population numbers will only start to be seen within the City from 2008/09, significant growth is already starting within South Cambridgeshire which could have an effect for some City services in the immediate future.



- 23) This will be a key area for development as part of the budget process, and in future MTS documents, and represents a key area of potential risk for the Council.

Treasury Management

- 24) The Council achieved debt-free status at 31 March 2003, and has a current policy of retaining this position. This has significant implications in terms of both revenue and capital.
- 25) The move to a debt-free position provided significant improvements in the projected net interest position for the General Fund, and these have been reflected in the MTS. In addition, it provided 100% usability of housing Right-to-Buy receipts under the capital control system in place up to 31 March 2004.
- 26) With the introduction of the new Prudential Framework for capital, which came into effect from 1 April 2004, the Council benefited from transitional arrangements for debt-free authorities (under regulation 21) which excluded a prescribed percentage of housing receipts from the new national pooling scheme in 2004/05 (75%), 2005/06 (50%) and 2006/07 (the last year) (25%).
- 27) This has meant that it is to the overall advantage of the Council to remain debt-free at present. However, with the ending of the transitional benefits and with particular reference to the implications for housing, the policy for future years will be reviewed as part of the current MTS and budget process. This flexibility may be important in terms of the Government's work on a possible 'Self-Financing for Housing' framework.
- 28) Independent consultancy work supporting the recent Stock Option Appraisal confirmed that Prudential Borrowing would be less effective over the longer-term than direct revenue funding of capital expenditure, using the stream of revenue funding available within the HRA, under current regulations.
- 29) The main factor for projections of actual investment income continues to be the levels of market rates. Rates have been relatively stable in recent times, with the decision of the Monetary Policy Committee (MPC) of the Bank of England in June to keep the base rate at 4.5% representing the eleventh month at this level, following 12 months at 4.75%.
- 30) The level of CPI had been at, or just below the 2.0% target rate over the period from December 2005 to April 2006, this followed a peak of 2.5% in September 2005 (the highest rate since the start of the official data series in 1997), and in May 2006 it rose again to 2.2%.
- 31) The MPC have stated that they anticipated an increase in the rate, as output growth picked up and the contribution from import prices increased. They note that the key risks currently relate to the near-term momentum in consumer spending and the outlook for oil prices.



- 32) The next meeting of the MPC will be on 5 & 6 July 2006, with the next Bank of England Inflation Report due for publication on 9 August 2006. These will give further indications on the medium term prospects.

Financial Projections - Revenue

- 33) 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.
- 34) 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.
- 35) The key assumptions for the preparation of these projections are shown in Appendix K.
- 36) 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.
- 37) The review has also highlighted a significant number of areas where the impact on revenue spending cannot be quantified with sufficient accuracy, at this point in the process. As in previous years, these have been included as 'Uncertainties' and this listing (shown in Appendix M) will form the basis for ongoing review through the period of the budget process.
- 38) The main issue in terms of funding availability is the estimation of the level of Government grant which the Council will be entitled to, although there is greater certainty for 2007/08 as the provisional Settlement was announced in December 2005 as part of the 2006/07 Settlement.

Government Grant Projections

- 39) 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.



- 40) The Government also implemented a system of protection to handle significant changes for individual authorities, as a result of the new system - known as 'Floors' (setting a minimum level of increase).
- 41) For 2006/07 the Final Settlement confirmed a 'Floor' for district councils at 3.0%, compared with the adjusted base for 2005/06; and 2.7% for 2007/08.
- 42) This, together with the introduction of 2001 Census data, has resulted in a significant increase in entitlement for the Council; which has served to reduce the level of floor adjustment grant which is required.
- 43) The impact of the 2006/07 Settlement for Cambridge in is shown below :

	2005/06 Final (£ 's)	2006/07 Final (£ 's)	2007/08 Provisional (£ 's)
Share of National NNDR Pool	3,315,720	9,924,293	11,859,760
Revenue Support Grant - Basic	6,406,395	1,528,604	
- Floor adj.	1,304,364	387,138	262,019
Total External Support (TES)	11,026,479	11,840,035	12,121,779
<i>Change on previous year - £'s</i>		813,556	281,744
<i>- %'age</i>		7.38%	2.38%

- 44) The 2006/07 Settlement was significant as it included a review of the underlying methodology and formulae for grant distribution, making the system more forward-looking by incorporating projections for population and taxbase and adapting to policy change.
- 45) It was also the first step towards the use of 3-year Settlements, which will be introduced in full as part of the 2007 Comprehensive Spending Review (CSR2007).
- 46) The review has also confirmed the continued use of 'Floors' as part of the system, which is particularly important for the City Council, although as noted above the degree of reliance on this (and hence associated risk) has reduced significantly following the 2006/07 Settlement. This is shown below :



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

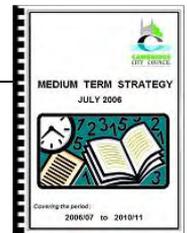
- 47) Although the level of 'Floor' which has been set for 2006/07 and 2007/08 has been relatively high, the Council is adopting a prudent approach to future years with an assumption of a level of 1.0%.
- 48) CSR2007 will be an important factor for local government, as it represents the first full detailed review since the process started in June 1997. It will adopt a zero-based approach to assessing the effectiveness of existing spending by Government departments in delivering target outputs. It will then look at what changes may be needed in the context of long-term trends and challenges. It could, therefore, result in significant changes in departmental funding streams over time.
- 49) Another key factor in the future will be the outcome of the Lyons Inquiry. Following an interim report in May 2006, the remit for the Inquiry has been extended from covering just funding to cover both role and function (including funding). This will entail consideration of the strategic role of local government, accountability, and devolution and decentralisation as well as changes which would help manage pressures on local services. The final report from the Inquiry is scheduled to be published in December 2006.
- 50) The Council received a maximum additional grant of £480,524.29 under the Local Authority Business Growth Incentives (LABGI) initiative in respect of the year to December 2005. This also meant that the County Council received an associated grant to the value of £287,257.21 under the scheme. Although projections under the scheme are difficult, particularly for 2006, as the Government is reviewing the operation of the scheme based on the experience of the first year, it is currently projected that the Council could receive a similar amount in the year to December 2006.



- 51) The Council remains committed to the identification of efficiency measures and the delivery of value for money services. The identification and reporting of Efficiency Gains, under the Gershon initiative, has been integrated within the existing corporate processes operated by the Council. This has served to avoid any unnecessary additional or duplicated effort, whilst ensuring that Gains are considered at the most appropriate point in the annual process.
- 52) The Council has recently submitted both a forward-looking estimate of Efficiency Gains in respect of the current year (2006/07) and is due to submit a backward-looking report of actual Gains achieved during 2005/06 on 6 July 2006. These have confirmed that the Council is achieving Gains in excess of its target level, which has reduced from £641,000 in 2004/05 to £474,000 per annum.
- 53) The Council has, for many years, sought to identify efficiency opportunities as being the most effective means to free-up resources to enable the provision of new or enhanced services. The Council would expect to continue to strive to identify all such opportunities as part of its annual budget and review processes.

Housing Revenue Account (HRA)

- 54) The Council achieved a sign-off of its Stock Option Appraisal in 2005, based on retention of its housing stock. This means that the key focus for the HRA will be delivery against the extensive programme of works to achieve the enhanced Decent Homes standard, which was agreed in consultation with tenants.
- 55) The City Council is one of six 'high performing' authorities (3 with ALMOs and 3 without) who will be part of an exercise to be undertaken by the Department for Communities and Local Government (DCLG) to examine the costs and benefits of operating their HRA finances outside of the national housing subsidy system. The starting point for the exercise is an assumption that the financial impact on central government is neutral.
- 56) The announcement of this work to explore 'Self-Financing for Housing Services' was announced on 7 June 2006. The aim is for the work to be completed by March 2007, so that it can feed into the CSR2007 timetable. This will require initial workplans to be agreed by the end of August 2006.
- 57) Participation in the exercise does not imply any commitment to move to the scheme on a live basis. However, participating authorities who develop viable schemes may be supported to implement them through CSR2007. This exercise will give the Council a valuable opportunity to be able to shape and influence a potential new approach to housing finance for local authorities.



Key Unavoidable Pressures and Bids Requiring Funding in the MTS

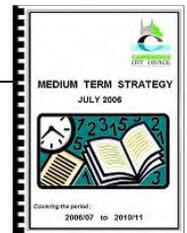
- 58) There are a number of items which require the approval of funding changes as part of the MTS. A number of these have both capital and revenue consequences.
- 59) The Council's new ICT Facilities Management contract commenced in June 2006. The retendering exercise has realised significant cost reductions, and the MTS contains recommendations for the reinvestment of these funds to complete the provision for the maintenance and upgrading of the corporate infrastructure, develop ICT services and provide for contributions to the Technology Investment Fund to support future development bids.
- 60) The Customer Access Strategy proposal is being considered as part of the July cycle, and proposes radical changes to the way the Council delivers and organises its customer-facing services to provide more joined-up services for customers, more efficiently. The strategy proposes an implementation which results in long-term efficiency savings to the Council, and which can therefore be used to fund the initial investment requirement, with reserves being used to equalise the cashflow while savings are generated. The use of reserves will be paid back over an 8 year period. This will then produce ongoing savings for both the General Fund and Housing Revenue Account, who share both the capital and revenue costs.
- 61) There is also an associated bid for a corporate implementation of Document Image Processing (DIP) and Electronic Document and Records Management (EDRM). This would support the new customer access service, and also facilitate the achievement of significant efficiencies in back office functions through business process reengineering. This requires an initial capital investment of £978k with ongoing running costs of around £149k. The MTS contains proposals to fund the capital cost, which is shared between the GF and HRA, and proposes the use of part of the cost saving from the new ICT Facilities Management Contract to meet the ongoing revenue costs. This will make future efficiencies available to meet savings requirements, or reinvest in services as they are achieved.
- 62) Proposals have been received for the next phase of development of Lion Yard, from the developer. The Council has a 25% share in the development, and so has to contribute that share of any development costs. This is likely to mean a figure of £3.61m on current plans. The Council had already provided £1m towards the next development phase (capital scheme SC221), and the MTS proposes funding to increase this to £3.61m. This will result in an increase in the longer-term of the Council's share of the rental stream, estimated to be around £280k from 2012/13 onward.
- 63) A number of other items are identified through the MTS, and funding proposals included in the forward projections.



Capital

- 64) 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).
- 65) 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.
- 66) The introduction of the new Prudential Framework for capital finance, with effect from 1 April 2004, had little immediate impact for the Council. As highlighted above the advantage of remaining debt-free for the first three years to obtain transitional arrangements for national pooling of housing receipts has more than offset any advantage from Prudential Borrowing.
- 67) 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.
- 68) 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.
- 69) The proceeds of dwelling sales under the Right to Buy scheme have been a major source of regular ongoing capital receipts for many years. However, from 2006/07 there is evidence of a significant reduction in sales, which is combined with the ending of the transitional relief from the effects of the National Pooling of housing capital receipts.
- 70) The projected availability of uncommitted capital funding is :

Capital Items	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)
Funding available	(34,373)	(19,307)	(16,631)	(13,320)	(14,295)
less Existing Capital Plan	34,373	18,849	15,756	12,503	13,424
Total uncommitted funding available	0	(458)	(875)	(817)	(871)



- 71) 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.
- 72) 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

- 73) 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.
- 74) The compilation of the July 2006 MTS has served to confirm a set of key parameters which are both appropriate and achievable in the context of the Council's overall objectives. These are :

General Fund

- Council Tax to increase at 4.5%
- Savings target of 2.93%
- 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

Housing Revenue Account

- Rent increase in line with Government Rent Guideline
 - Savings target of 2.0%
 - Reserves target level of £3m over the medium-term, with a £1m working balance requirement
- 75) The level of Council Tax increase has been set in the context of the cost pressures being faced by the Council, and would result in the Council remaining amongst the lowest levels for a District area in the country.



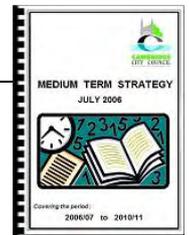
- 76) The uneven impact of unavoidable costs, in particular the increased employers pension contributions, and the requirement to temporarily fund the cost of a number of major developments (until associated savings can pay back the initial investment) has been demonstrated to be manageable from the reserves held by the Council.
- 77) For both the General Fund and HRA, reserves will be in line with the target levels within the medium-term 10-year projection period.
- 78) Risk analysis has also been undertaken to identify the impact of potential changes in a number of the key variables, and to identify measures that have been taken to mitigate against the highest areas of risk, with the key findings contained within the MTS.

Budget Process

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

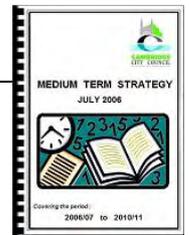
Budget Consultation

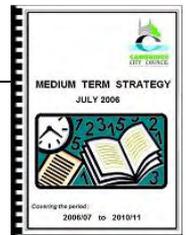
- 82) Over the last 5 years the Council has developed public budget consultation to identify spending and savings priorities to inform the budget process. The findings from this work has identified trend information, which has produced reasonably consistent results.
- 83) For 2007/08 it is planned to concentrate on qualitative consultation, to enable detailed exploration of residents' views about specific spending and savings options which emerge through discussions between Executive Councillors and managers through the summer and autumn.
- 84) The results of all elements of consultation will be drawn together to be reported as part of the January 2007 scrutiny committee cycle to inform the final decisions on the 2007/08 budget.



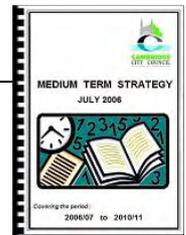
Summary & Conclusions

- 85) 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 2007/08 budget.
- 86) 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.
- 87) Work on the financial projections for the MTS has been accompanied by risk analysis work, and the recommended strategy reflects this in terms of the setting of the target level of reserves. This incorporates a review of the Council's corporate risk and assurance database, as well as detailed work specific to the MTS. A summary of the key risks and associated controls and mitigations are shown in Appendix Y.
- 88) The strategy includes a process to consider the priorities which can best be addressed through application of the capital and revenue resources available to the Council within both the General Fund and Housing Revenue Account.





Medium Term Strategy





1. Purpose and Scope

Purpose

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



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

Table 1 : Financial Projection Periods

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

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



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

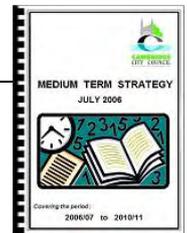
- 1.8 The full 25-year model is not shown within the MTS, but is fundamental in determining the long-term sustainability of the financial planning; particularly in terms of the effects of changes in demographics and Government funding.
- 1.9 This document is intended to be used as a working reference document for the first stage of the process for setting budgets for the 2007/08 financial year. The resultant strategy will be reviewed in setting final budgets in February 2007 to determine whether it is still appropriate, or whether changes in circumstances require any amendments.

Scope

- 1.10 This document is designed to provide an integrated view of the whole of the Council's finances and outlook. It covers both revenue and capital spending by the Council, highlighting the inter-relationships between the two, and the resultant implications. It also considers all of the financial accounts, or Funds, operated by the Council.
- 1.11 This year the Council has no requirement to submit separate Capital Strategy or Asset Management Plans, having achieved 'Good' ratings for previous submissions, and 'Excellent' under the Comprehensive Performance Assessment (CPA). However, the aim is to maintain the key elements of these documents, as good practice, for internal purposes.

Layout

- 1.12 This document has been divided into a number of parts, for ease of reference.
- 1.13 In Part A, information is provided on the Council's defined priorities; determining the policy context for financial planning.
- 1.14 In Part B, an overview is provided of general factors, which will affect both the revenue and capital aspects of the General Fund (GF) and the Housing Revenue Account (HRA). The overview of the General Fund includes the trading accounts operated by City Services.
- 1.15 Part C and Part D consider the forecasts and implications for revenue and capital spending respectively.
- 1.16 Part E outlines the overall financial strategy and processes, which are proposed as a result of the preceding analysis, and also considers future prospects.

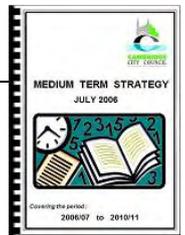


Process and Timing

- 1.17 In bringing together all of the information required to develop an appropriate financial strategy it is essential that effective consultation with all key stakeholders is undertaken.
- 1.18 A key part of this process is the identification of :
- Items which, for exceptional reasons, require immediate action or approval (which may include net changes to existing budgets)
 - Items which provide context for decisions on the strategy or process which may influence :
 - ♦ any 'unavoidable' items of expenditure or new income opportunities, such as specific grants
 - ♦ the level at which the Priority Policy Fund (PPF) is set
 - ♦ the level at which portfolio Cash Limits are set
 - ♦ the level of the corporate savings target
 - ♦ the level of uncommitted capital funding required
 - ♦ any requirement for initial inter-portfolio re-allocations.
- 1.19 As a starting-point, the work on the July 2006 MTS is based on the key medium-term parameters, which had been identified as part of the September 2005 MTS. These are :
- A base position of the 2006/07 budget inflated to 2007/08 prices and adjusted for known / approved changes
- for the General Fund :*
- A Priority Policy Fund (PPF) of £500,000 per annum
 - A revenue contribution to capital spending of £1.4m per annum
 - A Council Tax increase of 4.0%
 - An increase in Government Grant of 1.0%
 - A reduction requirement level (in calculating Cash Limits) not exceeding 3.0%
 - A minimum working balance for Reserves of £1.5m, with a medium-term target level of £5m
- for the HRA :*
- Rent increases in line with Government Rent Guidelines
 - A reduction requirement, to meet revenue targets, of 2.0%
 - A minimum working balance for Reserves of £1m, with a medium-term target level of £3m
- 1.20 All of the items raised in consultation with departments and Members have been considered and the implications incorporated, as deemed appropriate, as part of the construction of the July 2006 MTS.



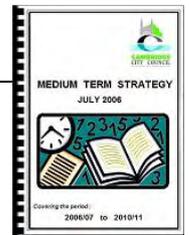
- 1.21 For 2006/07 the Council meeting, which has been held in September in the last two years, has been brought forward to July.
- 1.22 This meant that updates relating to decisions by Executive Councillors, following service scrutiny committees in the June / July cycle of meetings, had to be provided to Strategy scrutiny committee in its consideration of the draft version of this MTS on 10 July 2006. These changes have been incorporate in this final version of the MTS document.
- 1.23 This serves to provide the most up-to-date and realistic reflection of the overall financial position.
- 1.24 The final version of the July 2006 will be submitted for approval and adoption by full Council at its meeting on 20 July 2006.
- 1.25 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 Council approved a new Annual Statement for 2006/07, based on the existing Medium Term Objectives (MTOs), at its meeting on 26 May 2006. The statement contains both aspirations for the current financial year and longer-term aspirations for future years, which will need to be subject to future budget bids. As such, it represents key contextual information for the development of the financial strategy, and budget, for 2007/08 and future years.
- 2.2 The statement also included a commitment to review the MTOs to inform the budget-setting for 2007/08 onwards. The new MTOs will be presented to Council for formal adoption at the meeting on 20 July 2006, and are outlined in Appendix D.

MEDIUM TERM OBJECTIVES

- 2.3 The current MTOs are :

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 2006/07

- 2.18 The development of the 2006/07 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 2006/07 is shown in Appendix C.



2006 REVIEW OF MTOs

- 2.20 The Annual Statement also included a commitment to review the MTOs to inform the budget setting for 2007/08 onwards.
- 2.21 The proposals include a revised vision for the Council , which states that :

OUR VISION

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

- 2.22 The proposals identify 4 core MTOs, which are to :
- Promote Cambridge as a sustainable city, in particular by reducing carbon dioxide emissions and the amount of waste going into landfill in the City and sub-region
 - Ensure that residents and other service users have an entirely positive experience of dealing with the Council
 - Maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods
 - Lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities, and supported by transport networks so that people can opt not to use the car.
- 2.23 In addition, a series of actions are identified to take forward achievement in each of the MTO areas, supported by statements on the values; which will direct how we tackle the issues faced. These are shown in Appendix D.

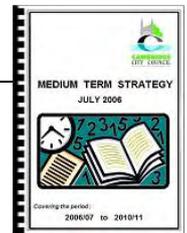


PRIORITIES FOR 2007/08

- 2.24 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.
- 2.25 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.
- 2.26 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.
- 2.27 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.
- 2.28 It is intended that the new MTOs, once approved by Council on 20 July 2006, will provide the context for both analysing current expenditure and prioritising future bids and savings for 2007/08 and beyond.
- 2.29 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

- 2.30 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.
- 2.31 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.
- 2.32 The PIs for each of the MTOs, together with the latest monitoring information, are detailed in Appendix E.



CAMBRIDGE LOCAL STRATEGIC PARTNERSHIP (LSP) & COMMUNITY STRATEGY

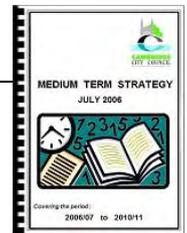
- 2.33 The Council has been working with its partners in the Cambridge Local Strategic Partnership (LSP) to develop a Community Strategy for the City, identifying key issues for the City and objectives to address them. The LSP wants Cambridge to be :
- a successful city that is vibrant, socially mixed, 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.
- 2.34 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.
- 2.35 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.
- 2.36 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.
- 2.37 The current Strategy covers a 3-year period, and was formally adopted by the Council in May 2004. This means that a new strategy will need to be adopted during 2007/08.



- 2.38 In preparation for this, the Cambridge LSP has been reviewing the way it is working in the context of the various partnerships that exist within the sub-region and has proposed to the South Cambridgeshire LSP that the two LSPs should consider merger. This proposal has yet to be considered by the South Cambs LSP.
- 2.39 There are unlikely to be significant cash savings for the City Council from merging the LSPs, as officer support will still need to be provided, but there could be some non-cashable efficiencies for some Members and officers in terms of reducing meeting attendance and duplication of effort.

LOCAL AREA AGREEMENTS (LAA)

- 2.40 A Local Area Agreement (LAA) is a three-year agreement that sets out the priorities for a local area agreed between central Government and local councils and their partners. In two-tier areas the County Council leads the process.
- 2.41 The initial countywide agreement was agreed with Government in March 2006.
- 2.42 The agreement is made up of outcomes, indicators and targets aimed at improving performance on a range of national and local priorities. These priorities are grouped round 4 blocks:
- Children and Young People
 - Safer and Stronger Communities,
 - Healthier Communities and Older People; and
 - Economic Development and Enterprise
- 2.43 The LAA process replaces the bidding processes of a range of existing funding streams from which the city of Cambridge and the City Council itself have received funding or are currently in receipt of funding. The funding streams from which the City Council has received funding in the past include Supporting People, Disabled Facilities Grant, the Safer and Stronger Communities fund, Anti Social Behaviour Grant, Neighbourhood Renewal Fund (for neighbourhood rangers) and Waste Performance and Efficiency Grant.
- 2.44 The LAA process is still evolving and will have implications for how the Council accesses certain funding streams in future with more and more of these being agreed through the countywide LAA process.



LOCAL PUBLIC SERVICE AGREEMENTS (LPSA)

- 2.45 Cambridgeshire's LPSA forms part of the LAA agreement. This identifies the 'stretch targets' that partners in the county have pledged to achieve across 12 topic areas by March 2007. If the 'stretch targets' are achieved then reward grant will be issued - this would be £12.6m countywide if 100% of all targets were achieved. A proportion of figure will be awarded for each topic that achieves at least 60% its target.
- 2.46 One sub-topic is already proving problematic and it will be impossible to achieve the full potential reward grant for that topic area. However, the latest performance monitoring figures (as at May 2006) suggest that, on performance to date, partners would already be entitled to approximately £1.2m of the total potential reward grant.
- 2.47 Following consultation with partner agencies and the Local Strategic Partnerships (LSPs) in July 2004 it was agreed that reward grant should be allocated to the LSPs to make decisions on future spending. This means any reward grant achieved for the City will not come directly to the Council but will need to be spent in agreement with partner colleagues.
- 2.48 The LSPs will need to decide priorities for future spending once the full extent of reward grant is known. Given current performance each LSP should have at least £240,000 to allocate to future activities and could have as much as £2m.



3. Public Budget Consultation

- 3.1 For the last 5 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 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.
- 3.3 For 2006/07 a two-stage consultation process was adopted, in line with the plans outlined in the September 2005 MTS.

2006/07 Budget : Stage 1 Consultation

- 3.4 The first stage comprised a Postal Survey carried out by BMG Research on behalf of Cambridge City Council. This was conducted through a self-completion questionnaire sent, with a covering letter, to a total of 6,500 residents in the City. The sample drawn by BMG was proportionate to the population across all sixty-eight Cambridge City 'Super Output Areas' (lower level).
- 3.5 BMG Research received 1,124 completed returns from a single mailing, representing a 17.3% response rate; which is a good response rate for a single 'cold' mailing.
- 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.

2006/07 Budget : Stage 2 Consultation

- 3.7 The second stage consisted of a 3-hour workshop, held by RBA Research on Saturday 19 November 2005. RBA recruited all the participants from the general public (using face-to-face recruitment). A total of 29 residents attended the workshop.



- 3.8 The workshop was structured around 3 life-stages (young singles and couples, parents with dependent children at home, empty nesters and retirees) which impacts on residents' views and priorities. The workshop aimed to include:
- a mix of car-owners and non-owners
 - a mix of tenancy types
 - a mix of married, cohabiting, single, divorced etc. participants.
- 3.9 Recruitment of minority ethnic residents and those with a disability were also encouraged. Efforts were also made to avoid recruiting Council employees and activists (i.e. those with a set agenda whether due to membership of pressure groups, neighbourhood watch or regular attendance at public meetings).
- 3.10 The feedback from the 2006/07 Public Budget Consultation exercise was circulated to Members and officers and was used to provide context for consideration of Service Plans and budget proposals as part of the 2006/07 budget exercise.
- 3.11 Reports detailing the findings from the Public Consultation can be found on the City Council's website, and details are reproduced in Appendix F (for Stage 1) and Appendix G (for Stage 2).
- 3.12 A summary of the key outcomes are shown below.

Summary of Key Findings

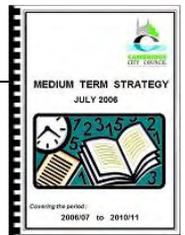
- 3.13 In general people thought that:
- The City is focused on its centre at the expense of its outskirts
 - The City Council must ensure the expansion of the City is well planned and managed
 - The City Council should aim to maintain current levels of service, even if this meant increasing Council Tax
 - Waste services such as street cleaning, refuse collection and recycling and transport services such as car parking, cycling and measures to reduce congestion should receive more money
 - Arts & Entertainment services such as the Corn Exchange and events in the parks should receive less money, if savings have to be made.



- The following specific services should receive more money:
 - ♦ Recycling
 - ♦ Support for neighbourhood groups, so that they can have a say in decisions which affect their local area
 - ♦ Street cleaning
 - ♦ Activities for children and young people
 - ♦ Parks and open spaces
 - ♦ CCTV
 - ♦ Services to make houses more energy efficient
- The following specific services should receive less money:
 - ♦ Corn Exchange
 - ♦ Council Tax administration
 - ♦ Tourism
 - ♦ Local Land charges
 - ♦ Other Arts & Entertainment services.

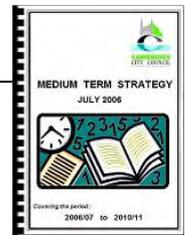
2007/08 Budget Consultation

- 3.14 Consultation on the budget for 2007/08 is planned for late 2006.
- 3.15 We have used surveys in previous years to build up trend data on the views of residents about spending and savings priorities. The results have been reasonably consistent and so, this year, it is proposed that we concentrate on a qualitative methodology similar to the Stage 2 workshop carried out in 2005. This will allow the detailed exploration of residents' views about specific spending and saving options which emerge through discussions between Executive Councillors and managers during the summer and autumn.
- 3.16 The results of the budget consultation will be consolidated and formally reported to Members as part of the January 2007 Scrutiny Committee cycle, in order to inform the Executive's final budget submission to Council in February 2007.
- 3.17 It is proposed that further quantitative budget consultation is carried out in 2008/09 as part of the planned Citizens Survey.



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 2006 'A strong and strengthening economy : Investing in Britain's future' was announced on 22 March 2006.

Public Sector Finances

- 4.8 The Budget 2006 projections for public finances are broadly in line with the 2005 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.
- The current budget shows an average surplus as a percentage of GDP over the current economic cycle. Even using cautious assumptions, demonstrates the Government is meeting the golden rule. Beyond the end of the current cycle, the current budget moves clearly into surplus including, by the end of the projection period, the cyclically-adjusted current budget in the cautious case.
 - Public sector net debt is projected to remain low and stable over the forecast period, stabilising at a level below the 40% ceiling set in the sustainable investment rule.
- 4.9 The surplus on current budget is defined, as net saving plus receipts of capital taxes, from the national accounts under the European System of Accounts 1995 (ESA95). This is the key measure for assessing progress against the 'golden rule'. To accord with the rule the average surplus on current budget over the cycle should be positive.
- 4.10 Public sector net debt is the key measure for assessing progress against the Government's sustainable investment rule. This requires that public sector net debt, as a proportion of 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 2006, gave the following forecasts for the current financial year :



- GDP has grown for 54 consecutive quarters (the longest unbroken expansion since quarterly national accounts data began), and rose by 1.75% overall in 2005; the tenth consecutive year of faster growth than in the Euro area. GDP is expected to grow by between 2.0% and 2.5% this year, still slightly below trend rates, reflecting a number of temporary factors. Private consumption growth is expected to be restrained by continued household appetite for saving, subdued growth in labour incomes, and the residual effects of higher energy prices. Companies are likely to remain cautious about stepping-up business investment in the face of high oil prices and high levels of gearing. Private consumption growth and firmer growth in investment spending are anticipated from 2007. As a result, GDP growth is forecast to be above trend rates at between 2.75% and 3.25% in both 2007 and 2008, with spare capacity being absorbed and the output gap closing in 2008/09, unchanged from the judgement in the 2005 Pre-Budget Report.
- CPI inflation rose through the summer of 2005 to peak at 2.5% in September 2005, principally reflecting higher oil prices feeding through to the energy prices faced by households. Since then it has fallen, returning to target in February 2006; despite high oil prices and wider energy costs still exerting residual upward pressure, reflecting the effectiveness of the monetary policy framework. CIP inflation is forecast to be around its 2.0% target level by the end of 2006, as previous rises in oil and wholesale gas prices continue to feed through to household utility bills. Beyond 2006, CPI inflation is projected to remain close to target as inflation expectations remain firmly anchored.
- The estimated 2005/06 outturn for the public sector current budget shows a deficit of £11.4b compared with projected deficits of £10.6b and £5.7b in the 2005 Pre-Budget Report and Budget 2005, respectively. The current budget moves into surplus in 2007/08, a year earlier than expected at the time of the Pre-Budget Report.
- The estimated 2005/06 outturn for public sector net borrowing is £37.1b, compared with £37.0b projected in the 2005 Pre-Budget Report, and £31.9b projected in Budget 2005. While the current budget deficit in 2005/06 is £7.6b lower than in 2004/05, the reduction in net borrowing is more modest, reflecting the £5.0b increase in public sector net investment.

4.13 Budget 2006 confirmed firm overall spending limits for the 2004 Spending Review period (i.e. to 2007/08), providing for :

- 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.



- 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.
- agreed efficiency targets for all departments, delivering over £21b of efficiency gains a year by 2007/08, to be recycled to front-line public services.

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.

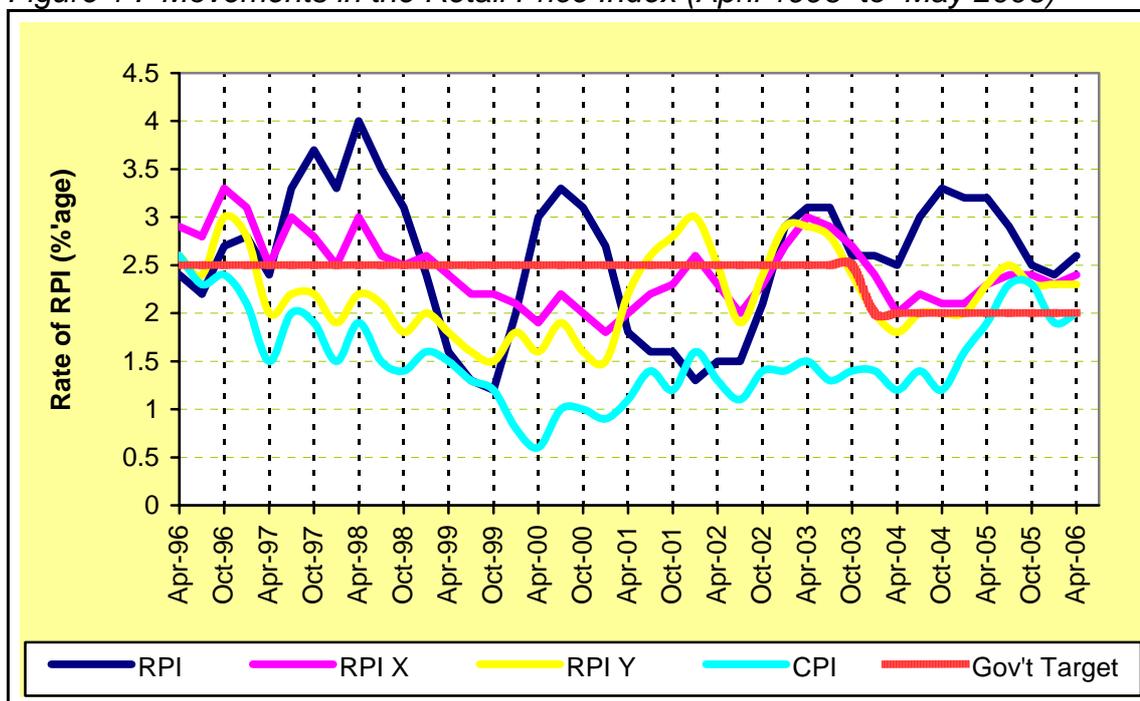
4.15 In the 2003 Pre-Budget Report, the Chancellor announced that the operational target for monetary policy would switch, with immediate effect (10 December 2003), from a target based on the RPIX to a target based on the CPI. Budget 2004 reaffirmed the target of 2.0% for the 12 month increase in CPI.

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.

4.17 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. This material difference in level reflected the unusually sharp increase in house prices over the last few years.

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

Figure 1 : Movements in the Retail Price Index (April 1996 to May 2006)



- 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 2.2% in May 2006, up from 2.0% in April. The largest upward effect came from gas and electricity bills which continued to increase, reflecting the phasing-in of recent tariff increases from major suppliers. There were also effects from food and non-alcoholic beverages (mainly due to vegetable prices which increased this year, but fell a year ago) and clothing and footwear (reflecting higher priced replacement stock and more widespread sales - particularly on footwear and children's clothing). This was partially offset by petrol prices.
- 4.22 As an internationally comparable measure of inflation, a 2.0% CPI rate in the United Kingdom for April 2006 was slightly below the average for the European Union as a whole, which had been provisionally announced as 2.2%.
- 4.23 The level of RPI also rose, from 2.6% in April to 3.0%. The main factors were similar to those for CPI, although housing costs (which are excluded from CPI) also had an effect.



- 4.24 The level of inflation will be affected by the various effects resulting from the phasing in of measures contained within Budget 2006. This is estimated at a 0.13% increase in CPI (or 0.15% increase in RPI), compared with a 0.08% increase in CPI (or 0.09% increase in RPI) from Budget 2005. In addition to this direct effect, there will also be the impact of the effects of measures from previous Budgets dropping out of the 12-month comparison.
- 4.25 The following table shows the projected timing of effects, assuming that all changes announced are (or have been) passed on to consumers in full and immediately. In practice, this is not likely to be the case for items such as tobacco and alcohol duty changes, which will begin to affect the index as existing stocks are depleted.

Table 2 : The Effect of Budget 2006 Measures on Inflation Levels

Timing	Factor	Effect on Inflation	
		CPI (%)	RPI (%)
22 Mar. 2006	Tobacco duties increase	+ 0.05	+ 0.05
23 Mar. 2006	Vehicle Excise Duty increase	n/a	+ 0.02
26 Mar. 2006	Alcohol duties increase	+ 0.02	+ 0.02
1 Sept. 2006	Road Fuel duty increases	+ 0.06	+ 0.06
Total effect of Budget measures		+ 0.13	+ 0.15

- 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, news on demand and output appeared to have been broadly consistent with the MPC's May 2006 Inflation Report. Producer input price inflation and import price inflation were high by recent historical standards and there had been a pickup in the general public's inflation expectations since the turn of the year. Nevertheless, CPI inflation had remained close to target. Wage pressures had shown no signs of increasing.
- 4.32 It was in this context that the MPC met on 7 & 8 June 2006.
- 4.33 The decision to keep the base rate at 4.5% represented the eleventh month at this level since it was reduced by 0.25% in August 2005. For the 12 months prior to that it had been constant at 4.75%.
- 4.34 This decision (by 7 votes to 1) reflected the fact that recent developments appeared to have been broadly in line with the May 2006 Inflation Report, and that there were significant risks to the outlook in both directions. The one dissenting vote reflected a concern that the balance of risks to inflation, relative to the Government's 2.0% target, were sufficiently towards the upside to warrant an immediate increase in rates.
- 4.35 The next meetings of the MPC, and publications of Inflation Reports, are :

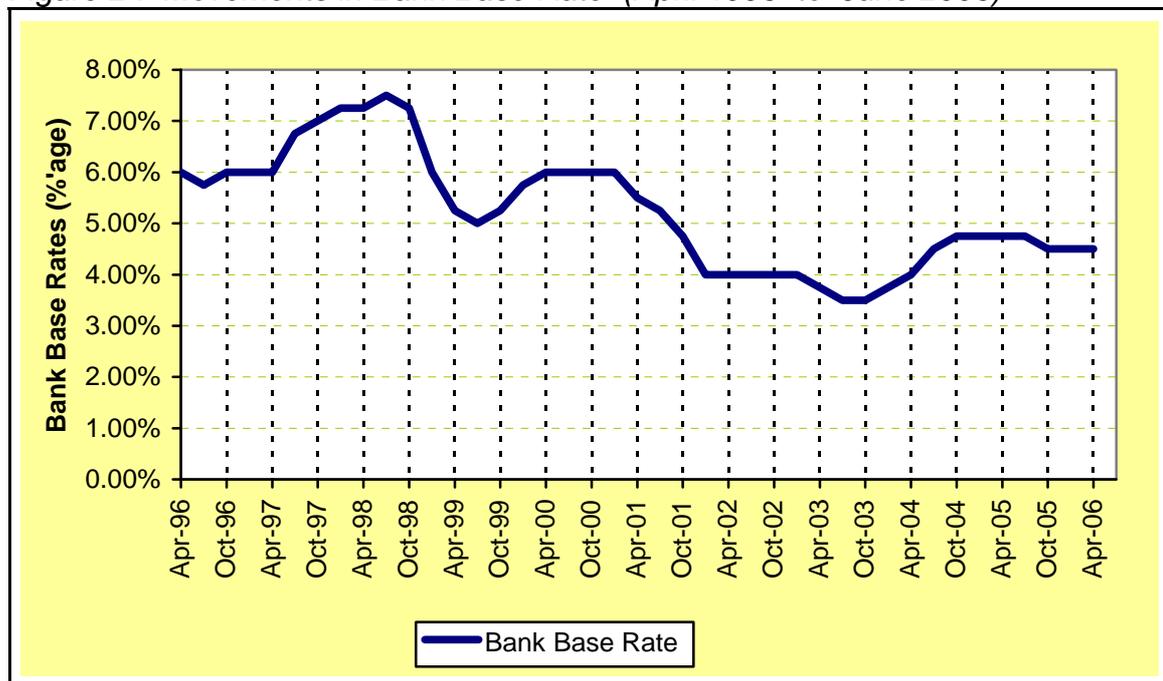
Table 3 : Monetary Policy Committee (MPC) – Key dates to December 2006

MPC Meeting Dates	Publication of Minutes	Inflation Report Date
5 & 6 July 2006	19 July 2006	
2 & 3 August 2006	16 August 2006	9 August 2006
6 & 7 September 2006	20 September 2006	
4 & 5 October 2006	18 October 2006	
8 & 9 November 2006	22 November 2006	15 November 2006
6 & 7 December 2006	20 December 2006	

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



Figure 2 : Movements in Bank Base Rate (April 1996 to June 2006)



4.37 Long-term PWLB rates give a reliable and solid trend as they have moved within a relatively tight band over the last 9 years. In December 2005 the PWLB issued Circular 139, which introduced new borrowing periods, covering :

- ♦ Over 30 but below 35 years
- ♦ Over 35 but below 40 years
- ♦ Over 40 but below 45 years
- ♦ Over 45 but below 50 years

4.38 These changes are likely to be of greatest interest to authorities looking for opportunities to reschedule existing debt, particularly given the historically low level of rates at present.

4.39 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.

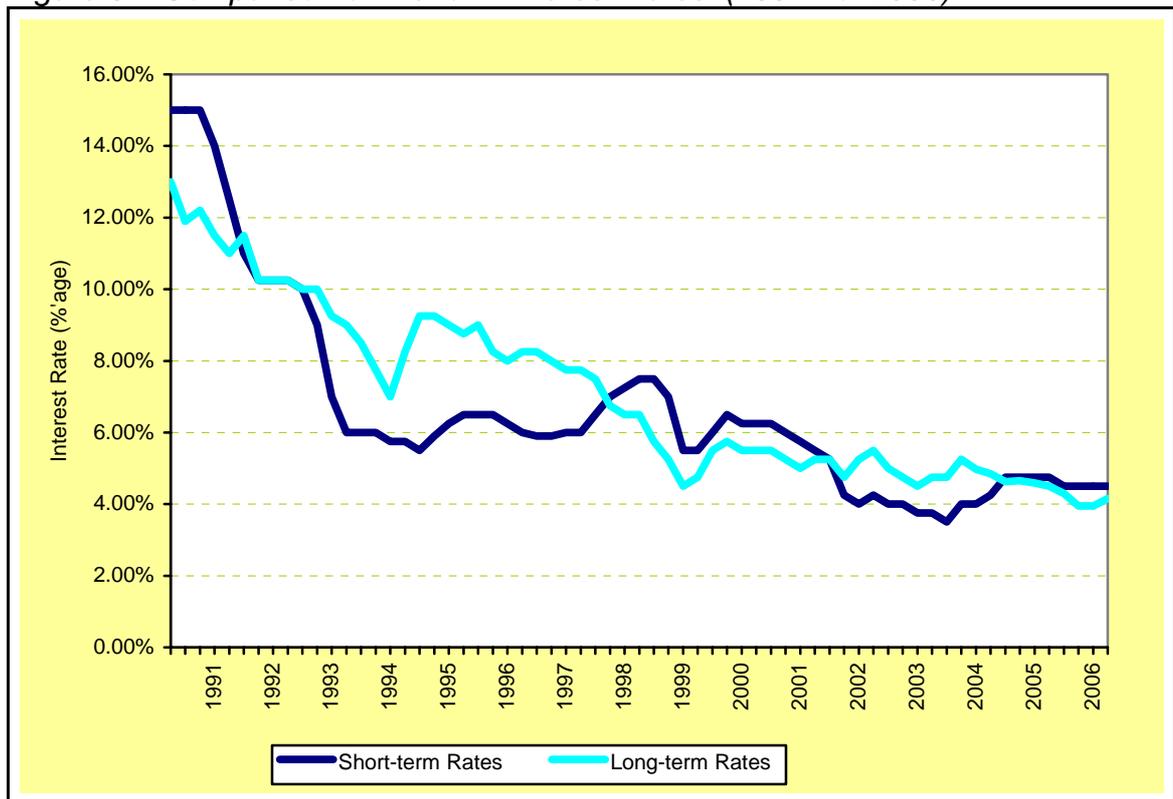
4.40 The short-term rate went below the long-term rate in June 2001, and stayed there until September 2004 - three and a quarter years. The continuation of this trend would envisage short-term rates remaining above long-term rates through until 2007/08.

4.41 Trend analysis does not, however, suggest at what rate such crossovers will occur.



4.42 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 3: Comparison of Trend in Interest Rates (1991 to 2006)



4.43 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 £700,000 in 2007/08 on investment receipts and only £14,300 on borrowing (Temporary Borrowing - classed as being disregarded from a debt free perspective).

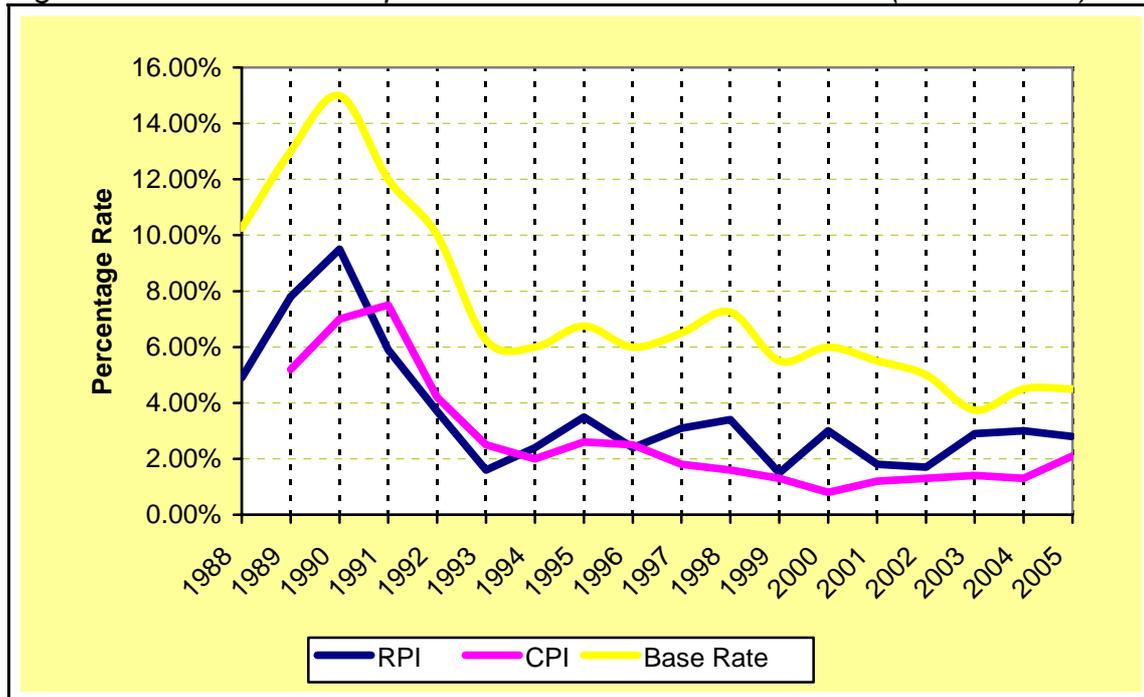
The Relationship Between Inflation and Base Rates

4.44 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.



- 4.45 It is noticeable that the margin between the rates of RPI and CPI have continued to narrow significantly in the period through to 2005, despite the relative stability in the base rate.
- 4.46 Analysis of the trends in RPI, CPI and Base Rates over time, as shown in the table below, demonstrates the nature of this relationship.

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



Pay Awards

- 4.47 The pay arrangements for the City Council include performance related progression, which has been in place since 2005. This process has been subject to moderation each year and remains affordable.
- 4.48 Although the City Council has locally agreed pay bandings, the year-on-year increase to points within the bands (Cost of Living Award) is aligned to nationally agreed pay increases for Local Government.
- 4.49 The pay negotiations for 2004/05 led to the agreement of pay arrangements covering the period through to the end of 2006/07, with rates of 2.75 %, 2.95% and 2.95% being agreed for each of those years respectively.
- 4.50 2007/08 will be the first year following the three-year pay agreement, and there remains real uncertainty over the level of award that may result from the national negotiation process.



4.51 In a speech at the 21st Century Public Services : Putting People First Conference on 6 June 2005, the Chancellor of the Exchequer noted that :

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

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

4.52 Based on this, an assumption of a 2.0% increase has been used as the basis for the projections in the MTS.

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

4.54 A change of +/- 1% in the level of pay award for 2007/08 would have the following impact on each of the Council’s service areas :-

Table 4 : The Effects of a 1% Change in Employee Costs in 2007/08

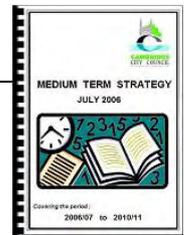
Service Area	Effect of 1% Change in Employee Costs	
	(£’s)	(£’s)
General Fund	217,970	302,820
Housing Revenue Account	54,830	94,970
City Services	124,990	<i>[reallocated above]</i>
TOTAL	397,790	397,790

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

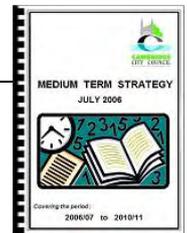
4.56 The Council is currently undertaking an Equal Pay Audit (which it is obliged to do as part of the agreed pay arrangements). Provision will need to be made to fund any risks identified through the Audit as part of future budget processes.

EMU and the Euro

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



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



5. Demographic Factors

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

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

Local Plan and Growth Area Status

5.2 The new Local Plan will be approved at Council on 20 July 2006. It reflects the growth which is planned for Cambridge and the sub-region, over the next 10 years and beyond; reflecting the City's Growth Area status.

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

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

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

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

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



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

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

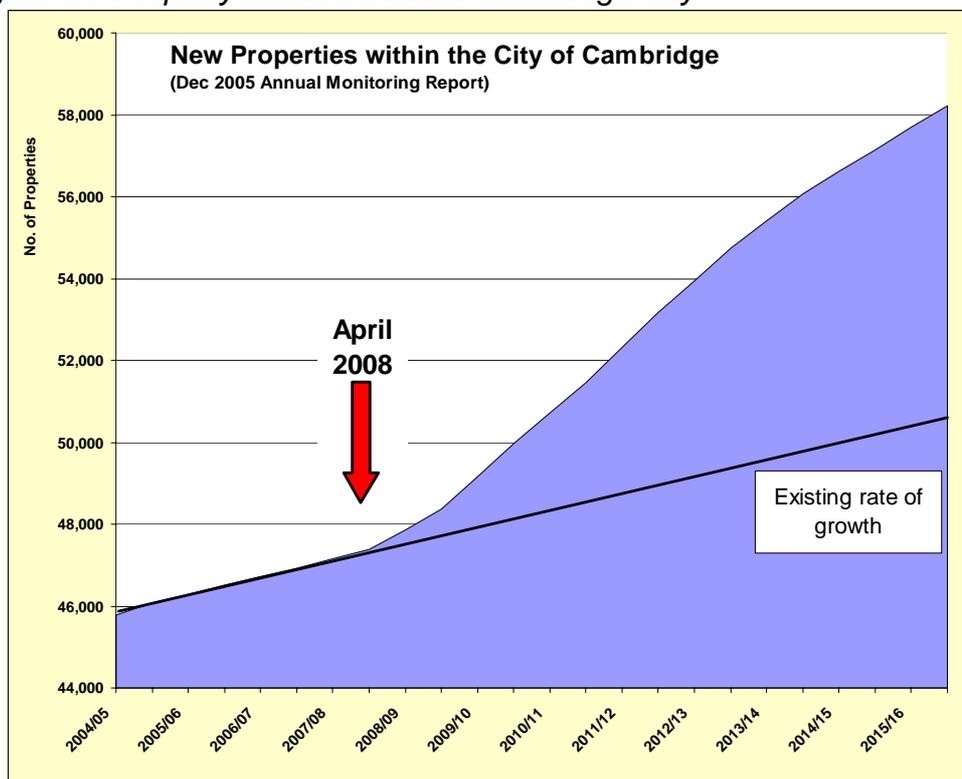
5.9 Work is currently underway with key partners including Cambridgeshire Horizons, South Cambridgeshire District Council and the County Council to plan, in detail, for the effects of the projected growth.

Household Numbers

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

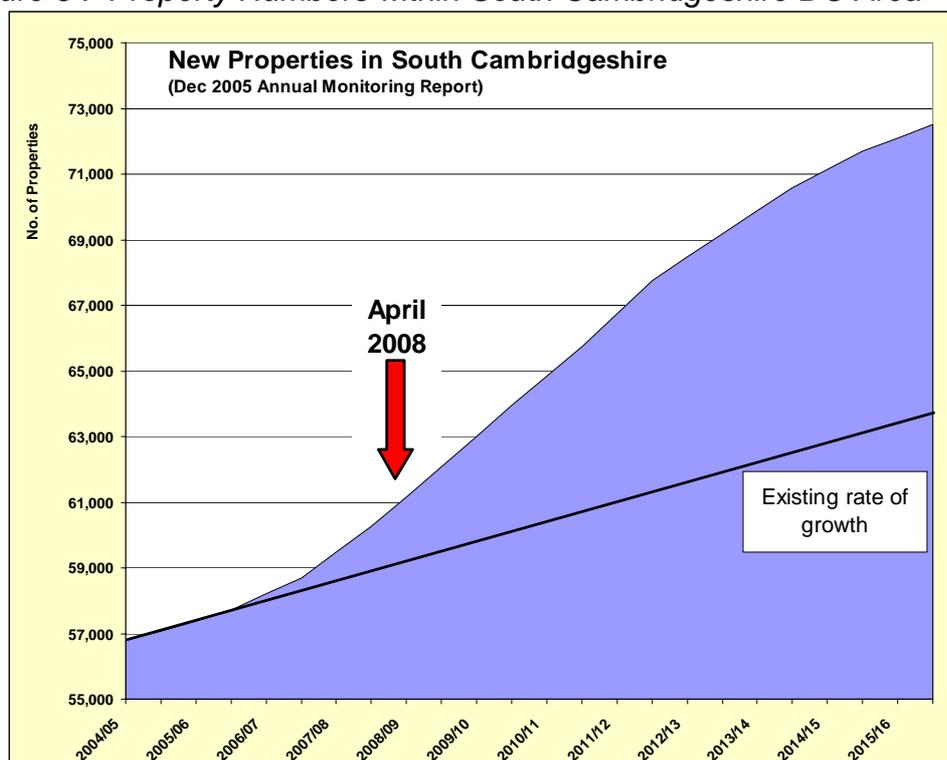
5.11 This will become particularly significant from 2008/09 onwards, as is shown in the graph below.

Figure 5 : Property Numbers within Cambridge City



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

Figure 6 : Property Numbers within South Cambridgeshire DC Area



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

Population

- 5.14 Population is an important factor to consider when undertaking budget forecasting for local authorities. The population level has an effect on budget plans in two main ways.
- 5.15 Firstly total population is one of the key factors in determining both the level of the new Formula Grant (FG) which the Government gives the Council and the share of the National Non-Domestic Rates (NDR) Pool, which the Council receives.
- 5.16 What is important in both cases is not just the rate of growth or decline in the City's population level in isolation, but the change relative to the national trend.



- 5.17 The table below illustrates the forecast movements in population level for the City from 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 H.
- 5.18 The main impact from the Census 2001 data for the Council was a significant reduction in the resident population figure (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.
- 5.19 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.
- 5.20 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.
- 5.21 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
- 5.22 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.
- 5.23 This is of particular significance as it is the key element for the distribution of Government grant, under the new Formula Grant system.



Table 5 : Cambridge City Population Projections 2001-2016

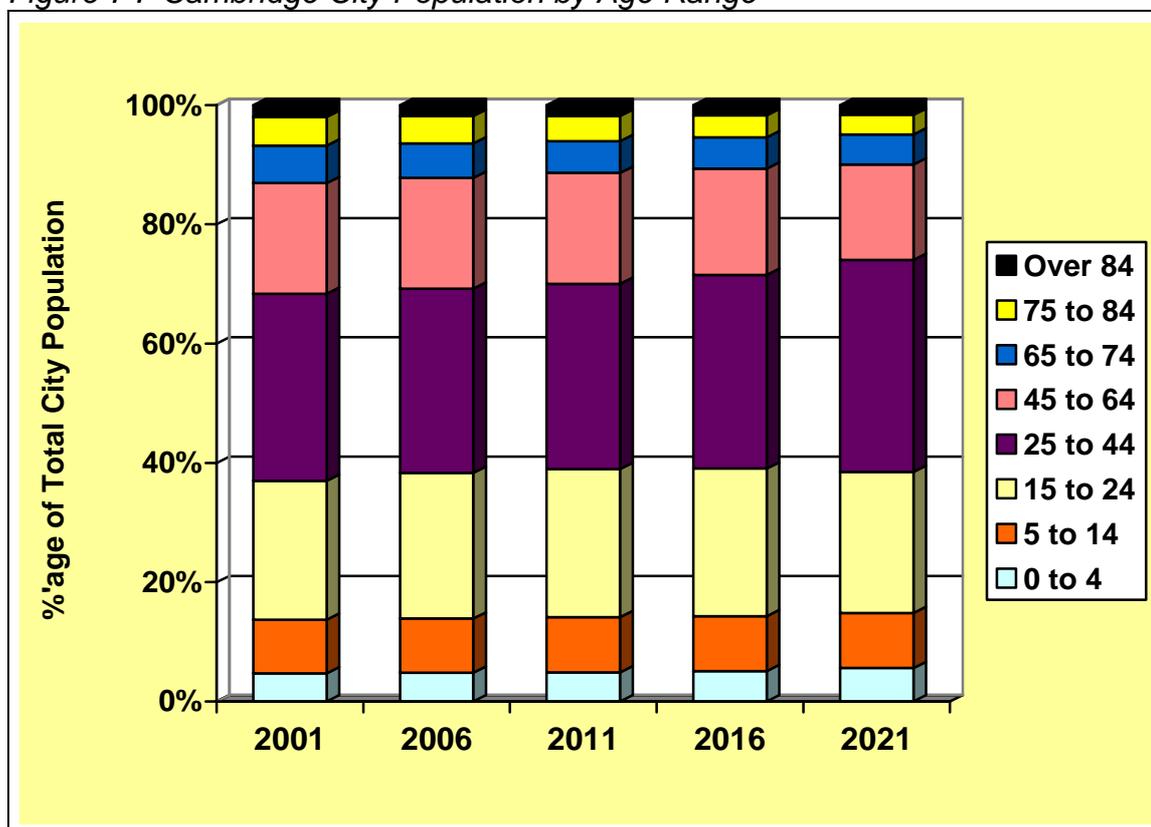
Year	Population (as measured by)		% 'age Change (year-on-year)	
	Office of National Statistics	County Research Group	ONS	County Research Group
2000/01	109,900	110,200	-	
2001/02	111,900	110,000	1.82%	(0.18%)
2002/03	114,800	110,100	2.59%	0.09%
2003/04		110,300		0.18%
2004/05		111,530		1.12%
2005/06		112,420		0.80%
2006/07		113,310		0.79%
2007/08		114,250		0.83%
2008/09		116,080		1.60%
2009/10		119,210		2.70%
2010/11		122,340		2.63%
2011/12		125,920		2.93%
2012/13		129,210		2.61%
2013/14		132,030		2.18%
2014/15		134,290		1.71%
2015/16		136,550		1.68%

- 5.24 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.
- 5.25 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. This has now combined with the pressures for further building provided by the Growth Agenda.



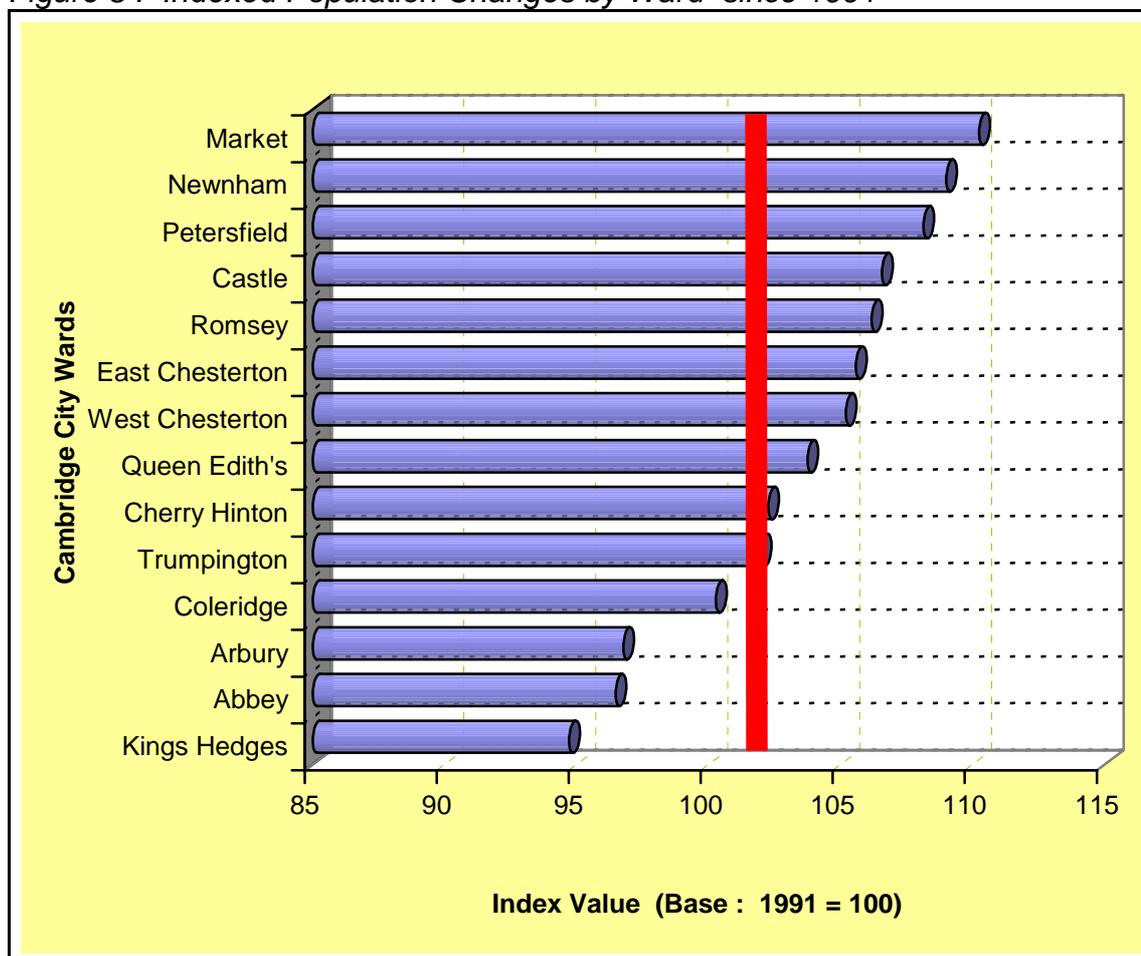
- 5.26 Between 2006-07 and 2009-10 the rate is expected to start to increase sharply as major sites currently in the Green Belt are released for development, e.g. the Southern Fringe and North West Cambridge. Outside the City Boundary significant development is planned at Northstowe, Chesterton Sidings and Marshall's North Works. All of these developments will put increased pressure of the City's infrastructure and the demand for services.
- 5.27 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.
- 5.28 Projections of the population trends analysed by age group, from 2001 to 2021, are illustrated in the graph below. The figures are included at Appendix H.

Figure 7 : Cambridge City Population by Age Range



- 5.29 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.
- 5.30 The final aspect is the changes in the geographic dispersion within the population, this is shown below; using 1991 as the base year.

Figure 8 : Indexed Population Changes by Ward since 1991

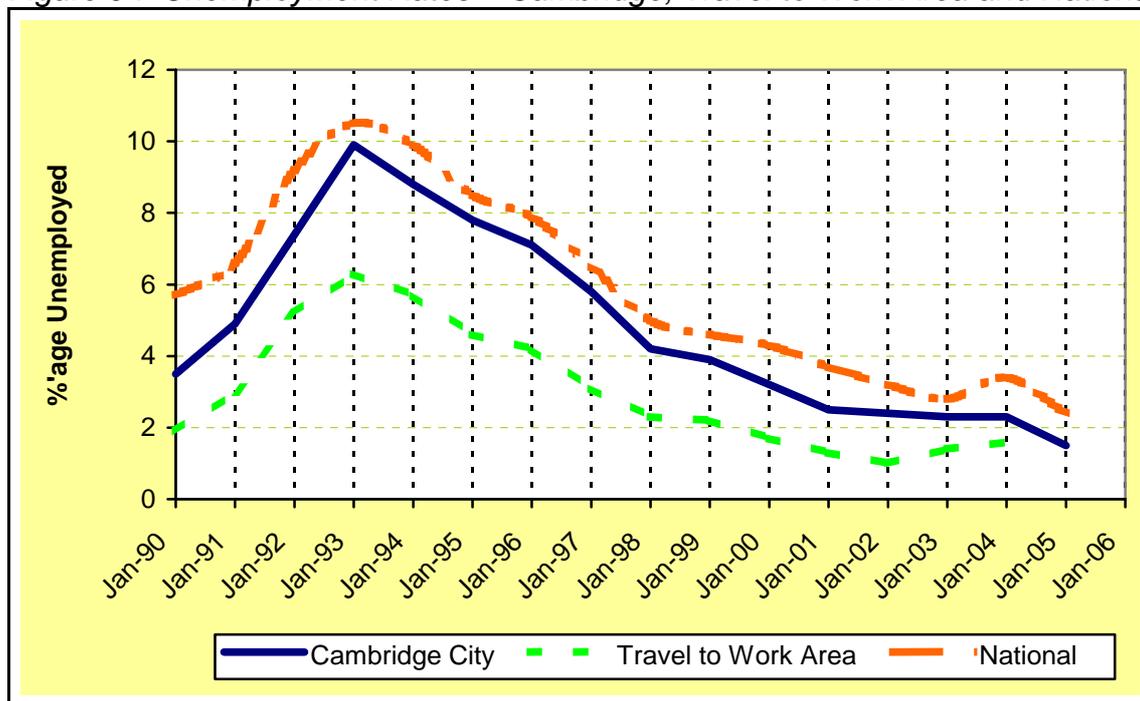


Unemployment

- 5.31 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.
- 5.32 Between January 1990 and January 1993 there was a dramatic rise in unemployment in the City (from 3.5% to 10.1%), which served to narrow the gap between the City and national rates. From that point the unemployment rate in the City has fallen steadily back to a current level of 1.6%.
- 5.33 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.

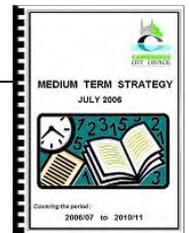


Figure 9 : Unemployment Rates – Cambridge, Travel to Work Area and National



Mapping Disadvantage

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



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



6. Treasury Management

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

Current Treasury Management Strategy

- 6.3 The Council's Treasury Management Strategy was considered by Strategy Scrutiny Committee at its meeting on 23 January 2006, and adopted by Council on 23 February 2006. Extracts from the Strategy are attached as Appendix I, for ease of reference.
- 6.4 The Strategy includes treasury limits for the period 2006/07 to 2008/09, 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, 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%), 2005/06 (50%) and 2006/07 (25%).
- the Council has already assessed the affordability of revenue support for capital as part of previous MTS and Stock Option Appraisal documents. Without additional revenue to support new borrowing any such move would have the effect of directly increasing Council Tax - beyond the levels planned in the MTS
- effectively this only leaves the advantages of 'invest-to-save' type schemes or the ability to effect a one-off profiling change by bringing forward existing schemes - utilising existing revenue support streams to meet the financing costs

6.10 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 J (shown as highlighted counterparty names).



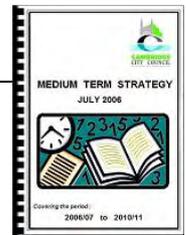
Treasury Management Activity During 2005/06

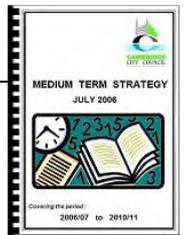
- 6.13 In accordance with the Council's adopted (February 2003) "Treasury Management in the Public Services - Code of Practice and Cross Sectoral Guidance Notes", a report covering the treasury management activities undertaken during 2005/06 needs to be produced. The Annual Treasury Management report is included in Appendix I. Extracts from the report are included below.
- 6.14 The Council manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 364 days 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 2005/06 was £664,120,000, and the value of investments that were repaid during the year was £652,800,000, resulting in a net increase in investments of £11,320,000 during the year. The average investment per working day of £2,614,646 compares with the £1,827,716, that was averaged in 2004/05.
- 6.16 The table below shows comparative investment outturn since 2000/2001 :

Table 6 : Comparative Investment Outturn from 2000/01 to 2005/06

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

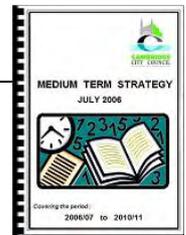
- 6.17 This shows that performance across the whole period has, again, been in excess of the benchmark. The increased rate of return in 2005/06 reflects the movements in interest rates in the period.





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. However, General Fund grant for 2007/08 has a greater degree of certainty than normal in light of the pre-announcement of the Provisional Settlement with the 2006/07 Final Settlement.

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 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 year since then; each review covering a 3-year period with a one-year overlap for continuity. The last review was SR2004, with the expectation of a further review in 2006.
- 7.5 With the start of the next Spending Review period coming a decade after the first CSR, the Government announced that it intends to launch a second CSR. This will be tasked with examining what the investments and reforms initiated to date have delivered and what further steps need to be taken.
- 7.6 In order that this can be undertaken the next scheduled Spending Review was deferred for a year, 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 CSR2007 covering the period 2008/09 to 2010/11 in 2007.

7.10 In the interim, the final Local Government Finance Settlement for 2006/07 also included the provisional figures for 2007/08. These have been used as the basis for this MTS.

7.11 It is anticipated that there will still be a Final Settlement announcement to confirm any changes to Provisional, though the date is still unclear. Hence, the expected timetable for the announcement of external funding is :-

Table 7 : Timing of Government Funding Announcements for 2007/08

Fund	Timing of Announcement	
	Provisional	Final
General Fund	<i>[in 2006/07 Final]</i>	<i>early January 2007</i>
Housing Revenue Account	<i>early December 2006</i>	<i>End December 2006</i>

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

7.13 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

7.14 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.



- 7.15 The Final Settlement for 2006/07 was published on 31 January 2006, following a consultation period from the Provisional Settlement announcement on 5 December 2005 through to 11 January 2006.
- 7.16 The Settlement for 2006/07 was particularly significant as it :
- included a review of the underlying methodology and formulae for grant distribution
 - introduced the first step towards 3-year Settlements (which will start in full as part of the 2007 Comprehensive Spending Review), with figures for 2007/08 as well as 2006/07 being announced
 - updated underlying 1991 Census data to 2001 data
 - sought to make the grant distribution system more forward-looking in nature, by incorporating projections for population and taxbase, and adapting to policy change.
- 7.17 The review of the grant distribution system has resulted in some significant changes, and new terminology.
- 7.18 The system is now based on a 'four block' system for formula grant, ending the use of Total Assumed Spending (TAS) and Formula Spending Shares (FSS).
- 7.19 The Settlement included headline increases of :
- 4.5% in Aggregate External Finance (AEF) for 2006/07, and 5.0% for 2007/08
 - 3.1% in Formula Grant (Revenue Support Grant plus share of National Non-Domestic rate Pool) for 2006/07 and 3.8% for 2007/08.
- 7.20 2005/06 saw the continuation of the process of reducing the proportion of funding distributed in the form of ring-fenced grants promised by the Government. For 2006/07 the proportion increased to over 50%, from the 2005/06 level of 9.0%, however this principally reflected the introduction of the ring-fenced Dedicated Schools Grant.
- 7.21 The Settlement announcement also included statements that :
- cost pressures arising from the temporary reinstatement of the 85 year rule in the Local Government Pension Scheme (LGPS) will not fall on taxpayers
 - costs from the new Licensing Act will be fully met by fees within the national fee scheme.



- 7.22 However, in both cases, the detail to support the practical achievement of these assertions is still awaited.
- 7.23 For the City Council the direct financial implications of the Provisional Settlement, in terms of external financial support, were :

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

	2005/06 Final (£ 's)	2006/07 Final (£ 's)	2007/08 Provisional (£ 's)
Share of National NNDR Pool	3,315,720	9,924,293	11,859,760
Revenue Support Grant - Basic	6,406,395	1,528,604	
- Floor adj.	1,304,364	387,138	262,019
Total External Support (TES)	11,026,479	11,840,035	12,121,779
<i>Change on previous year - £'s</i>		813,556	281,744
- %'age		7.38%	2.38%

- 7.24 The new distribution formula has resulted in significant changes in the components of the overall TES which the City Council will receive from 2006/07. The most important element of this is the level of Floor adjustment grant which is included. This is the level of additional grant which is payable in order to bring the Council's level of entitlement up to the minimum level of year-on-year increase (the 'Floor').
- 7.25 The Floor adjustment element, therefore, represents the level of risk to the Council in future Settlements, as this mechanism for damping the effects of reduction in grant entitlement could be phased-out or withdrawn.

Floor Adjustment Grant

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



Table 9 : Grant Protection from the 'Floor'

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

- 7.27 Given that the lower the level of this element of TES the less latent risk the Council faces, the significant relative increase in entitlement and consequent fall in Floor adjustment grant from 2006/07 is a positive outcome from the review for the City Council.
- 7.28 This is particularly important in the context of the sub-regional growth agenda, in that until the Council's entitlement moves above the Floor level, increases in population will not result in direct cash increase in grant (merely serving to reduce further the gap to the Floor).
- 7.29 Whilst the headline increase in TES for the City Council in 2006/07 (at £813,556) is significant, the main issue for forward projections continues to be the future Government policy on protection through the use of Floors.
- 7.30 The consultation process on the changes introduced as part of the 2006/07 Settlement have served to confirm that the Government view the use of Floors as an accepted and integral part of the current funding system.
- 7.31 The announcement of a 2.7% level for the Floor in 2007/08 serves to reduce the level of uncertainty for the Council over the short-term. However, a relatively prudent approach has been adopted in terms of assumptions for the level of Floors beyond 2007/08, with the return to the use of a 1.0% level.

Specific Service Changes

- 7.32 Although the Government does not specifically identify amounts which have been added to individual authorities' grant in respect of new or enhanced service requirements, it is possible to make an estimate of the effects from analysis of the components of the TES calculation.



- 7.33 This approach has identified additional funding as part of the 2006/07 Settlement announcement in respect of two services :
- ♦ costs associated with the Government’s introduction of a national Concessionary Fares scheme (announced as part of Budget 2005)
 - ♦ additional cost associated with meeting the requirements of the new Electoral Administration Bill.
- 7.34 From the information available it would appear that amounts of £444,160 related to Concessionary Fares and £43,585 to the implications of the new Electoral Administration Bill.
- 7.35 The impact of the new Concessionary Fares scheme is considered in more detail in Section 8. However, the approach adopted as part of the 2006/07 budget process was to provide for the estimated cost of the new scheme in 2006/07 (£406,510), whilst retaining the full amount identified as additional funding from 2007/08 onwards, against potential increases in the cost of the scheme, once the first year’s data on usage and cost become available.
- 7.36 In the case of Electoral Administration, there was limited detail available as part of the 2006/07 budget on the new regulations, so the additional grant allocated was earmarked (as is the Council’s policy for specific grants), until a detailed assessment of requirement could be completed.

Specific Grants

- 7.37 The City Council has been notified that it will receive the following specific grants in respect of 2006/07 and 2007/08 :

Table 10 : Specific Grants 2006/07 and 2007/08

Specific Grant	2006/07 (£'s)	2007/08 (£'s)
Waste Performance and Efficiency Grant (WPEG)	112,430	117,864
Planning Delivery Grant (PDG)	457,920	n/a
Homelessness	360,000	360,000



- 7.38 The Government has indicated that 2007/08 is likely to be the last year of PDG, and that the future funding for the Planning service will be considered as part of the 2007 Comprehensive Spending Review.
- 7.39 The WPEG grant is nominally split between capital and revenue elements, for both years, on a 50:50 basis. It is currently deemed unlikely that WPEG will be available in future years.
- 7.40 As in previous years, these funds, although not formally required to be ring-fenced, have been earmarked to fund developments in the associated services.
- 7.41 The WPEG for 2007/08 had not been pre-allocated as part of the 2006/07 budget process. It is planned to use this to fund the capital costs associated with the need to introduce a new Green Waste Recycling round, which is required from 1 April 2007. This can be achieved by using the revenue element of the grant as Direct Revenue Financing for capital.

Capping

- 7.42 The 2006/07 Settlement statement included an explicit indication of an expectation of Council Tax increases in each of the next two years of less than 5.0%.
- 7.43 The new grant methodology has introduced Alternative Notional Amounts (ANAs) which are designed to provide a means to achieve like-for-like comparisons between budget requirements in each year. This will be used as one of the factors to be considered by the Government in determining whether to exercise its capping powers.
- 7.44 From the information made available to date, it would appear highly unlikely that the spending plans reflected in the Council's MTS would breach the expected capping criteria.

Balance of Funding Review and the Lyons Inquiry

- 7.45 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.
- 7.46 The Balance of Funding report was published on 20 July 2004. It recognised that the balance of funding is a major issue for local government finance, most notably because of the problem of gearing, and identified the options for reform as a reformed Council Tax supplemented by either re-localised business rates, a local income tax, or a combination of both.
- 7.47 In response to the publication of the report, the Government announced a further independent inquiry, to be chaired by Sir Michael Lyons.



- 7.48 The Inquiry was originally given a remit covering just funding but, following an interim report, this has been extended to cover both role and function (including funding). This will involve :
- Consideration of the changing strategic role of local government in the context of national and local priorities; and the implications for accountability
 - Reviewing how devolution and decentralisation, together with changes in decision-making and funding, could improve local services, their responsiveness to users, and efficiency
 - Consideration of changes which help to manage pressures on local services
- 7.49 The stated vision for the Inquiry is to develop an overall system of government which :
- Best meets the needs of citizens
 - Promotes prosperity and well-being
 - Is able to meet the challenges of the future
 - Is deliverable within resource constraints
 - Is matched by an appropriate funding system
- 7.50 The work of the Inquiry is progressing with further research and modelling on tax options being undertaken, research and case studies looking at services and bespoke public engagement (including businesses) and surveys.
- 7.51 The final report from the Inquiry is scheduled to be published in December 2006, however, some provisional conclusions have been indicated, including the views that :
- Flexibility is more important than new powers
 - Public understanding of the case for local taxation is frail
 - Central Government needs to improve the incentives for local government
 - Council Tax Benefit take-up may be the key to fairness
 - The country will have to confront some hard choices – some of which are best made at the local level



- Some reform options would require lengthy and careful implementation

Council Tax Assumptions

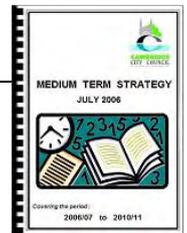
- 7.52 Part of the previous formula grant distribution process was the use of an Assumed National Council Tax (ANCT) factor, which was designed to build-in an approximation of the ability to raise income from Council Tax - albeit only by type of authority.
- 7.53 In previous MTS projections this has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

Local Authority Business Growth Incentives (LABGI)

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



- 7.59 Growth is measured in terms of the increase in each authority's rateable value (as determined by the Valuation Office Agency) during a calendar year. Each authority has a baseline target level which must be reached to gain from LABGI, which was calculated using a national Historic Growth Model with all authorities placed in one of 8 baseline groups. Entitlement under LABGI is then limited by a ceiling figure for each authority, to ensure that no inequitable outcomes can occur in terms of grant relativity.
- 7.60 The additional grant which the Council received under the first year of the LABGI scheme, in respect of the 12 months to 31 December 2005, was announced on 8 February 2006 as £480,524.29.
- 7.61 This was the maximum that the Council could receive for the year, based on the pre-determined ceiling. The ceiling is designed to ensure that no local authority gains unfairly or disproportionately from the scheme, and was calculated as 3% of the district-level element of the Formula Spending Share (FSS) for the Environmental, Protective and Cultural Services (EPCS) block in the 2005/06 Local Government Finance Settlement.
- 7.62 In two-tier areas, such as the City, the County Council also receives a LABGI payment. The ratio for payment is set by using District figures (for population density, sparsity, day visitors, etc) in the County EPCS formula, and then comparing this with the District figure.
- 7.63 For the period to 31 December 2005 this resulted in the County Council receiving a sum of £287,257.21 in respect of the City area.
- 7.64 The scheme operates as a one-off unringfenced grant paid under Section 31 of the Local Government Act 2003. This means that authorities are free to spend the monies received on their own priorities.
- 7.65 Given the fact that the funding is one-off it is recommended that it is used to support one-off or time-limited projects or schemes. Last year the funding was used to support capital, effectively enhancing the uncommitted level of funding available for General Fund capital in 2006/07. As part of this MTS, £450k of this funding is being recommended for use to support the Council's capital contribution to the Lion Yard scheme (SC221); effectively reinvesting in the growth of business within the City.
- 7.66 Although the scheme will continue to operate in future years, it is difficult to accurately estimate this far in advance what future receipts we may get, as the final rateable value list could be affected by large single changes. As a result, it is not planned to anticipate and commit funds until they are received (as is the policy with capital receipts).



7.67 A further complication is that the Government had announced that they would review the scheme after the first year, and may decide to make changes which would affect entitlement in the current year. The best projections at this time are that the Council may receive a maximum figure for the period to 31 December 2006, based on the current scheme.

National Non-Domestic Rates (NNDR)

7.68 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.

7.69 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.

7.70 Compared with the total of over £66m collected by the Council and paid into the pool in 2006/07, only £9.924m will be received back - roughly 15% (this was only 5% in 2005/06).

7.71 The 2003 Act included an initiative providing for a system of Business Improvement Districts (BIDS). Effectively this is a supplementary local rate based on the concept of Partnership Arrangements between local authorities and local businesses, which would allow the business rate to be varied either for the whole of the local authority's area or in specified areas.

7.72 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.

7.73 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.



- 7.74 BIDs could offer local businesses advantages in terms of control in addressing key issues of concern, subject to co-ordination with local authorities and other relevant agencies. The initial round for BIDs was from 1 April 2005, but, to date, the Council has not been approached regarding any proposals.

HRA Business Planning

- 7.75 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 this year. We are awaiting further guidance on what will be expected in future. The government will still require regular updates on the progress being made to complete the tasks included in the associated action plan, a key indicator being the progress made towards achieving the Government's target of ensuring all council dwellings meet the Decent Homes standard by 2010.
- 7.76 The Business Plan statistical returns continue to be submitted to the Government in July as in previous years.

HRA Rent Restructuring

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



- 7.81 Average rent increases for 2006/07 were 5%, in line with the recommendations of the 3-year review of rent restructuring.

Housing Revenue Account (HRA) Subsidy

- 7.82 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.
- 7.83 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.
- 7.84 An important component of subsidy is the Major Repairs Allowance (MRA), which was introduced in 2001/02. The allowance is used to fund increased capital repairs and improvements to the council's housing stock and this is reflected in the capital programme. The HRA subsidy projection shown in Table 11 includes figures for the MRA.
- 7.85 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.
- 7.86 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.
- 7.87 Another key component of subsidy is the Management and Maintenance (M&M) Allowance. The formula for allocating allowances between authorities was reviewed in 2003/04. The resulting changes will be introduced on a gradual basis, with authorities moving towards a target level of allowances by 2011/12. It is anticipated that Cambridge City will receive increases of approximately 4.3% in management allowances and 4.2% in maintenance allowances annually from 2007/08, until 2011/12, when target should 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.

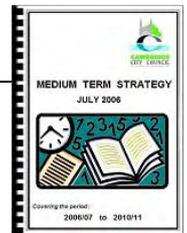


Table 11 : HRA Subsidy Projection - 2006/07 to 2010/11

Factor	HRA Subsidy (£ 000's)				
	2006/07	2007/08	2008/09	2009/10	2010/11
Management & Maintenance Allowances	(10,716)	(11,042)	(11,392)	(11,688)	(12,049)
Charges for Capital	(1,063)	(1,064)	(1,066)	(1,067)	(1,069)
MRA	(4,923)	(4,999)	(5,082)	(5,138)	(5,220)
Other	(71)	0	6	5	3
Guideline Rent	25,843	27,182	28,603	29,907	31,398
Net Subsidy [payable to Government]	9,070	10,077	11,069	12,019	13,063

Self-Financing for Housing Services

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



7.92 The authorities selected are :

Authorities with ALMOs

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

Authorities without ALMOs

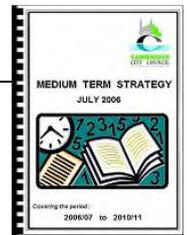
- ♦ Cambridge City Council
- ♦ Darlington Borough Council
- ♦ Warwick District Council

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

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

7.95 In order to feed into the CSR2007 timetable, the work will need to be completed by March 2007, with initial workplans to be agreed by the end of August 2006.

7.96 Participation in the exercise will provide the Council with an opportunity to be able to shape and influence a potential new approach to housing finance for local authorities.



8. Revenue Spending Pressures and Opportunities

- 8.1 This section deals with the known pressures on revenue spending which each of the Funds face from 2007/08. Where known and unavoidable factors are identified they have been built into the revenue projections in Section 9, and are summarised in Appendix L.
- 8.2 This section also highlights bids which have come forward from Executive Councillors / Scrutiny Committees during the last cycle, together with actions taken under urgency powers since that cycle.
- 8.3 In addition, a list of remaining material areas of uncertainty is included in Appendix M. This highlights factors which could potentially impact on revenue spending but which are effectively unquantifiable at this stage. These should be taken into account when setting the cash limit targets, and in particular, the level of reserves to be maintained.

GENERAL (APPLYING TO MORE THAN ONE FUND)

Employers Pension Fund Contributions

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



- 8.9 The adverse effects were, to some extent, offset by the adoption of a longer deficit recovery period (20 years), changes in the regulations and the impact of a review of demographic assumptions.
- 8.10 Given the materiality of the impact of reductions in investment income to the Fund, it is somewhat ironic that the Fund 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 Contribution rates are calculated on an individual basis for each participating employer. The City Council was required to make a phased increase of 1.5% for 2005/06 with a 1.9%, year-on-year, over a longer 5-year period (from 2006/07 to 2010/11 inclusive). The effects of this are shown below :

Table 12 : Employers Pension Fund Contribution Rates

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

- 8.13 Previous budgets have already approved the inclusion of these increases in base budgets.
- 8.14 It should also be noted that the underlying long-term rate is 12.6% (from 12.2% at the last revaluation).
- 8.15 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.



- 8.16 The regulations were subsequently 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. Final proposals are still awaited.
- 8.17 A further change affecting pensions was 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

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

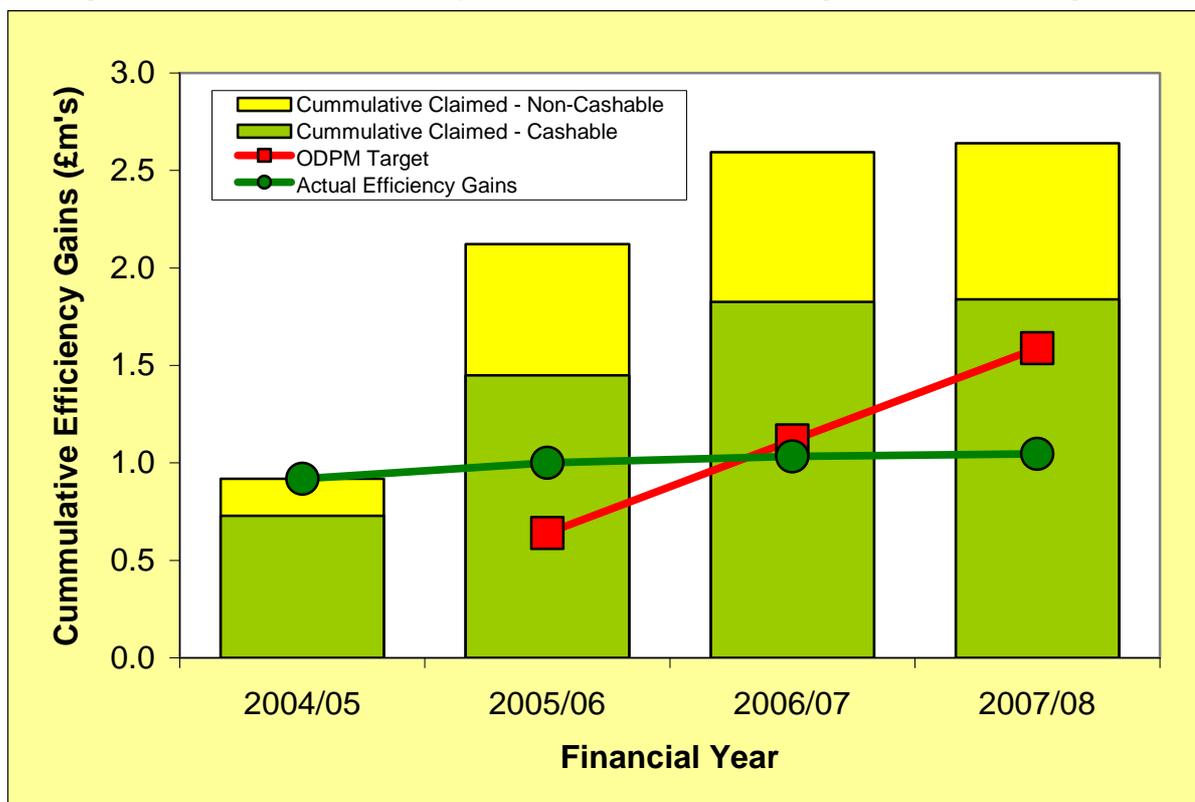
Efficiency

- 8.21 In line with the findings of the Gershon Review, SR2004 proposed efficiency savings across local government of 2.5% per annum to deliver £6.45b of efficiency and productivity savings by 2007/08. Half of the savings will be deemed 'cashable', becoming available to fund front line services.
- 8.22 Efficiencies are anticipated to be delivered :
- 40% through schools
 - 10% through policing
 - 35% through procurement in other services



- 8.23 Further savings are expected to be delivered through increased rationalisation of local authority back office functions and transactional services and improvements in staff productivity.
- 8.24 Government departments have committed to work with local government to deliver these efficiencies. The Regional Centres of Procurement Excellence are seen as having a significant role to play in the process, and Barry Quirk (the Chief Executive of Lewisham LBC) and Tim Byles (the Chief Executive at Norfolk County Council) have been appointed by the Deputy Prime Minister to work with local authorities, Government departments and other partners to share and promote best practice.
- 8.25 SR2004 also included £50m per annum of ongoing funding to assist with capacity building in local authorities. Around £25m of this is being made available to fund the Regional Centres in 2006/07 and 2007/08.
- 8.26 The Council's Improvement Plan, as well as its Implementing Electronic Government (IEG) work and a number of other reviews should provide a focus for the identification, and achievement, of efficiency savings in the areas identified in SR2004. Existing action plans include work relating directly to procurement and transactional services.
- 8.27 This has been demonstrated to have provided a sound basis in the results of the Annual Efficiency Statements (AESs) that the Council has been required to submit.
- 8.28 The identification and reporting of Efficiency Gains has been integrated within the existing corporate processes operated by the Council. This seeks to avoid any unnecessary additional or duplicated effort, whilst ensuring that Gains are considered at the most appropriate point in the annual process.
- 8.29 The Council has, for many years, sought to identify efficiency opportunities as being the most effective means to free-up resources to enable the provision of new or enhanced services. The Council would expect to continue to strive to identify all such opportunities as part of its annual budget and review processes.
- 8.30 A copy of the latest Forward-Looking AES (for 2006/07) is included at Appendix X, and shows the areas which are projected to deliver efficiencies in the current year.
- 8.31 The level of Efficiency Gains which have been reported, to date, are illustrated in the following graph, compared with the Council's target levels of £641k for 2005/06 and £474k per annum in 2006/07 and 2007/08.

Figure 10 : Annual Efficiency Gains – Performance Against ODPM Targets



- 8.32 The Backward Looking AES for 2005/06 is due to be submitted on 6 July 2006, at which point the position shown above can be updated.
- 8.33 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.
- 8.34 The future approach to efficiency is expected to be considered as an integral part of CSR2007.

ICT Facilities Management Contract

- 8.35 The retendering exercise for the Council’s ICT service contract has recently been successfully completed. This led to a contract with Serco (the previous provider) for a 5-year period, with options for extension. The formal contract has recently been signed, with associated cost changes commencing from mid-June 2006.
- 8.36 Budget equivalent to the £155,000 annual contribution to the Technology Investment Fund (TIF) which was previously made from cost reductions achieved when the contract was last let, was retained against the possible need to rebase the contract cost for the new contract; depending on market circumstances.



- 8.37 In addition, the new contract provides only for a limited level of strategic consultancy support being provided by the contractor. The aim of this is to let a separate strategic consultancy support arrangement, which will ensure the independence of such advice from practical delivery of services. To this end, a sum of £80,000 per annum has been identified for this support (£60,000 in 2006/07, as a part-year).
- 8.38 After providing for the strategic consultancy, the new contract has resulted in a reduction in core costs of £369,140. A significant part of this sum reflects the fact that the funding previously used as TIF contributions was not required to fund the new core contract.
- 8.39 As part of the retendering work a full review of the Council's ICT Strategy has been taking place. This work, together with the detailed contract work, has served to identify a number of areas where the use of the saving on the new contract could be reinvested in ICT-related service development.
- 8.40 As a result, the following use of the funding available is recommended :

Table 13: ICT Reinvestment Recommendations

	2006/07 (£'s)	2007/08 (£'s)	Full Year [ongoing] (£'s)
Provision of Repair & Renewal Fund to cover core corporate software (operating systems, basic office package, etc)	100,000	100,000	100,000
Web improvements - continue Web Officer post after July 2006, and provide £10k p.a. for enhancements	28,750	35,000	35,000
<i>Provision for the running costs associated with the introduction of a corporate DIP system.</i>	25,000	89,910	149,820
Contribution to TIF	84,320	84,320	84,320
<i>Additional funding available from part-year effects (recommended for use in enhancing Growth Agenda capacity)</i>	54,170	59,910	0
Total	292,240	369,140	369,140

- 8.41 These changes have been built into the projections contained within this document.



Customer Access Strategy

- 8.42 The Customer Access Strategy, which will be considered by the Executive Councillor for Customer Services and Resources in July 2006 proposes radical changes to the way the Council delivers and organises its customer facing services to provide more joined up services for council customers, more efficiently.
- 8.43 The strategy recommends the creation of a corporate customer service centre dealing with reception visits and telephone calls services for the services across the council. This is being presented as a long-term payback model funded from reserves. The payback model would generate on-going savings for the Council from year nine of its development and implementation. It would also provide the basis for helping to achieve other efficiencies in the Council's "back office" operation.
- 8.44 The initial cost of the change will be met from the use of reserves (based on appropriate shares from the GF and HRA), and this will be paid back from savings made under the new arrangements. The project costings also allow for the repayment of external interest receipts lost as a result of the temporary use of reserves, in order to fully reflect the cost of funding the project in this way and ensure no long-term detriment to either Fund.
- 8.45 Once the initial investment has been repaid (currently estimated to be after 8 years) the project will realise significant savings for both the GF and HRA, and these will be incorporated in budget projections for the relevant years.
- 8.46 The overview of revenue cost and funding implications is shown below :



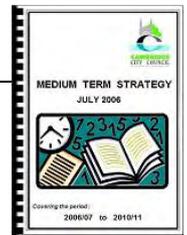
Table 14: Customer Access Strategy – Revenue Implications

Financial Year	Set-Up Costs (£'s)	Net Change in 'Running costs' (£'s)	Total Revenue Effect (£'s)
2006/07	276,330	0	276,330
2007/08	776,980	438,010	1214,990
2008/09	334,880	103,300	438,180
2009/10	82,490	(359,750)	(277,260)
2010/11	33,600	(732,910)	(699,310)
2011/12	33,600	(821,950)	(788,350)
2012/13	21,100	(821,950)	(800,850)
2013/14	9,380	(821,950)	(812,570)

- 8.47 The capital costs and funding are covered in Section 11, and the effect from use and repayment of reserves is shown in Section 9.
- 8.48 Further detail is included in the separate report to Strategy Scrutiny Committee on 10 July 2006.

Document Image Processing (DIP) and Electronic Document and Records Management (EDRM)

- 8.49 Whilst the core proposals for the Customer Access Strategy do not include adoption of a corporate DIP or EDRM, the report recognises the potential advantages of a joint procurement and implementation. This is supported by a report commissioned from Socitim Consulting to investigate the potential for DIP in the Council, which concluded that there is a strong case for its introduction.
- 8.50 The key drivers identified are :
- Support for the Customer Service Centre and its CRM - without DIP the depth of service into the back office would be compromised and it is unlikely that the target of 80% of contacts dealt with on first contact would be met
 - Reduction in time spent filing and searching for information
 - Improved cross-working between departments, through the ability to share and retrieve information in electronic form



- Space savings due to paper file reduction
 - Improved disaster recovery
 - Speedier compliance with Data Protection and Freedom of Information legislation and other legal obligations
 - Enabling remote and mobile working by giving mobile, flexible and home workers access to the information they need
- 8.51 It recommends approval of DIP and EDRM on a corporate basis to enhance the customer service provision and to ensure that efficiencies are maximised in all processes in both the front and back offices.
- 8.52 A separate report on the July 2006 Strategy Scrutiny Committee agenda gives further detail, and contains a project appraisal. This indicates that the cost of a corporate implementation would be :
- ♦ An initial investment of £977,700
 - ♦ Annual revenue costs of £149,820 in a full year
- 8.53 It is clear that this investment would allow the achievement of a range of efficiency gains (both cashable and non-cashable), however, it has not been possible to quantify any of these in detail at this stage. Resultant efficiencies would be identified as part of future budget processes, and would be available to deliver savings or service enhancements.
- 8.54 As identified above, the running costs could be met through application of part of the savings from the new ICT contract. Capital costs of the project are considered in Section 11.

Procurement

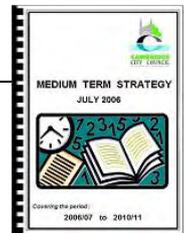
- 8.55 The procurement project has completed a number of pilot studies and has introduced the use of a corporate on line procure-to-pay contract for office stationery, purchase cards, collaborative and individual frameworks, or call-off contracts and expanded consortia purchasing from ESPO and the Office of Government Commerce (OGC). Work with the Regional Centre of Excellence also continues.
- 8.56 The project has already generated cashable savings in a number of areas (e.g. for vehicle purchase through ESPO and the use of pre-existing local and national contracts saving procurement costs) and will continue to do so. Further, non-cashable savings are expected to be generated through the incremental implementation of e-procurement methodologies.



- 8.57 Recent collaborative initiatives have included contracts for courier services, IT services and testing services for Legionella. Further initiatives are planned for the forthcoming year.
- 8.58 The current year will see the implementation of corporate contracts for small building works, the provision of photocopier and printers, various equipment testing and maintenance services and work both within the County Procurement Group (a county-wide contract to deal with abandoned vehicles), and the Centre of Excellence, to carry out a regional procurement spend analysis and implement a contracts register which will complement the Council's existing register.
- 8.59 Further work will be undertaken to streamline back office processes including expansion of the existing limited P-card programme, reduction of invoice processing and expansion of existing e-procurement capabilities. A County-wide initiative to look at the feasibility of implementing an e-marketplace will consider the commercial and process benefits of such a facility.
- 8.60 By continuing to work with the Procurement Manager budget holders will be able to identify potential advantages and savings available from the roll-out of the pilots, and are able to count such gains against their cash limit position. This will serve to make the best use of the limited central resource and expertise, whilst incentivising all managers to participate actively in the project to identify cashable and non-cashable gains.
- 8.61 The Procurement Manager also continues to provide support and advice to major corporate projects, including Customer Access which will require a considerable procurement input in the forthcoming year when it is hoped to make considerable use of the OGC Catalyst suite of framework contracts for CRM and related consultancy services.

The Growth Agenda for Cambridge City

- 8.62 In order to facilitate and co-ordinate the infrastructure partnership work associated with the Growth Agenda, Cambridgeshire Horizons has been created. This was achieved with the help of a £2 million grant from the Government for its first two years. Its role is to co-ordinate the implementation of the Cambridge sub-regional strategy, as a key part of the Government's Sustainable Communities Plan.
- 8.63 The Government has already awarded a number of Growth Area Delivery Grants to specific projects in the sub-region; including £7million towards the Addenbrooke's Access Road and £2 million towards access improvements to the Northern Fringe East.



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

The Resource Model

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

8.66 It is intended that the first full version of the model will be completed by the autumn so that Members can be clear about any choices they need to make when setting the budget and agreeing service plans for 2007/08.

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

Stream 1 : Delivering Growth

8.68 This involves the planning of new development areas and their impact on neighbouring communities. It includes lots of consultation and negotiation with stakeholders before plans are approved about issues such as:

- The community /sports / arts facilities that are needed, where they will be sited, who is going to pay for them to built and who is going to pay the running costs.
- The amount and type of affordable housing, where it will be sited, who will pay for it and who will manage it.
- The amount of public open space and who will pay for its upkeep.
- Whether new schools are required and who will provide them.
- How transport links will be provided.
- How we communicate with residents.

8.69 Most of these negotiations and decisions have to be taken within a City-wide or sub-regional context. For example, it may be more important for us to secure a new community centre in a part of the City which is currently under-served rather than within a new development which is next to an existing community centre.

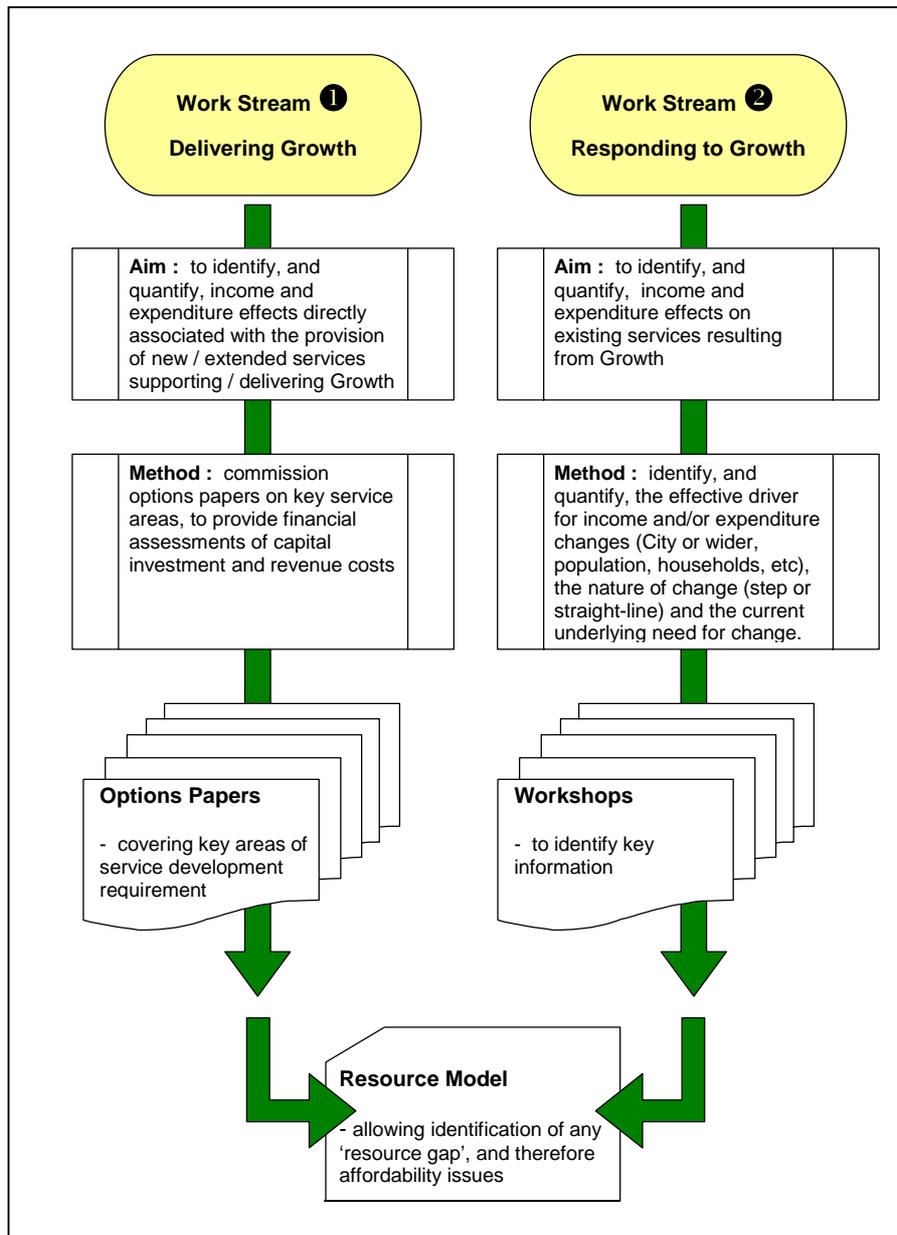


- 8.70 This workstream is already placing heavy demands on some officers, particularly in areas of planning policy, development control and key areas connected with delivering sustainable communities; affordable housing, community facilities and sports services. The demands are becoming ever greater with input needed into the southern fringe, north west Cambridge and Cambridge east growth areas.
- 8.71 Some time limited posts have been funded from partner agencies. 3.5 fte posts are funded by Cambridgeshire Horizons, one by the RSL Partnership and 0.5 by South Cambs District Council. For 2006/07 and 2007/08 these amount to:
- Policy Planner (part time)
 - Development Control Planner (full time)
 - Planning Support Officer (full time)
 - Affordable Housing Officer - shared between 7 District Councils (full time)
 - Projects Officer - shared with South Cambs DC (full time)
 - Partnerships Project Officer - shared with South Cambs DC (part time)

Stream 2 : Responding to Growth

- 8.72 This involves identifying and quantifying the future income and expenditure effects of growth on our existing services. It includes significant amounts of detailed work with managers over the next few months, and beyond, to ensure that we understand the drivers which will affect the different services and the trigger points at which extra income will be generated or extra resources will be required.
- 8.73 Using refuse and recycling collection as an example, every new home will need a refuse bin and recycling boxes as residents move in. New collection vehicles with staff will be required for each element of refuse and recycling for every 4,000 to 5,000 new homes. Using this information we can model the resources this service will need, assuming the level of service remains constant, into the future. We can then easily adjust the model if growth development plans are delayed or brought forward.
- 8.74 The impact of growth on some of our other services is more difficult to predict. This is especially true of our support services, such as Legal, as their workload will depend upon us understanding the legal support which the rest of the Council will need.
- 8.75 An overview of the model is shown below :

Figure 11 : Growth Resource Modelling Process



Immediate Pressures

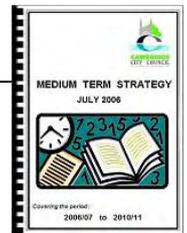
8.76 There are a number of pressures on existing resources which will need to be considered through this year’s budget process when the bigger picture becomes clearer and appropriate information is available to enable Members to make effective choices about prioritising work.



- 8.77 However, given the nature and scale of this work and its impact on the City Council, there will be a requirement to enhance the core capacity on the project straight away.
- 8.78 If the process is to be effective, it is recommended that the following funding is provided as part of agreeing the MTS :
- a) A dedicated project manager is required, initially, for a 3-year period. Their role would be focused on working with managers across the Council to ensure that both streams of work are delivered and effectively co-ordinated. The project manager would report directly to the Director of Community Services and the Director of Environment and Planning, who are jointly leading the growth work. Provision for costs associated with this post needs to be made for the sum of £48,000 per annum.
 - b) Additional resources are also required to create capacity to respond to the policy and delivery issues, primarily around housing (to include mix, size and tenure, S106 and RSL selection), but in the longer term taking on board the increasing demands in relation to community and recreational facilities. Provision for this needs to be made for the sum of £34,000 per annum, for a 3-year period.
 - c) Additional capacity will be required to deliver effective resource modelling work, including analysis of income streams and grant. Provision for this needs to be made in the current year (2006/07) for the sum of £15,000.
- 8.79 These costs have been built into the projections within this document. The costs can be partially offset through use of the £114,080 that was identified as unapplied from the savings made in 2006/07 and 2007/08 on the new ICT contract (as identified above, in table 13). The remaining funding will need to be met from an additional use of reserves.

Asset Management Revenue Account (AMRA)

- 8.80 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.
- 8.81 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.



8.82 The Council's 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

8.83 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.

8.84 The Council remains committed to ensuring that services represent value for money to the citizens of Cambridge, and reviews provide one means of achieving this.

8.85 The Human Resources (HR) service is currently undergoing a Best Value Review, the results of which will be reviewed by senior management in the Autumn, and presented to Committee in November 2006.

8.86 The aim of the review is to identify the optimum service delivery model to ensure HR can deliver maximum value to the Council. It includes analysis of all existing resources (both central and departmentally-based), mapped against priorities for the service aligned to the organisation's needs.

8.87 The outcomes of the review may lead to a requirement for higher expenditure initially, reducing over a period of 3 to 5 years. Overall, indications are that the review will achieve cost savings in the delivery of the HR service.

Carbon Reduction (Cred) Proposals

8.88 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.



- 8.89 A range of actions are already incorporated in Service Plans within Environment and Planning, but the actions and level of input will need to be reassessed in light of the Council's commitment to the Nottingham Declaration and the enhanced commitment contained within the Annual Statement.
- 8.90 A key step aim is to determine what practical steps the Council can commit to undertake in order to reduce the level of emissions from current levels. 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.
- 8.91 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

- 8.92 The current Annual Statement outlines a number of areas of commitment to develop service delivery. At this stage detailed costings of all of the measures involved are not available to inform the process of setting cash limits for each spending committee. Therefore, in order to ensure that the cash limit process can continue to work effectively at portfolio and committee level the 'Priority Policy Fund' (PPF) approach will continue in 2007/08.
- 8.93 The proposed financial strategy for the 2007/08 budget includes an annual sum of £500k to provide funding for developments which can demonstrate significant contribution to the Medium Term Objectives.
- 8.94 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.
- 8.95 The Fund will be administered by the Executive Councillor for Strategy who will consider the applications and deal with prioritisation using the new Medium Term Objectives as a remit. It will also be important to maintain an overview to ensure that bids represent a higher priority for the Council than any reductions made within committees as part of the savings process.



Charging for Discretionary Services

- 8.96 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

- 8.97 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.
- 8.98 Arrangements have also been put in place for temporary provision of the Shopmobility Service during the construction period.
- 8.99 The compensation arrangements include cover for the full length of time, to the point where the new car park is handed back to the City Council.

Planning Delivery Grant (PDG)

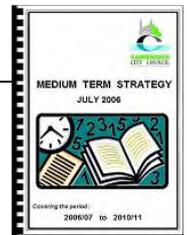
- 8.100 As part of the Spending Review 2002, the government identified £350m, over the three year period of the review, to provide funding to local authorities to ensure that they deliver the high quality services vital to securing Communities Plan objectives.
- 8.101 Investment provided to support the planning reforms set out in the Barker Review, includes £425m to be delivered through the Planning Delivery Grant system over the SR2004 period.
- 8.102 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.
- 8.103 For 2006/07 the Government made £135m available through PDG, nationally, some £35m less than in the previous year. The emphasis continued to be on driving performance towards the Public Service Agreement 6 planning targets for development control, and Local Development Frameworks. As a result, the majority of PDG is allocated to reward progress in these areas.
- 8.104 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. The Government has announced that there will be a 20% reduction in the total amount of grant allocated nationally.



- 8.105 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.
- 8.106 Following the end of the consultation period, provisional allocations of the majority of PDG are expected to be announced at the end of November 2006, with payment being made early in 2007/08.

Waste Minimisation and Recycling

- 8.107 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.
- 8.108 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.
- 8.109 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.
- 8.110 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.
- 8.111 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.
- 8.112 The Council introduced a scheme of alternate weekly collections from October 2005, and at the same time introducing a plastics recycling service at the kerbside. This represented a major change in service provision, and has made a significant contribution towards increasing the Council's recycling rates.



- 8.113 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.
- 8.114 There are also proposals to amend the recycling credit scheme which may also have an impact on the Council's budget.
- 8.115 A review of the current arrangements has identified the need for the introduction of an additional Green Bin round with effect from April 2007.
- 8.116 This reflects the increased tonnages which have been collected (9,225.65 tonnes composted last year, compared with 7,659.35 tonnes in the previous year). This is a result of successful promotion of take-up of the service, together with the increased household numbers within the City.
- 8.117 The revenue costs associated with the new round will amount to £145,000 in a full year from 2007/08, with a provision of £24,000 required in the current year to reflect the recruitment and training of staff ready for the introduction of the new round. The capital costs are reflected in Section 11.

Lion Yard

- 8.118 Proposals have been received from Arlington Property Investors (the developers of Lion Yard) for the next phase of works. This had been anticipated, and was reflected in the 2006/07 Budget Finalisation Report.
- 8.119 The development agreement requires the Council to meet a 25% share of the capital costs associated with works, the same ratio as the income share.
- 8.120 The Council has already included a provision of £1m in the Capital Plan (SC221 refers), but this was based on an initial anticipation of a more limited scheme. The proposal received now anticipates a scheme costing £14.4m, of which the Council would be required to contribute £3.61m.
- 8.121 The Council's advisors have reviewed the proposal and associated business case, and have concluded in overview that there is a strong basis for supporting the timing and nature of the proposal. This is due to be considered in detail at the 19 July 2006 meeting of the City Centre Development committee.
- 8.122 The capital funding for the Council's share of the scheme is covered in Section 11.



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

VAT on Car Parks

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

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

8.126 In anticipation of HMRC being compelled to change the VAT liability of off-street car parking for all local authorities, from 'standard rate' to 'non-business' (i.e. no VAT chargeable), Cambridge City, along with many other local authorities, under advisement, submitted repayment claims to HMRC requesting reimbursement of the VAT already paid on off-street car parking since 1998 (the furthest back allowed at the time). Total claims lodged to date amount to £5,065,039 with another claim due to be lodged shortly, for the period up to 31 March 2006, for a further £2,462,394.

8.127 However, HMRC does not agree with the Tribunal decision and will be lodging an appeal to the High Court. They will not consider making any repayments of VAT other than to the local authorities actually involved in the Tribunal (i.e. I.O.W.; Mid-Suffolk D.C.; South Tyneside Metropolitan Council and West Berkshire Council); any refunds would be subject to the "unjust enrichment" rules and in the event of HMRC being successful in Court, they will seek repayment of any refunds with interest.



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

'Unavoidable' Pressures

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

HOUSING REVENUE ACCOUNT PRESSURES AND OPPORTUNITIES

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

8.131 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.

8.132 The East of England experienced a significant uplift in funding for housing for the 2006/08 programme (in the region of a 40% uplift). The majority of this is being focussed onto new build housing, although £18m has been top-sliced for development of gypsy and traveller sites. Cambridge has not been able to benefit significantly from this uplift as major developments are not yet on stream, but government projections suggest continued levels of investment into the 2008/10 period will bring real benefits locally.

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). Cambridge City Council are benefiting from this fund and it has promised £500k to Jimmy's for the proposed conversion to an assessment centre.

8.133 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). Central Government have made specific funding available through the growth areas fund, which is supporting transport, infrastructure and paying for Horizons.



Decent Homes

- 8.134 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 Government's 'Decent Homes' target.
- 8.135 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.
- 8.136 Site works in respect of the aforementioned commenced on 1 July 2005, following a five-month lead-in period. At the commencement of the last financial year, the level of the Decency within the Council's housing stock stood at 65%, with a target set of reducing Non-Decency by 8% in the year. The level of Decency has increased during the year to 84.2% at year-end significantly over-achieving the target. This was achieved by grouping minor works requirements, replacing defective kitchens, roofing, some bathrooms and by undertaking Decent Homes works in void properties. The priority for the forthcoming year will be in addressing potentially non-decent dwellings and homes becoming non-decent due to time-aged components.
- 8.137 A new variable now has to be considered in planning construction works related to Decent Homes, due to the introduction of the new method of assessing housing fitness, via the Housing Health and Safety Rating system (HHSRS). The scope of HHSRS is much wider than the previous methodology employed for assessing Fitness (and thereby Decency), which concentrated primarily on building fabric and structural components. The impact of the new method of assessment is still being assessed via new software systems, recently introduced for field survey work.
- 8.138 Some 30% of the stock has now been surveyed from partnered resources, building on the 10% survey undertaken by Savills and Co in 2003.

Stock Options

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



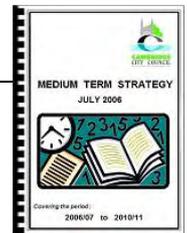
Supporting People

- 8.140 As part of the Supporting People regime the Council has contributed towards the countrywide review of sheltered housing.
- 8.141 The Supporting People funding for 2006/07 was again subject to a nil inflation increase, and although no additional savings were imposed (2% was required in 2005/06), a number of our services were affected by a capping adjustment, reducing the unit cost which Supporting People were prepared to pay for a number of our Category I sheltered units.
- 8.142 The current costs of providing support services for 'older people' were revisited in 2004/05 to tackle the nil inflation increases, 2004/05 retrenchment and 2005/06 savings. By reviewing the work undertaken by the staff involved in providing support services, the Council was able to meet the funding pressures imposed.
- 8.143 Undertaking a major review and re-structuring of the Independent Living Service in 2005/06, reduced costs in relation to support services, delivering a more flexible approach in the way we provide care and support services. The impact of the review from the perspective of service delivery to tenants should have been minimal, although self-paying tenants in some schemes will have seen a reduction in charges.
- 8.144 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.
- 8.145 The Cambridgeshire Supporting People Commissioning Body have taken a decision to reduce the hourly rate payable for support services to £20 per hour from April 2007, which has implications for us as a provider. They also intend to look at eligibility - i.e. funding services only for those who need them, which has an impact on tenants in sheltered housing. Progress in the sheltered housing refurbishment programme will be crucial, to ensure that we house tenants in sheltered and extra care housing who need to be there. In the longer term, the funding arrangements proposed may have implications for the viability of our general sheltered housing (as opposed to extra care) as a form of housing.
- 8.146 Indications are however, that there is the intention to re-introduce an inflationary increase in support funding from April 2007.



Support for Non-Sheltered Tenants

- 8.147 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.
- 8.148 The cost of providing these services is funded from the Supporting People budget.
- 8.149 As with Supporting People services for the elderly, the availability of future funding for the Temporary Housing and Housing Support Service is subject to the same uncertainty. The decisions taken by the Commissioning Body for 2006/07 will also apply to these services, particularly when looking at value for money in Temporary Housing and Housing Support Services for next year.



9. Revenue Forecasts and Reserves

General Factors

- 9.1 The major assumptions on which the revenue forecasts are based are summarised in Appendix K.
- 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 MK, and must be borne in mind when setting the financial strategy in general, and the individual committee cash limits in particular.

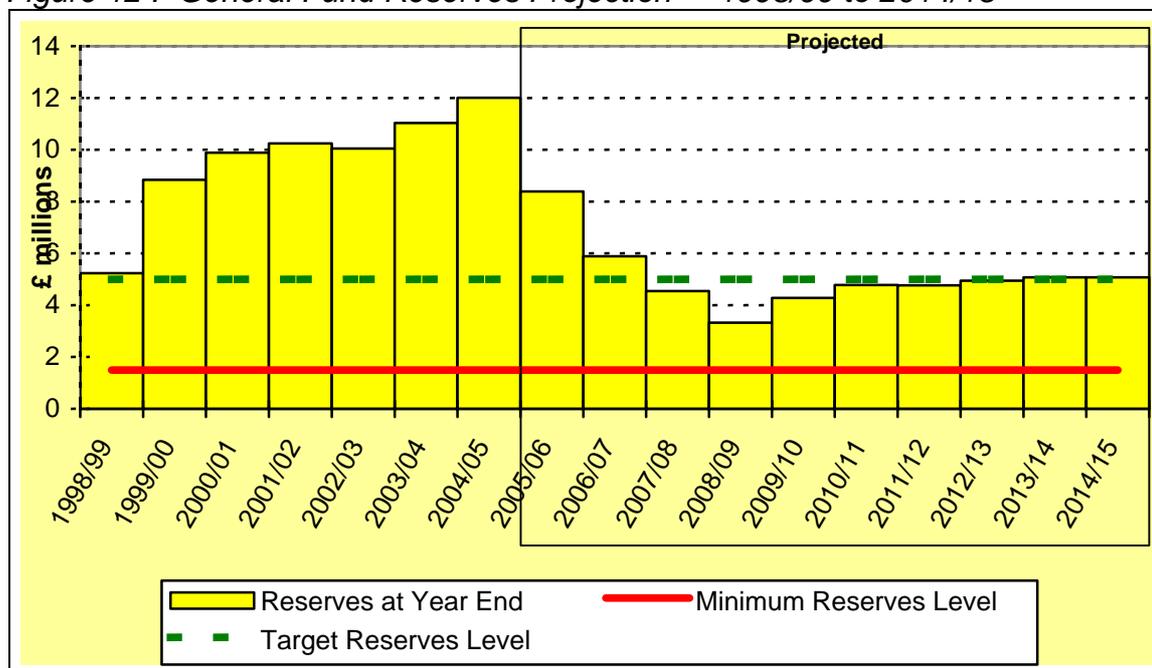
General Fund

- 9.6 The anticipated net spending for the period 2006/07 to 2010/11 is set out in Appendix L.
- 9.7 The original budget for 2006/07 approved net General Fund spending at a level of £17,763,550, which included a use of reserves of £567,040. This reflected a contribution of £2,642,840 to fund capital expenditure.
- 9.8 The projected position for the General Fund reserves is shown in Appendix N. This projection includes the effects of changes in the Asset Management Revenue Account (AMRA) and the requested carry forwards from 2005/6.
- 9.9 The revised projection of the use of reserves in the current year (2006/07) now indicates that there is expected to be a net increase of £4,108,970, in addition to the effective transfer of £877,400 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 2006 was £11,657,650. This included £877,400 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 12 : 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 can be handled, whilst providing for the temporary use of reserves to fund the Customer Access Strategy and Lion Yard.

9.14 The lowest point resulting from the temporary use of reserves is at the end of 2008/09, when the balance will be £3.328m. This is below the medium-term target level, but still comfortably above the minimum working balance of £1.5m.

9.15 The graph demonstrates that the level of reserves will return to the target level from 2013/14 onward, when they continue at a sustainable level.

9.16 The above projection does not include the repayment of the use of reserves from the funding of Lion Yard, as these are dependent on capital receipts from asset disposals. Repayment of temporary use will be made as the receipts are achieved – this is anticipated to be by 2008/09, which is the low point in the projection.

9.17 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.

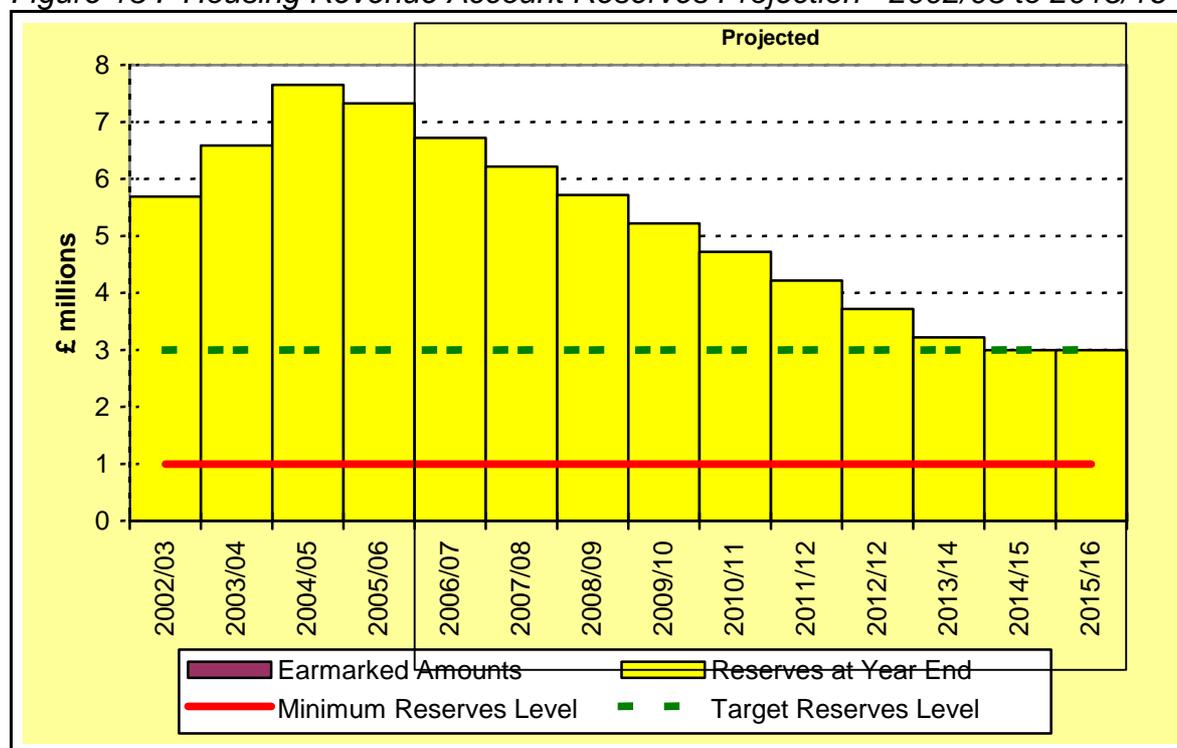


- 9.18 Risk analysis and a determination of the adequacy of the level of reserves are key elements within the statement which Directors of Finance are now required to provide, under Section 25 of the Act, in conjunction with the final budget and Council Tax recommendations.
- 9.19 The corporate planning and decision-making cycle (shown in Appendix A) shows how the corporate risk and assurance framework has been integrated. As part of this process, a review of the full corporate risk and assurance database has taken place to inform the development of this MTS. This has provided the context for the specific annual MTS risk assessment.
- 9.20 A summary of the key points from this latest risk analysis, as well as controls and actions to mitigate against identified risks, is shown in Appendix Y.

Housing Revenue Account (HRA)

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

Figure 13 : Housing Revenue Account Reserves Projection - 2002/03 to 2015/16



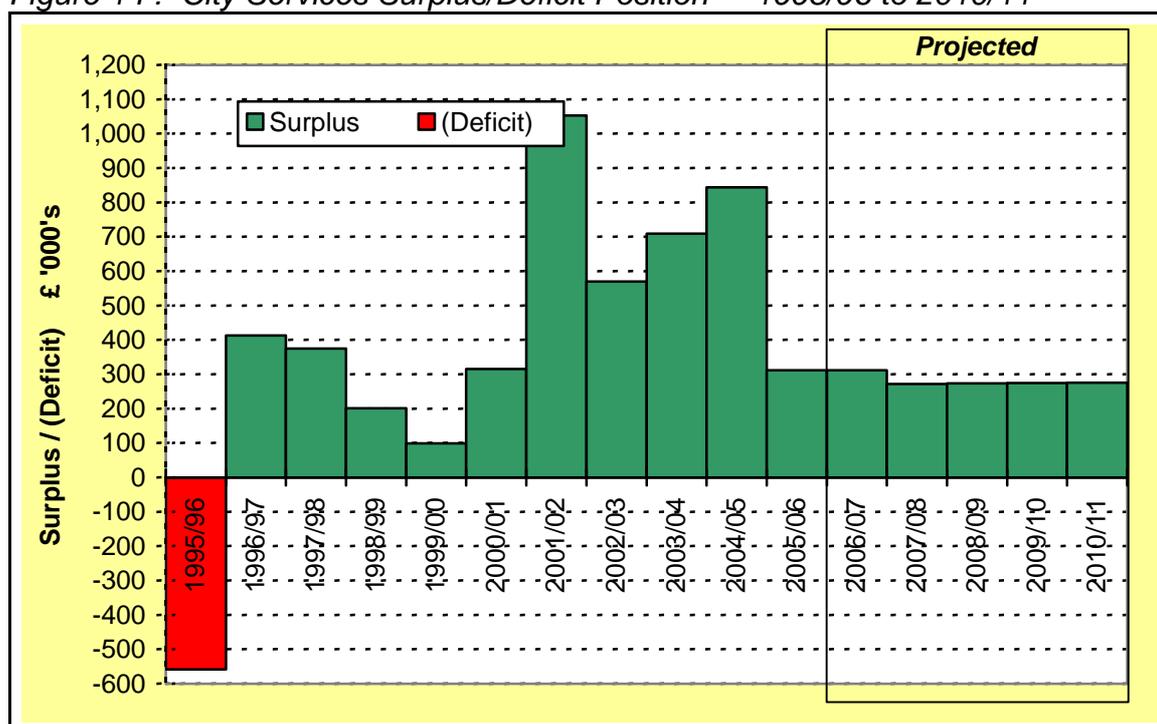


- 9.22 This serves to highlight that the planned reduction in the level of reserves down to the target level of £3m in 2014/15, at which point revenue plans are based on delivering a balanced HRA budget with no requirement to use reserves.
- 9.23 The reduction in the level of reserves has provided additional funding to support capital expenditure. By basing this on a £500,000 per annum level, flexibility is retained to review this proposal should adverse factors affect the revenue position during that period.
- 9.24 Balance projections will need to be revisited, particularly in the light of decisions surrounding the Customer Access Strategy and the Growth Agenda. It is anticipated that this will take place as part of the main 2007/08 budget process.

City Services

- 9.25 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.
- 9.26 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 14 : City Services Surplus/Deficit Position - 1995/96 to 2010/11





- 9.27 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.
- 9.28 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.
- 9.29 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.
- 9.30 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.
- 9.31 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 Arts & Leisure portfolios.
- 9.32 The table below illustrates, using the projections for 2005/06, the categories for which turnover and resultant surplus / deficit will effectively be analysed.

Table 15 : City Services Trading Surplus / (Deficit) by Fund

Cost Centre	General Fund		Housing Revenue Account (£'s)
	Internal Trading (£'s)	External Trading (£'s)	
Building Services	0	8,000	0
PVCu Factory	0	5,000	0
Fleet Management		6,500	
Waste Management	291,000	(*)	
Design & Print	0	1,000	
TOTALS	291,000	20,500	(~) 0

Note : (*) Already identified through a separate Commercial Waste heading.
 (~) Any HRA surplus is reinvested in programmed work under the latest arrangements

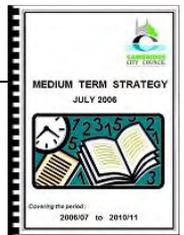


Medium-term projections of trading surpluses available to the General Fund and HRA have been built into overall financial projections and planning.

9.33 A number of issues will impact on City Services trading activities including :

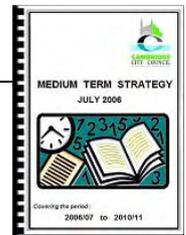
- the transfer of Parking Services, including Parking enforcement (LAPE)
- involvement in the procurement strategy, particularly purchase card piloting and stores operations to reduce invoice processing
- partnership working with Apollo in delivering the Decent Homes agenda
- the future of the PVCu factory 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
- review of the operation of the propagation centre

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



Part D

Capital





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 have been expressed in a different way.
- 10.6 Under the new system a local authority is free to make its own borrowing decisions based on what it can afford. However, central government support for borrowing through RSG and HRA Subsidy will continue to be given based on a specified amount of capital expenditure which the borrowing will support.

Prudential Borrowing

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



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

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

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

National Pooling of Housing Capital Receipts

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

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

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

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



- 10.17 Recognising the impact of the changes on debt-free authorities (such as the City Council) the regulations provided for transitional arrangements covering the first 3 years of the regime. Under these arrangements relevant authorities are able to reduce the amount that must be paid into the pool by 75%, 50% and 25% respectively for 2004/05, 2005/06 and 2006/07. To claim this for a particular year the authority must remain debt-free.
- 10.18 The transitional arrangements continue to be of 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 the end of 2006/07.

Major Repairs Allowance (MRA)

- 10.19 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 2006/07 is £4.923m (compared to £4.916m in 2005/06) and is predicted to be increased for inflation in for the remainder of the 10 years, with reductions for Right-to-Buy sales.

Right to Buy Sales (RTB)

- 10.20 The proceeds of dwelling sales under the Right-to-Buy scheme have been the major source of regular ongoing capital receipts for many years.
- 10.21 The Council has, for a number of years, committed to earmark all of the usable element of receipts from sales of council houses for housing purposes.
- 10.22 From 2006/07 onwards, the resources available from right to buy sales diminish rapidly due to a downturn in sales and the fact that the Council has to pool the full 75% from 2007/08, when transitional arrangements for debt-free authorities cease.
- 10.23 The actual level of sales under this scheme in 2005/06 was significantly lower than in 2004/05, at 81 units in total. This compares to a total figure of 155 in 2001/02.



Table 16 : Right to Buy Sales - 2002/03 to 2009/10

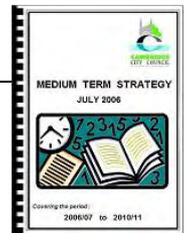
	Actual Sales				Forecast Sales			
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Sales – Houses	68	69	62	37	39	37	35	33
- Flats	43	46	47	38	38	36	34	33
- RTMs	0	6	0	0	0	0	0	0
Total Sales	111	121	109	81	77	73	69	66
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Net Capital Receipt	7.602	9.960	10.057	7.647	7.640	7.245	6.849	6.528
- of which 'Usable'	1.901	9.960	7.975	4.708	3.269	1.766	1.664	1.581

10.23 The projected level of sales for future years is currently estimated to reduce by 5% per annum using 2005/06 sales as the base, 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.

10.24 Further work is proposed with regard to future predictions for Right to Buy sales, looking at stock and tenant / income profiles to predict who may be able to RTB in future. A Housing Market Assessment will be undertaken, which also implies a need to consider the role of housing, and possible future options, for example; tenure diversification (deliberate disposals).

Asset Management Plan (AMP)

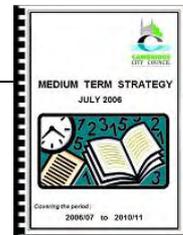
10.25 Whilst this does not have to be submitted to Government after 2002, due to the achievement of a 'good' rating on previous submissions and the Council's 'Excellent' rating under CPA, it is felt to still be important to keep the AMP updated, as it fulfils a key role in considering how the deployment 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.



- 10.26 A key element of the AMP is monitoring the performance of assets to identify any that are currently held which are deemed to be under-achieving or which are no longer appropriate to hold in the portfolio. This enables consideration to be given to alternate uses or disposal. The Council has effectively undertaken such a process for a number of years through the annual Property Portfolio Review, and is reviewing the process for this through the Asset Management Group during the current year.
- 10.27 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

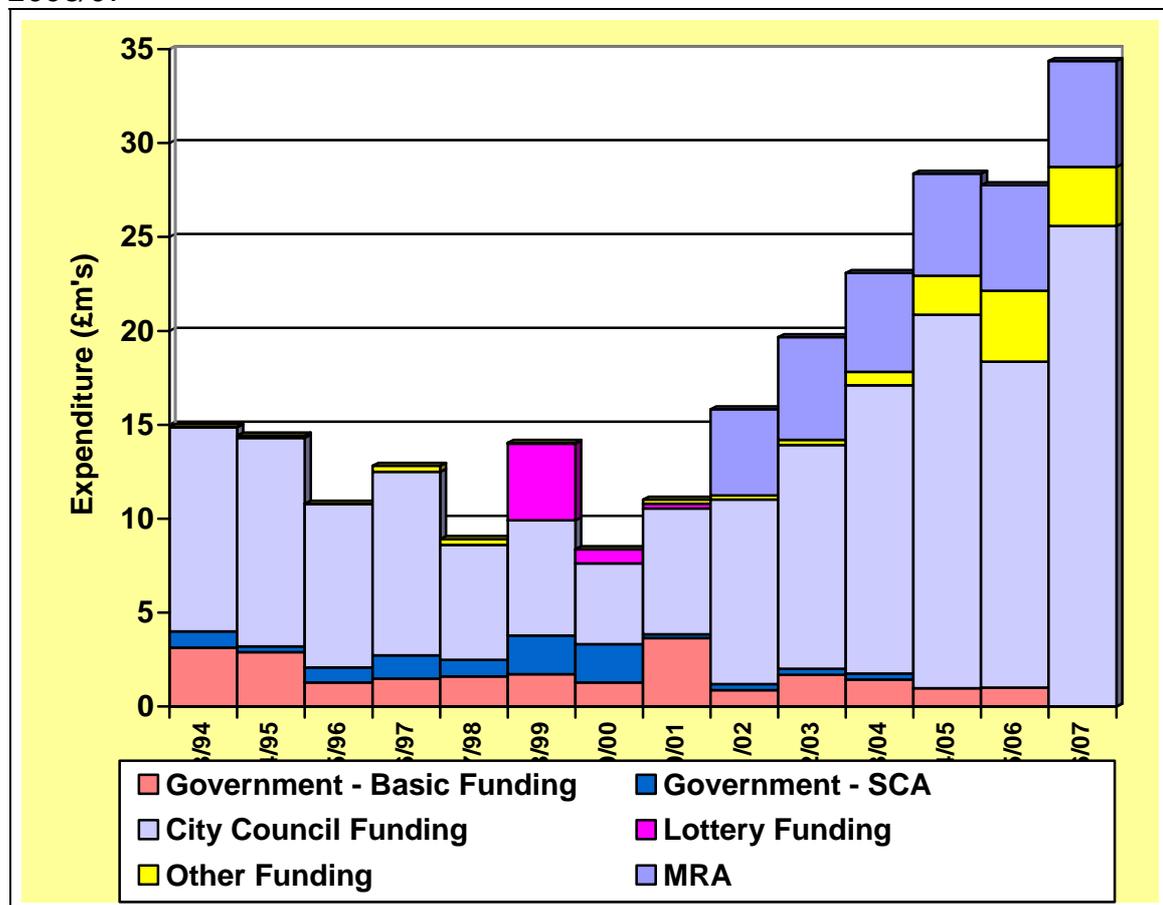
- 10.28 The significant degree of development around the City may provide the Council with opportunities to bring forward land for development (commercial and / or housing), with resultant additional capital receipts. This may result in significant opportunities for capital spending over the medium-term as the receipts are realised.
- 10.29 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.
- 10.30 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.
- 10.31 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.
- 10.32 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.



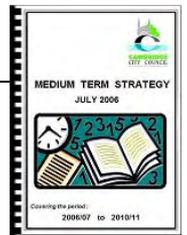
Summary

- 10.33 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.
- 10.34 The graph below illustrates the trend in terms of the sources of funding for the Council's capital spending :-

Figure 15 : Cambridge City Council Capital Funding Sources - 1993/94 to 2006/07



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



10.36 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 2006/07 or 2007/08. The programmes in question are:-

Funding only to 2006/07

- PR15 Repair and Refurbishment Programme - Hobsons Conduit
- PR16 Public Conveniences

Funding only to 2007/08

- PR9 Development of Joint-Use Facilities

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.

11.3 Following the meeting of the Environment scrutiny committee on 27 June 2006, the Executive Councillor decided to approve the proposal that three current capital programmes be amalgamated into the existing PR010 Environmental Improvements programme. The 3 programmes are :

- PR011 Environmental Improvements - Pavements
- PR012 Environmental Improvements - Traffic Calming
- PR013 Environmental Improvements - Crossings

11.4 This will result in a total programme of £375k p.a. in a full year.

11.5 To this sum will be added the funding from 4 current environmental improvements revenue budgets (which total £148,940). This will be achieved by using the current revenue funding as Direct Revenue Financing for capital purposes. In 2006/07 there are existing commitments of around £98,500, and these will be met from the total available in that year.

11.6 These changes have been reflected in the relevant appendices of this document.



11.7 PR010 will then be used to make funding available to each of the Area Committees, based on relative population, for them to agree capital expenditure in line with the agreed remit and criteria.

11.8 Further work to review environmental improvement activity will be required following the decision of the Executive Councillor for Housing, following the meeting of the Housing Management Board on 26 June 2006, that :

“In future years after 2006/07, programmes of environmental improvements which are for the benefit of the whole community, including home owners, should be paid from the General Fund rather than the Housing Revenue Account.”

11.9 The implications of this will be considered in light of the current proposals contained within the Housing Investment Strategy, and the new arrangements outlined above.

Review of Hold List

11.10 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.

11.11 Details of the current Hold List items are shown in Appendix U.

11.12 An update report on the proposal for a Corporate Geographic Information System (GIS) [items H26 refers] is being considered by the Customer Services and Resources scrutiny committee in the July cycle. This identifies options, including a ‘fall-back’ position. The item is being retained on the Hold List pending a decision following that meeting.

11.13 Work is being undertaken in respect of proposals for Phases 2 & 3 of Planning On-Line (items H24 & H25 refer) to identify the implications if the proposals for corporate DIP / EDRM is approved. The outcome will be reported as part of the budget process.

11.14 The proposals for changes to reception facilities at Mandela / Hobson House (item H20 refers) and the Guildhall reception (item H23 refers) will be superseded by the Customer Access Strategy, if that is approved.

11.15 Proposals for the redevelopment of the Old Library, shop and Crown Court (item H21) and improvements to the main TIC and shop (item H22) will be reflected in proposals from the Guildhall working party; which is scheduled to report to Customer Services and Resources scrutiny committee in the November cycle.



Unavoidable Pressures and Bids to the June Cycle of Scrutiny Committees

11.16 Items requiring at decision in the current cycle are detailed below, and have been included in the Capital Plan, to reflect the position if all of these requests are accepted.

Document Image Processing (DIP) and Electronic Document and Records Management (EDRM)

11.17 The proposed implementation of a corporate DIP and EDRM system was outlined in Section 8, where funding for the associated revenue costs was identified.

11.18 The capital cost associated with the implementation is £977,700. This implementation would benefit both the General Fund and the HRA. In order to reflect this the capital cost will be met by each Fund in proportion to the relative numbers of network PCs, i.e. 85% to the General Fund and 15% to the HRA.

11.19 The General Fund share of the capital cost is £830,450, and it is proposed that this is funded from a number of sources of one-off income which are currently available, namely application of :

- ♦ the balance on the Efficiency Fund (£172k)
- ♦ the excess funding provided for the Local Plan Inquiry which has been returned to reserves (£300k)
- ♦ the net underspend on GF revenue at outturn (£288k)
- ♦ part of the TIF contribution for 2006/07 (£71k)

11.20 The HRA share of £146,650 will need to be met from reserves, although this could be replenished from the resultant future revenue savings associated with the implementation.

Technology Investment Fund (TIF)

11.21 At the end of 2005/06 the TIF had a balance of £947,065.

11.22 The Customer Access Strategy (CAS) report to the Customer Services and Resources Scrutiny Committee, on 17 January 2006, had requested approval :

“To put on hold any decision to fund other bids from the Technology Investment Fund (TIF) until the future direction of the Customer Access Strategy is known.”



- 11.23 This was approved, and the balance has been held until the current cycle where a final decision on CAS is due to be made. The final CAS report recommends the use of the balance on TIF as part of the funding package for CAS. This will reduce the balance to zero, with no additional contribution due in the current year (contributions having been made from savings under the previous ICT contract).
- 11.24 This MTS recommends, however, that contributions of £84,320 per annum should be made to TIF from the savings under the new ICT contract; starting in 2006/07. This will provide some funding to support further development and enhancement of ICT facilities from the 2007/08 budget onward.
- 11.25 Bids for TIF funding will be scrutinised by the ICT Steering Group, which will make recommendations to the Corporate Management Team. These will be reflected in bids and project appraisal documents submitted to Members.

Customer Access Strategy

- 11.26 Section 8 outlined the proposals for the Customer Access Strategy, and set out the revenue implications.
- 11.27 The capital costs associated with the scheme are :

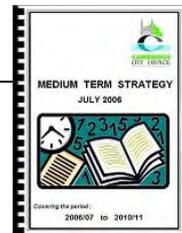
Table 17 : Customer Access Strategy – Capital Implications

Funding Source	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)
TIF	500,000	447,065	-	-
R&R Funds	-	131,335	-	-
Use of Reserves	-	791,930	313,065	78,505
Total Capital Cost	500,000	1,370,330	313,065	78,505

- 11.28 Funding will be provided using the balance which had been retained on the Technology Investment Fund (£947,065) and provision within relevant existing R&R Funds (e.g. for some premises and PC changes), with the balance being initially funded from use of reserves which will be repaid over time from the savings made under the scheme.

Lion Yard

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



- 11.30 The capital contribution towards the scheme which the Council will be required to make is currently estimated at £3.61m.
- 11.31 Scheme SC221 currently provides funding of £1m for future development at Lion yard, and it is now recommended that this be increased to the level of the proposal, with the additional funding coming from :

Table 18 : Funding for Lion Yard Development Works

Funding Source	(£'s)
Existing provision – Scheme SC221	1,000,000
Unapplied 2006/07 capital funding (reflecting the LABGI funding received in respect of 2005)	450,000
DRF contribution from Lion Yard rental income stream 2007/08 to 2009/10	650,000
Use of reserves	1,510,000
Total Capital Cost	3,610,000

- 11.32 The use of reserves will be temporary in nature, as it is recommended that it should be repaid from any LABGI receipt for 2006 (currently projected to be in the region of £0.5m), with the balance being taken from the capital receipts expected to be generated over the next couple of years from the disposal of non-HRA sites.
- 11.33 Once the scheme has been through the planning process the cost assumptions can be revisited in light of any changes required to the scheme, and the provision requirement can be revisited.

Waste and Recycling

- 11.34 Section 8 highlighted the need for an additional Green Bin round starting from 1 April 2007. This will required capital expenditure of £145,000 during the current year.
- 11.35 The capital cost can be offset by application of £115k of the WPEG for 2007/08, which had not been pre-allocated as part of the 2006/07 budget process. The balance of funding will be taken from the balance of available funding originally identified for 2007/08.



Repair and Renewal (R&R) Funds

11.36 The Council is committed to the provision of R&R Funds to ensure that funding is accumulated to meet the cost of repair or replacement for all major assets which have a finite life.

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

11.38 Over recent years work has been undertaken to develop medium and long-term programmes of work for which R&R Funding is being provided. This achieves two important aims, firstly to ensure that the level of provision is in line with the anticipated costs that will be faced over the long-term, and secondly to identify opportunities to plan for the most effective timing and form of procurement exercise.

11.39 This MTS is recommending the creation of two new programmes within the Capital Plan, to reflect areas where such R&R programmes have now been developed. These are :

- ♦ PR19 Car Parks R&R Programme
- ♦ PR20 ICT R&R Programme

11.40 Remits for these new programmes are included within Appendix P, and the initial expenditure projections have been included within the Capital Plan on the following basis :

Table 19 : New R&R Capital Programmes from 2006/07

Factor	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)
PR19 Car Parks R&R Programme	360,000	545,000	285,000	303,000	255,000
PR20 ICT Infrastructure R&R Prog.	325,000	305,000	170,000	60,000	100,000
Total	685,000	850,000	455,000	363,000	355,000

11.41 PR19 will incorporate a number of current schemes for works at car parks, which had previously been proposed on an individual basis. These are indicated within the detailed Capital Plan.

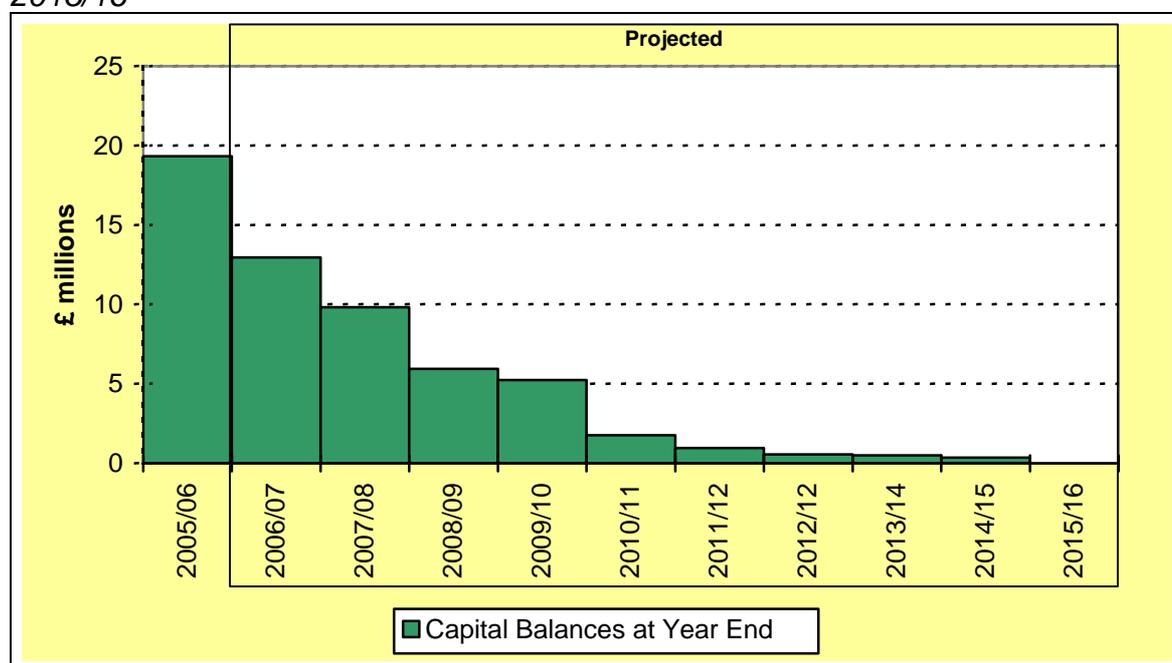
11.42 As these programmes are fully funded from R&R they will have no net impact on the capital funding available for other items in the Capital Plan.

11.43 Work will continue to develop detailed programmes for other areas, as appropriate.

Housing Capital Expenditure

11.44 The Council's debt free status reduced the pressures on capital expenditure related to housing services over the last 3 years, as 100% of Right-to-Buy receipts were usable in 2003/04, 75% in 2004/05 and 50% in 2005/06. In 2006/07 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 25%.

Figure 16 : Capital balances available for housing purposes - 2006/07 to 2015/16



11.45 The capital resources available have been included in the ten-year Housing Investment Plan to meet strategic housing priorities, which was approved in February 2006 by Council.

11.46 The Investment Plan has been revisited in light of a downturn in right to buy sales and therefore available resources. The revised plan uses housing capital balances over the period to deliver decent homes and environmental improvements in our housing stock, and to enable additional investment of £10 million in affordable housing in Cambridge.



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 Q.
- 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.
- 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 R. This includes re-phasing to reflect movement in scheme costs between 2005/06 and 2006/07, with appropriate adjustments made to the funding profile. The changes are detailed in Appendices S and T.
- 12.10 The items currently on the Hold List are shown in Appendix U.
- 12.11 The Housing Investment Programme (HIP) is subject to separate scrutiny and control by the Housing Portfolio / Community Services Scrutiny 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.

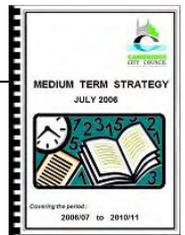
Commitment of Available Funds

- 12.12 A projection of the level of funding available over the period through to 2010/11 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 20 : Commitments Against Available Capital Funding - 2006/07 to 2010/11

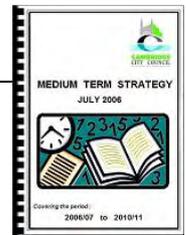
	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)
Programmes	22,997	14,916	15,040	12,022	13,024
Schemes	11,376	3,933	716	481	400
Total Spend	34,373	18,849	15,756	12,503	13,424
Available Funding	(34,373)	(19,307)	(16,631)	(13,320)	(14,295)
(Surplus) / Shortfall in Funding	0	(458)	(875)	(817)	(871)

- 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 2007 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 2007/08 no significant changes are proposed compared with 2006/07.
- 13.4 However, a revised approach to Central and Support Services (C&SS) will be introduced as part of this year's process. This seeks to build on the move over the last couple of years to align arrangements for Member scrutiny with that for direct services.
- 13.5 This seeks to build on the improvements made during the interim period, with :
- each C&SS will produce a simple, but robust, service specification and scoping statement during the summer - to include basis for recharging
 - a short process will follow to establish any significant changes projected in service level requirements
 - from this direct service budgets will get an 'assumed' recharge figure as the basis for their detailed budget work
 - each C&SS service will continue to have a separate 'equated' savings target
 - services requirements are determined and scrutinised using the Service Plan process, as for direct services
 - service plans and bids are subject to Member scrutiny through the January cycle of meetings
 - a new system will be introduced for dealing with reallocations resulting from the updating to final recharge figures at the end of the budget process.



- 13.6 This seeks to avoid a complex and time-consuming process, whilst creating transparency and understanding of the services provided and their value for money. It should also provide a more effective means of completing the final reallocation phase of the work, and provide a model for projecting the potential effects of significant variances.
- 13.7 The other process issue for 2007/08 will be how to deal with the impact of both the Growth Agenda and the Customer Access Strategy. Both of these projects have far-reaching and complex interactions with most of the services across the Council, and will run for considerable periods of time.
- 13.8 At this stage in the development of both projects, there is insufficient detail to be able to make effective changes at detailed code level. However, the effects of the projects will need to be built into base budgets as the projects proceed.
- 13.9 It is, therefore, proposed that both projects will be run as parallel streams of work to the main budget process for 2007/08. This will allow detailed work to be progressed on each.
- 13.10 In order to ensure the integrity of the work in each stream the existing budget process will be enhanced to allow for any items in the main budget process to be identified which may relate to either project. These can then be reviewed to ensure that proposals are not contrary to, or duplicate, something that is integral to either project. This can be effectively delivered in practice, through a minor enhancement to the Council's budget database; minimising additional effort whilst ensuring a robust review is achieved.
- 13.11 No further changes to the process are anticipated and the budget and decision making process, which is illustrated in Appendix A.
- 13.12 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 (2006/07)



- Consideration of 2007/08 budgets only takes place during one cycle of Scrutiny Committee meetings, in January 2007. Service Plan / budget reports will be sent out for all scrutiny committees in late December 2006, so that Members have an overview of all proposals at one point in time, as last year.

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

The Calculation of General Fund Cash Limits

13.14 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.

13.15 For 2007/08 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.

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

13.17 The calculation of the affordability of the projected base position for 2007/08 was outlined earlier, and results in the determination of the level of savings required as shown below :-



Table 21 : Calculation of 2007/08 Savings Requirement

		(£ 000's)	(£ 000's)
SPEND	Inflated Committee Base	23,525	
	Capital adj. (AMRA & MRP)	(6,953)	
	Other appropriations	1,661	
		18,233	18,233
<i>add</i> NEW REQUIREMENTS	Unavoidable costs	632	
	Priority Policy Fund	500	
	Other items	0	1,132
		19,365	19,365
<i>less</i> AFFORDABILITY	Use of Reserves	589	
	Council Tax	5,584	
	Total External Support	12,122	18,295
		1,070	1,070
Need to reduce overall base by :-			1,070

13.18 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.

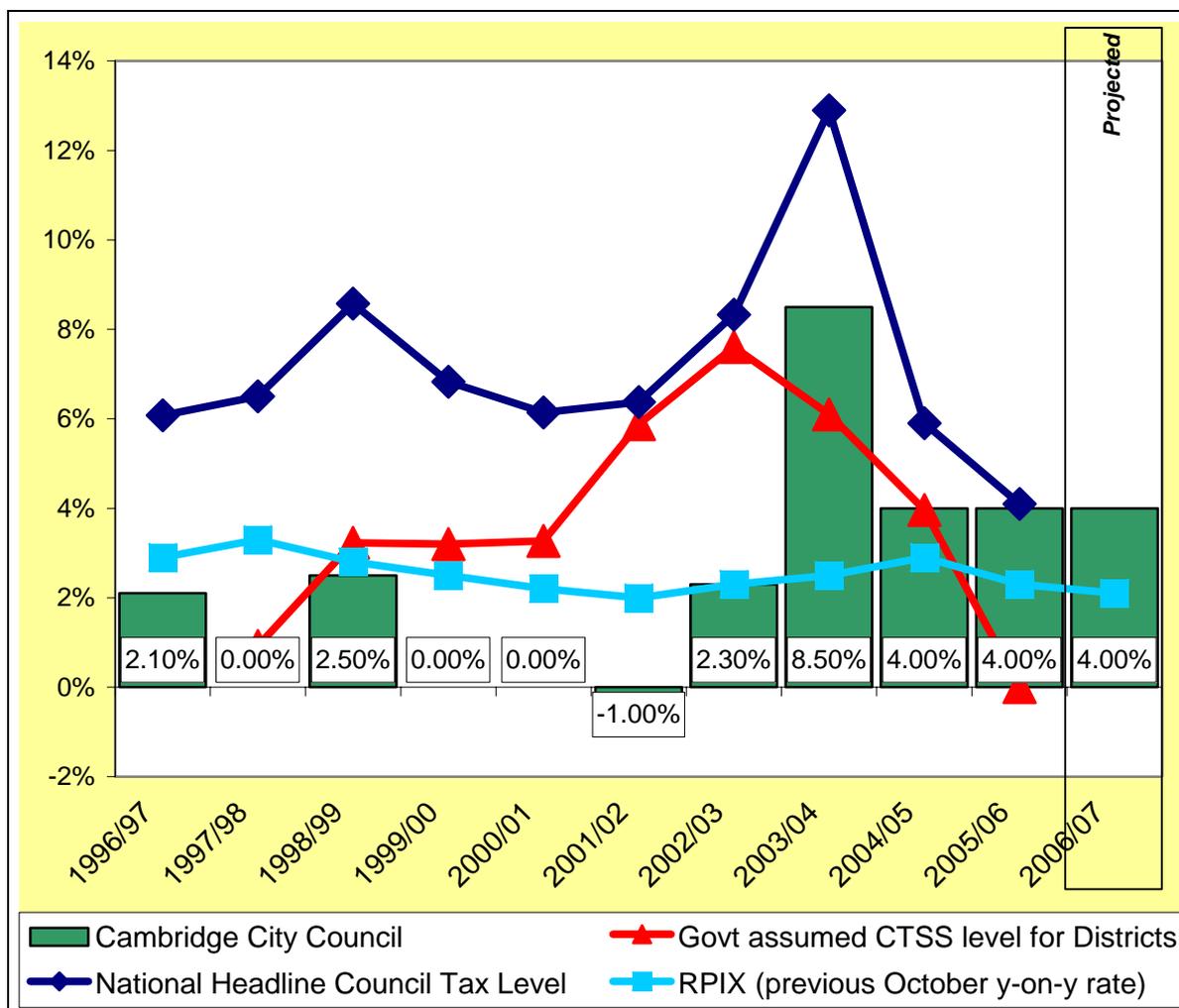
13.19 It can be argued that areas of service which are subject to contracts / agreements face significant constraints on their ability to effectively alter terms during the period of the contract / agreement. In such instances the committee has to find additional savings from other areas within its control 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.



- 13.20 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.
- 13.21 This year, the approach again being adopted is to exclude any major external contracts which are 'within term' during 2007/08. In practice this means that only the Pools Service Management, Housing Repairs and ICT Facilities Management contracts will be excluded.
- 13.22 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.
- 13.23 The effect of this is an implied reduction of 2.93% in the calculation of committee cash limits (compared with 2.91% last year), based on an adjusted gross expenditure base of £36.551m.
- 13.24 The more detailed calculation of cash limits for individual committees is contained in Appendix V.
- 13.25 Given the information currently available, it would seem prudent at this stage to plan based on an overall net spend (after use of reserves) of £18,683,320.
- 13.26 This approach is proposed in order to allow an opportunity to set a level of Council Tax for City Council services which will increase by the projected rate of 4.5% at the meeting in February.
- 13.27 Recent Council Tax trends are shown below :



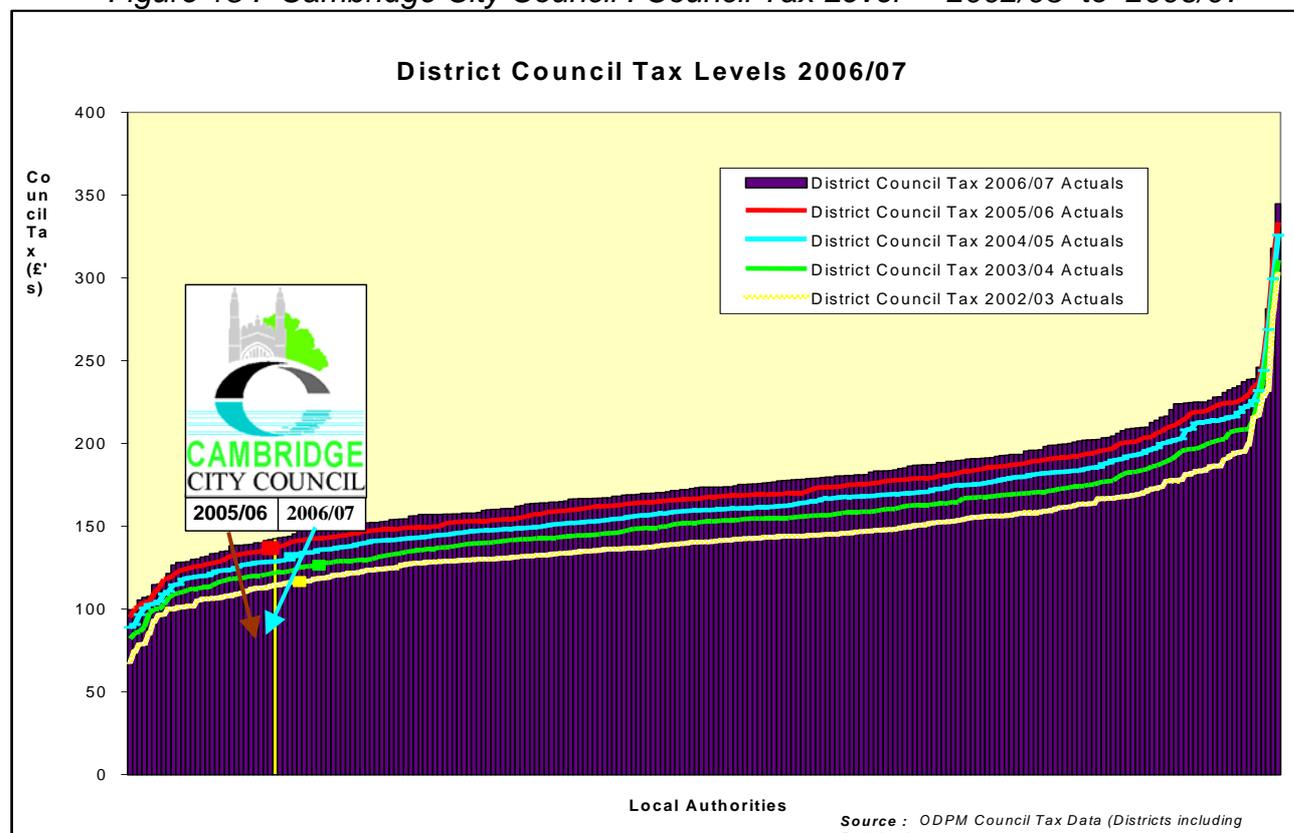
Figure 17 : Council Tax Increases - Actual and Government Assumptions



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

13.29 The City Council had the 31st lowest level (out of 238) of Council Tax for a district council, based on ODPM statistics, as illustrated in the table below, at £142.40. The full charge for City residents at Band 'D' (i.e. including the elements for the County, Fire and Police) is the 14th lowest (again of 238), at £1,223.21 for 2006/07.

Figure 18 : Cambridge City Council : Council Tax Level - 2002/03 to 2006/07



- 13.30 Given the spending pressures outlined in this document, and the policy context statements, a Council Tax increase equal to 4.5% has been used for the MTS, as a working assumption.
- 13.31 A frequent comparison made is against the rate of inflation. However, although inflation is currently 3.0% (measured by RPI, and 2.2% by CPI), the General Fund in 2007/08 will have to bear additional net inflation-related costs of £807,130 (which equates to a 5.03% increase on the net cost base), the actual inflationary pressure that the Council has to bear to maintain services at existing levels.
- 13.32 This is aimed at continuing to deliver a relatively stable final level of Council Tax for payers in the City, without unduly impacting on services, in line with the existing financial strategy.
- 13.33 This strategy is designed to continue to deliver a broadly stable level for the City's element of Council Tax without unduly impacting on services, in line with previous aims.
- 13.34 The reserves table (shown at Appendix N) demonstrates that the Council's previous plans to provide for an on-going level of reserves over the medium to long-term of around £5m is still sustainable.



REVENUE - HOUSING REVENUE ACCOUNT

- 13.35 The minimum level for HRA balances has been set at £1m, with a target level of balances at £3m. This aims to give enough flexibility, that structured decisions can be made in light of any uncertainties, particularly surrounding subsidy announcements, rental income and the decision taken a few years ago to self-insure the housing stock up to a stop-loss of £250,000 per annum.
- 13.36 The HRA Financial Model assumes that spending on day-to-day repairs will reduce in line with the reduction in the stock, and also builds in assumptions of on-going reductions in management expenditure across the ten-year forecast, necessary to deliver a balanced Housing Revenue Account. The savings expectation is currently 2% per annum, but is revisited regularly in light of any change in external factors.

Use of balances

- 13.37 The available balances at the end of 2005/06 are approximately £7.3m. The Housing Revenue Account forecast contains the assumption that HRA balances will be reduced by an estimated £500,000 per annum until the target level of £3m is arrived at. This will be achieved by making additional direct revenue financing (DRF) of capital contributions, to contribute towards the investment need identified in the Housing Investment Plan.
- 13.38 This will enable the Council to operate, within the current arrangements until 2015/16.

CAPITAL

The Budget Process

- 13.39 The process for capital items is based around two main categories, the Capital Plan and the Hold List. The Capital Plan lists all of the items of expenditure which have received the necessary approvals from the relevant Executive Councillors and Council, and have been allocated funding. The Hold List comprises items where the content of the proposed scheme has been agreed, but funding has not yet been allocated, this forms the basis for consideration on how to use any unallocated capital funding.
- 13.40 There are two main categories for capital items :-



- a. Programmes – effectively rolling programmes over a prescribed period. These are set up based on a specific purpose (as defined in a remit statement) and a finite timescale. In the year before they reach the end of the agreed period they should be reviewed so that future needs can be assessed. Once approved by the Executive Councillor for Strategy / Council for inclusion in the Capital Plan a programme can be drawn upon by smaller projects, which enable the remit to be met
- b. Schemes - specific individual projects which are finite in nature, and which have been approved by the Executive Councillor for Strategy for inclusion in the Capital Plan.

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

13.42 It is recognised that completing the full preparatory work for substantial new bids has a significant cost in terms of both officer time and money. The process for bidding for new items has, therefore, been drawn up as a two-stage process.

Table 22 : 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>



- 13.43 It is accepted that some smaller schemes may have a limited resource requirement in developing a detailed bid, and that some schemes may need to meet a short timescale (e.g. responding to bids for joint funding). In such cases these circumstances would be accepted in going straight to the second stage.
- 13.44 In terms of timing there are three key phases to consideration of capital items during the year.

Table 23: Consideration of Capital Items

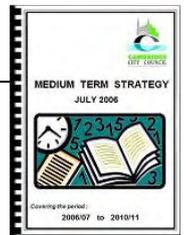
Strategy Scrutiny date	Issues to be considered
July	<p>Overview of the existing capital position, including the implications of the outturn for the prior year.</p> <p>Review of current Hold List.</p> <p>Preview of anticipated spending pressures and likely external funding for the next financial year.</p> <p>Consideration of any bids referred from committees.</p> <p>Housing Investment Programme submission made to the DCLG.</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 the Leader.</p>
February	<p>Final Government Capital Notification allows confirmation of the final funding decision for the Capital Plan. This will include proposals to ensure full funding of the commitments for the next financial year.</p> <p>Council confirms new Capital Plan.</p>

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



Summary

- 13.46 The Medium Term Strategy review recommends budget strategies for the General Fund and Housing Revenue Account which seek to continue the prudent financial management of the Funds which the Council operates on the public's behalf.
- 13.47 In fulfilling this aim one of the key factors is ensuring medium and long-term sustainability of services and policies adopted by the Council, and the analysis in this paper serves to demonstrate that this is achievable.
- 13.48 2007/08 and future years will be particularly difficult for the General Fund, given the high level of cost pressures and the level of savings target required. However, the degree of uncertainty regarding the level of Formula Grant entitlement has been significantly reduced – though only for 2007/08, at this stage.
- 13.49 It can be expected that services and Executive Members will face difficult decisions in seeking to meet their cash limit targets whilst responding to need.
- 13.50 The MTS shows that the major pressures faced for 2007/08 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

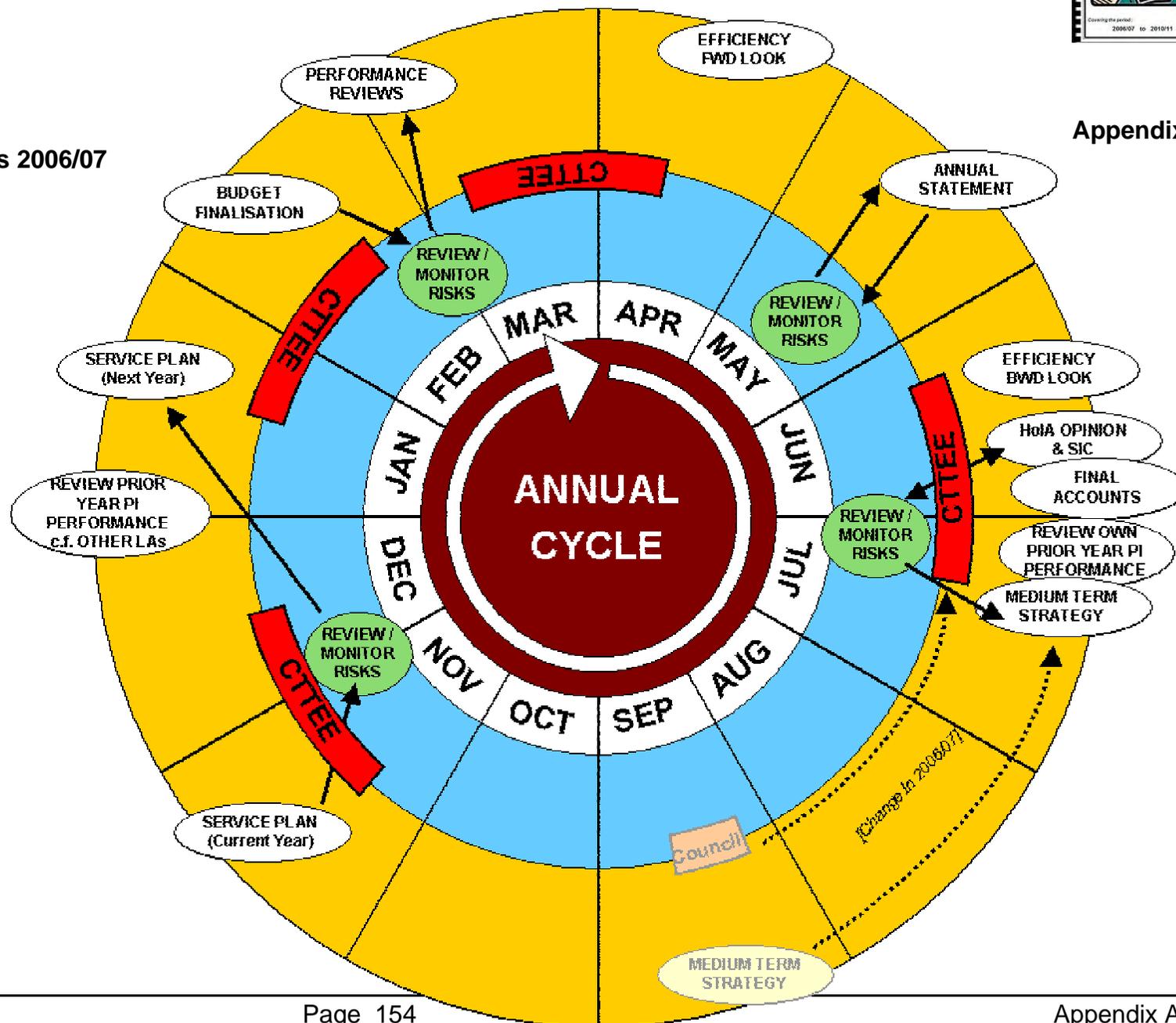


Appendix A

Corporate Decision-Making Process 2006/07

The revisions to the process for 2006/07 reflect the completion of integration of the Council's risk and assurance framework.

The process identifies clear points in the year when officers and Members will review and monitor the risk register, using this as part of the context to inform key corporate decisions.



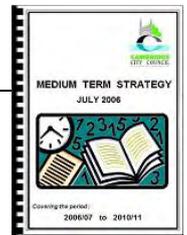


Appendix B

Outline Budget Preparation Timetable

Timetable for the key stages in the 2007/08 Corporate Planning and Decision-Making Cycle and Budget Preparation process

Proposed Date	Major Stage
25 April	CMT agrees revised corporate planning and decision-making cycle and outline MTS timetable. MTS 'deliverables' list agreed and circulated.
25 May	Council AGM - adopts Annual Statement which indicates outline plan & priorities for 2007/08
26 May	Return of MTS 'deliverables' from Departments.
22 June	CMT / Executive Councillors Meeting
26 June to 10 July	Scrutiny Committee meetings - agreeing final outturn position on revenue and capital for 2005/06. - Identifying any revisions or new bids which need to be included in the MTS
↓	<i>Updating for new events / information</i>
10 July	Strategy Scrutiny Committee meeting
<i>Various</i>	MTS Presentations / Briefings for Members
20 July	Council agrees MTS
Nov. Cycle	See separate table below : Performance against Service Plans for current year 2006/07
mid Dec.	Executive issues Draft Service Plans and budgets for all Scrutiny Committee areas



Proposed Date	Major Stage
<i>Jan. Cycle</i>	See separate table below: Draft Budgets & Service Plans for 2007/08
25 Jan	Executive Budget Meeting which considers final Service Plans, budgets, precept and tax requirements
9 Feb	Special Strategy Scrutiny Committee considers any Budget amendment motions
22 Feb	Council sets Council Tax precepts and levels
26 Feb	Final approved budgets to be sent to Cost Centre Managers by Finance
23 Mar	2007/08 Budget Book published by Finance
Jan - Mar	Medium Term Objectives cascade through staff performance reviews

November Scrutiny Committee Cycle

[to consider current year performance 2006/07]

	Housing Management Board	Environment	Customer Services & Resources	Community Services	Strategy
Draft Agenda despatched	9 Oct.	10 Oct.	17 Oct.	19 Oct.	23 Oct.
Revised 2006/07 Service Plans & Pls on Intranet	20 Oct.				
Final Agenda publication	23 Oct.	24 Oct.	31 Oct.	2 Nov.	6 Nov.
Committee Dates	6 Nov.	7 Nov.	14 Nov.	16 Nov.	20 Nov.



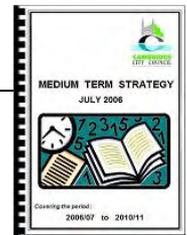
January Scrutiny Committee Cycle

[to consider Draft Budget & Service Plans 2007/08]

	Housing Management Board	Environment	Customer Services & Resources	Community Services	Strategy	Exec. Budget Meeting
2007/08 Draft Service Plans & budgets	20 Nov.					
Draft Agenda despatched	4 Dec.	5 Dec.	12 Dec.	14 Dec.	18 Dec.	<i>tba</i>
2007/08 Full Service Plans & Budgets	13 Dec.					
Final Agenda publication - Service Plans & budgets	18 Dec.					
Final Agenda publication - other reports	18 Dec.	18 Dec.	4 Jan.	4 Jan.	8 Jan.	<i>tba</i>
Committee Dates	8 Jan.	9 Jan.	16 Jan.	18 Jan.	22 Jan.	25 Jan.

Note :

- There will be a Special Strategy meeting to consider Budget Amendment submissions on 9 February 2007, prior to Council on 22 February 2007. Papers for this meeting will be despatched on 5 February 2007.
- Agenda despatch dates are as set by Committee Section and reports are due to be submitted by 9am on these dates; final report despatch dates are the day before the above “publication” date.



Appendix C

Annual Statement 2006/07

The Council has had some agreed Medium Term Objectives for some years, designed to help us achieve that vision. During 2006-2007 we will undertake the programme outlined below to deliver against each of those objectives and to 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

- seek to improve the way our citizens access City Council services, with the goal to ensure that as far as possible residents' experience of dealing with the Council is a positive one.
- invest in systems and new technologies such as Planning Online to ensure that the quality of service delivered to our citizens is improved and that we can meet the increased demand from population growth economically.
- continue to enhance the website's functions and ease of navigation, with the introduction of further e-initiatives such as e-payments and e-billing.
- take steps to promote increased recruitment of City Council staff from recognised minority groups.

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 want to create significant opportunities for citizens to exercise power more directly, and to build greater engagement with the democratic processes. Therefore we will

- seek to improve the role of Area Committees



- o using them to give residents a say on priorities for S106 funded open space and community development and leisure activities in their area;
- o working with County Council to develop the role of County Councillors at Area Committees and to seek the devolution of appropriate County Council functions.
 - work closely with Residents' Associations to improve their confidence in, and access, to the planning process.
 - take steps to improve rates of voter registration & encourage turnout at elections. We will continue to support Local Democracy Week.
 - celebrate 800 years of mayoralty in Cambridge in 2007.
 - publish council enforcement reports on the web relating to food hygiene.

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

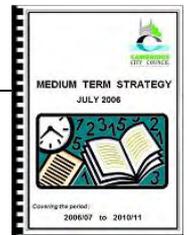
We will

- review our partnerships to ensure that they are appropriate and fit for purpose.
- ensure that the Council's procurement procedures encourage local businesses to tender for council contracts and do not exclude them from the process.

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

The Council has influence as a key stakeholder in the sub-regional growth arena and we will



- use our influence to achieve enhanced developments, which maximise financial and social benefits such as affordable housing, sustainable development and other environmental priorities.
- ensure that the views of residents and other stakeholders are taken into account in the growth agenda debate, and that the Council represents the views of the citizens of Cambridge in the key decisions taken by partners in relation to the growth of the sub-region.

We will also influence growth in the sub region by putting our own policies into effect, in particular the new Cambridge Local Plan, with the aim of enhancing the high environmental quality of Cambridge, delivering more affordable housing and ensuring that future developments work for the benefit of all citizens.

We wish to see new 'fringe' developments based around 'nuclei' of services such as shops and schools. We will

- press for new, large-scale residential developments to be built to a high standard of design, incorporating renewable energy and including green open spaces and other facilities that enable people to access sports, play and community facilities.
- press for arts and entertainments facilities to be provided in some new residential areas, so that people have a choice of whether or not to travel to the centre of Cambridge.

In addition we will

- ensure the redevelopment of the Station Area is appropriate in scale and mix for Cambridge, taking into account the potential detrimental impacts of over-development and its strategic importance as a multi-modal transport interchange.
- draw up an Area Action Plan for the Madingley Road/Huntingdon Road area. This will feed into the master planning process for the complete site including both the University and the NIAB sites.
- continue to work with other partners to seek the development of affordable housing projects on existing Council land (e.g. Barnwell Court).
- continue to deliver the City Council's Economic Development Strategy and work with the Greater Cambridge Partnership on interventions to provide support for the local economy support and encourage job growth to match rising population needs.



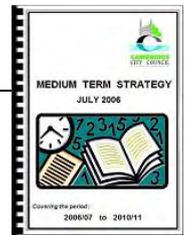
Whilst protecting and enhancing the prosperity and dynamism of the local economy, we will also seek to balance this by addressing the impact of global warming. Our aim is to be an exemplar of good practice and then, in the longer term, build on this good practice with other partners to encourage individuals, community organisations and businesses to work with us to create a carbon neutral sub-region. In the short term we will

- formally sign up the Council to a carbon reduction pledge and monitor our progress towards achieving it.
 - Take steps to reduce the Council's own carbon footprint by improving energy efficiency in our own buildings, reducing consumption of paper and buying green where possible.
 - Refurbish the crematorium to reduce a range of emissions, and facilitate green burials at selected sites in Cambridge.
 - lobby the Government for changes in regulations to enable us to take this work further in particular
- to give us the ability to apply a discount in the proposed new 'Planning Gain Supplement' where higher energy standards are achieved by developers;
 - to modify the building regulations to allow us to deliver housing that has even better insulation and higher SAP ratings;
 - to develop and adopt mandatory supplementary planning policies as part of the Local Development Framework, which require higher energy standards in new buildings.

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

- promote neighbourhood retail centre regeneration – enhancing local and district centres within the City and using the letting of council-owned shops as a means of encouraging small, locally based shops.
- work with partners to find alternative locations for closed sub-Post Offices.
- refurbish the Chesterton Road and Cherry Hinton Hall toilets.



- work with the County Council to refurbish the Coldham's Lane public footpath and the Gough Way/Cranmer Road cycle way/footpath.
- build or refurbish new bus stops.
- run trial sites for the implementation of the byelaw for the prohibition of grass verge parking and work to introduce traffic calming in Kendal Way.
- encourage 'neighbourhood blitzes' (deep cleaning of streets and litter picks in selected areas) working with residents' groups through Area Committees.
- implement the provisions of the Clean Neighbourhood and Environment Act 2005.
- continue to develop our Local Nature Reserves, making them accessible and educational.
- continue to develop the City Centre Strategy to ensure a vibrant, successful environment linked with the opening of the Grand Arcade, and continue the promotion of a safe early evening economy – providing a balanced retail, social and cultural experience for residents and visitors.
- explore ways of enhancing the Guildhall and the surrounding environment for both residents and visitors, and explore ways of utilising the Guildhall more efficiently (respecting the architectural heritage of the building) to provide improved services to residents and visitors to Cambridge (e.g. use of the vacant Crown Court space).

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

We will

- do even more to alleviate fear of crime and make Cambridge a more congenial place to live.
- renew our request for government approval for city-wide byelaw powers to assist the police in dealing with antisocial behaviour connected to drinking in open spaces.

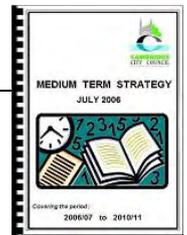


- work with police to consider establishing a 'cumulative impact zone' so that applications for new licensed premises in the City Centre can be considered in the context of what is already there.
- work with pubs, clubs and off-licences to secure a contribution towards the costs of safety measures and cleansing operations necessitated by night-time revelry. A voluntary scheme would be preferred, but we will use proposed new alcohol disorder zone powers, if that proves necessary.
- investigate whether a scheme of distinctive marking of cans and bottles sold by off-licences can help combat the sale of alcohol to under-age youngsters or to people under banning orders.
- purchase pee-pods for deployment on a regular basis and undertake further refurbishment of toilets.
- introduce a Streetscene response team, which will allow a rapid response to issues raised by local residents.
- work towards full accreditation of the Council's CCTV operators.
- review the potential of the market square as an open space, the operation of the open-air markets and our street trading policy.

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

We will

- continue to lobby for a sub-regional Passenger Transport Executive
- work closely with the County Council to bring forward and implement the long term transport strategy that ensures that the city is both accessible and environmentally sustainable. This will include:
 - ensuring decisions about land use planning take full account of sustainable transport provision, especially in relation to the cumulative impact of development;
 - supporting the implementation of traffic management schemes (such as the new one-way system in Emmanuel Street) and also new bus priority routes;
 - undertaking a triennial assessment and review of air quality that will lead to a new air quality action plan;



- reviewing car parking provision and supporting further residents' parking schemes where this is appropriate;
- seeking to maximize the benefits to city residents of Guided Bus whilst ensuring any adverse environmental impacts are minimized;
- ensuring that the redevelopment of the Station Area incorporates the best possible bus and coach interchange and layover facilities to relieve transport pressures on the historic core and maximize use of bus and rail services;
- work to shape improvements to bus services including implementing the new Bus Quality Partnership, encouraging initiatives such as on-street ticketing, Global Positioning Satellite (GPS) technology and people monitoring to help buses run on time, with real time information at selected bus stops;
- bringing forward environmental improvements that support increased walking and also use of buses and cycles;
- pressing the County Council to introduce congestion charging as part of a package of longer term measures, if studies support it;
- promoting sustainable transport for everyone with new initiatives such as car clubs or car free development, where this is appropriate, and taking proper account of people with particular needs such as the disabled or parents with young children.
 - negotiate a revision of the new concessionary fares scheme for 2007-8, to include, if possible, free fares for journeys that go across district boundaries within the county.
 - work with unions and staff to establish a new, effective 'Green Travel Plan' for Council employees.
 - carry out overdue essential maintenance and minor refurbishments at Council car parks and deliver a new car park as part of Grand Arcade development.
 - work with partners to reduce congestion using Local Authority Parking Enforcement (LAPE) and bus lane cameras.

Encourage sustainable waste management through recycling and waste minimisation

We will continue to look at the measures we can take in both the long and short term to increase recycling and waste minimisation, in particular we will:

- extend recycling to flats and other hard-to-reach properties.



- provide refuse storage bins for householders in properties where wheelie bins are inappropriate.
- continue producing 'Cambridge Matters' for at least another year, and employ an outreach worker to tackle some of the remaining issues to do with waste collection.
- publicise collection points for dry-cell batteries.
- encourage differentiated waste collections at large events.
- join others nationally in a campaign to encourage the refurbishment of properties through the removal of VAT on housing renovations.
- lobby government to introduce regulations to minimise construction waste, which currently accounts for 38% of waste generated in the County.

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

- invest in the delivery of new affordable housing in Cambridge.
- complete more than 580 new affordable homes for Cambridge residents over the two year period April 2006 - March 2008; 195 of these will be for key workers, others will include homes for rent, supported housing and homes specially designed for people with disabilities.
- work with partners towards the implementation of a sub-regional Choice Based Lettings scheme (due to go live November 2007).
- continue the search for a suitable low occupancy site for the short-term relocation of unauthorised traveller encampments.



- work with partners to promote schemes such as Home Aid and the Safer Homes initiative, which allow the elderly to continue to live in their own homes.
- continue a programme to bring the required amount of publicly owned sheltered housing up to a much better modern standard. Specifically, in 2006/7 we will commence refurbishment of Mansel Court.
- Implement the new Housing Act 2004, including licensing Houses in Multiple Occupation.
- Take steps to improve the energy efficiency of homes across the City in both our own council stock, and in the private sector.
- Investigating how we might encourage further schemes for micro-generation, and the feasibility of a zero-emission, carbon neutral and energy sufficient, demonstration schemes in Cambridge.

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

We will

- continue the programme of major refurbishment of the Council's sheltered housing stock, providing older residents with high quality, up to date facilities.
- Invest £7.7 million next year to bring Council Housing up to a decent standard as part of a £60 million programme of investment over 10 years.
- promote and extend tenant involvement to widen the number and range of participating tenants.
- survey all our tenants to get a better profile of their characteristics and needs.
- promote good tenancy management, starting from the beginning of this year with introductory tenancies for all new tenants.
- setting aside funding for environmental improvements to council estates, linked to achieving the Cambridge Standard over time.
- no longer place families with children in temporary accommodation from April of this year.



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

We will

- continue to deliver the single homeless and rough sleepers strategy with partners.
- introduce a new reconnections policy, to support homeless people in returning to areas where they already have accommodation, family or support networks.
- work with partners to deliver a new assessment centre for Cambridge where the needs of street homeless people can be more rapidly and compassionately assessed, to enable them to move on quickly to appropriate long-term accommodation, with appropriate support.

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

- work with Age Concern and other partners to identify a suitable central meeting place for older people and a network of neighbourhood services.
- work with partners to seek a location for a City Centre facility for young people and to promote access to city centre leisure and recreational facilities.

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

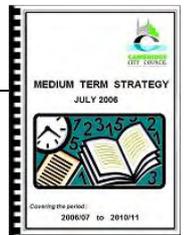


- work to ensure that all parts of the City have adequate leisure resources, including open spaces, parks and recreation areas including.
- work to ensure that Section 106 monies are invested in facilities for local communities
- work with partners to increase take-up of sport, music, the performing arts, and charitable activities in all age groups.
- undertake a major refurbishment of the Corn Exchange.
- launch the new Cambridge Card for people living, visiting and working in the City.
- work with partners, such as the Junction to increase the provision of activities for young people, particularly for those at secondary schools.
- investigate establishing links between school music groups and the Folk Festival.
- provide Multi-Use Games Areas (MUGAs) where suitable sites can be found.
- look for suitable sites for challenging activities for 15-19 year olds – e.g. off-road motorcycle track.
- launch an event planned and run by young people each summer.
- provide the DEC youth project with a new vehicle.

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

We will

- continue to work with South Cambs District Council and the PCT to improve the health of local residents.
- continue to work on the Smoke Free Cambridge initiative with the aim of applying for a National Clean Air award in 2006.
- provide physical activities for children on recreation grounds.



Resources

We will

- work to ensure that Section 106 monies are used in as timely and effective a manner as possible.
- continue to work with partners to identify future forms of sustainable community facilities e.g. for the Southern Fringe.
- continue to negotiate with Cambridgeshire Horizons for a fair share of resources to ensure delivery of infrastructure, and join in lobbying the Government for increased funding to implement Cambridge's challenging growth agenda.
- if the Government decides to restructure local authorities, support the case for a unitary authority for Cambridge based on a footprint that recognises the City's role at the economic centre of a fast growing sub-region without allowing its needs to be compromised by the concerns of the rural hinterland.
- continue to campaign to abolish the Council Tax and replace it with a local income tax, based on each person's ability to pay.



Appendix D

Medium Term Objectives 2006

OUR VISION

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

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



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



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



Appendix E

Progress Against the Medium Term Objectives (MTOs)

(1) Better Services

Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
Delivering high quality services in a fair and equal way to all sections of the community.									
LPI (new for 2005-06)	% of collections made on the day of collection.	1st No target set	99.62%	99%	1st 99.9%	99.48%	99%		If strike day excluded figure would have been 99.89%.
		2nd No target set			2nd 99.8%				
		3rd No target set			3rd 99.9%				
		4th No target set			4th 99.48%				
BV2a	The Level of the Equality Standard to which the authority conforms.		2	3		3	3		
BV2b	The duty to promote race equality.		79%	80%		84%			
BV156	% Authority buildings which are suitable for and accessible to disabled people.		25.00%	27.20%		34.70%	34.70%		Amended indicator for 2005/06. 1. Browns Fields Community Centre completed within past year. 2. The number of buildings included within this indicator has decreased due to the removal of 9 allotment buildings from the calculation. Approved Document M (2004) Published 3 May 2006 used for this calculation.
LPI	(i) % of total days public conveniences are available for use.		99.5%	98.0%		99.2%	98.0%		
	(ii) Number of toilet blocks of a 3/5 star rating or higher.		19	19		8	11		Data provided for 4/5 star rating toilet blocks only. The 4/5 star target for 2005/06 was 11. No data available for 3/5 star. 2006/07 target has been adjusted to 4/5 star rating.
BV3	% Citizens satisfied with the overall service provided by the authority.		58%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
BV74	% Tenants satisfied with the Council as a Landlord.		71%	No target set		Not collected	No target set	N/A	Tenants surveys are undertaken every three years. The next survey is due in
	(i) % BME Tenants satisfied with the Council as a Landlord.		71%	No target set		Not collected	No target set	N/A	



Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
	(ii) % non-BME Tenants satisfied with the Council as a Landlord.		71%	No target set		Not collected	No target set	N/A	2006/07
BV80	Percentage of users who either agree or strongly agree that they are satisfied with our benefits office:								
	Facilities for getting in touch.		77%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
	Service in the office.		81%	No target set		Not collected	No target set	N/A	
	The telephone service.		70%			Not collected			
	Benefits staff.		81%			Not collected			
	Forms to be completed.		57%			Not collected			
Speed of service.		74%	Not collected						
BV90	(i) % People expressing satisfaction with recycling facilities.		64%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
	(ii) % People expressing satisfaction with waste collection facilities.		88%	No target set		Not collected	No target set	N/A	
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
Make decisions in an open and accessible way, so that local residents can understand the way the Council works and are able to have a say in the decisions that affect their lives.									
LPI	Number of members of the public attending meetings (including area committees).	2nd 540	1,015	No target set	2nd 543	746	No target set	N/A	
		4th 475			4th 203				
LPI	Number of speakers (members of the public) and petitions at meetings.	2nd 146	232	No target set	2nd 176	232 and 4 petitions	No target set	N/A	
		4th 86			4th 56 speaking, 4 petitions				
LPI	(i) % People who agree or strongly agree that the Council tells residents what it is doing.		57%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
	(ii) % People who agree or strongly agree that the Council takes residents views into account when making decisions.		52%	No target set		Not collected	No target set	N/A	

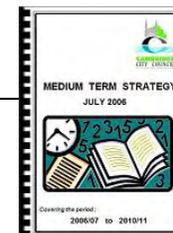


(2) Strong Economy

Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
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	% of invoices paid within 30 days of receipt.	1st 97.9% 2nd 97.9% 3rd 98.4% 4th 97.7%	97.97%	98%	1st 97.8% 2nd 98.06% 3rd 98.13% 4th 98.1%	98.10%	98.50%		Our aim is to achieve and sustain top quartile performance. Work is continuing to increase the number of suppliers providing consolidated and/or electronic invoices which it is hoped will contribute to the improvement in processing times.
QoL22	Number of days per year when pollution is moderate or higher.		(a) 15 (b) 3 (c) 4	No target set		(a) 21 (b) 3 (c) 3	No target set	N/A	a) Parker St, b) Gonville Place, c) Silver St. The site at Silver Street was decommissioned in January this year. The equipment has not yet been re-located.
QoL29	Annual average traffic flow on Cambridge roads.		168,088	No target set		170,709	No target set	N/A	
LPI	% Increase or decrease in VAT registered businesses annually.		- 0.84% (2003 data)	No target set		- 2.99% (2004 data)	2% increase	N/A	Natural fluctuations in business/economic conditions.
LPI	% Increase or decrease in the number of local jobs.		- 1.00% (2003)	No target set		- 4.12% (2004 data)	No target set	N/A	
LPI	(a) % Local shops re-let within 6 months.		100%	50%		87%	50%		Time taken to relet void properties can vary considerably according to condition, location, tenant turnover, rent level and local demand. If small numbers are involved performance expressed as a % can fluctuate dramatically from year to year
	(b) % Local offices re-let within 3 months.		57%	65%		71%	70%		As above
	(c) % Local industrial premises re-let within 3 months.		66%	65%		77%	70%		As above
BV111	% Applicants and those commenting on planning applications satisfied with the service received.		71%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
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		1st 95%	95.00%	98.00%	1st 95.6%	97.00%	98.00%		



Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
	% highways that are of an acceptable or higher standard of cleanliness.	2nd 97%			2nd 95.3%				
		3rd 97%			3rd 99%				
		4th 95%			4th 97%				
LPI (AV1)	Average time taken to remove abandoned vehicles (days).	1st 9	8	10	1st 9	9 days	8 days		
		2nd 9			2nd 9				
		3rd 8			3rd 9				
		4th 8			4th 9				
LPI	a) % graffiti cleanups within 5 days.	1st 94.7%	96.86%	95%	1st 98.24%	97.99%	95%		
		2nd 95.3%			2nd 97.6%				
		3rd 96%			3rd 98.9%				
		4th 96.86%			4th 97.99%				
LPI	b) % abusive graffiti within 1 day.	1st 99.3%	99.25%	98%	1st 99.76%	100%	98%		
		2nd 99.3%			2nd 98.8%				
		3rd 99.3%			3rd 100%				
		4th 99.25%			4th 100%				
LPI	% of Parks and Open Spaces to an acceptable or higher standard of maintenance.	1st 73.1%	76.50%	72%	1st 78.9%	77.30%	72%		
		2nd 74.0%			2nd 75.8%				
		3rd 74.2%			3rd 75.1%				
		4th 76.5%			4th 77.3%				
LPI	% People expressing satisfaction with a) public toilets and b) parks and open spaces.		a) 43% b) 61%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
BV89	% People satisfied with cleanliness standards.		64%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
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.		17.31	15.59		14.17	14.02		We have set targets in line with the Community Safety Partnership targets as performance on this PI is the shared responsibility of all the agencies who are members of the Partnership. At this stage we only require a further 2% reduction in British Crime Survey comparator crimes in order to achieve the partnership's final 07/08 target. We have had significant success in reducing crime in the first year of the strategy and will need a 1% reduction in each of the PIs 126,127a,127b,128 to sustain this success.



Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
BV127	Violent crimes per 1,000 population.		27.13	24.86		18.78	18.6		As above
BV128	Vehicle crimes per 1,000 population.		11.34	10.35		10.05	9.95		As above
LPI	(a) % People who feel 'fairly safe' or 'very safe' after dark while outside in the authority area.		49%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
	(b) % People who feel 'fairly safe' or 'very safe' during the day while outside in the authority area.		96%	No target set		Not collected	No target set	N/A	Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 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 11.5%	13.5%	16.00%	1st 13.4%	15.70%	20.00%		Amended indicator for 2005/06
		2nd 12.2%			2nd 13.9%				
		3rd 14.6%			3rd 17.6%				
		4th 15.8%			4th 18.4%				
BV82b	% of total tonnage of household waste arisings which have been sent for composting.	1st 18.8%	16.0%	20.00%	1st 21.3%	19.50%	25.00%		Amended indicator for 2005/06
		2nd 16.9%			2nd 18.8%				
		3rd 15.4%			3rd 21.3%				
		4th 12.7%			4th 16.1%				
BV84	Number of kilograms of household waste collected per head of population.	1st 110.1	413.80	455	1st 105.9	393.60	440		The move to alternate weekly collections was not factored into out target for 2005/06 which was over cautious. Future targets will be reviewed.
		2nd 109.3			2nd 104.1				
		3rd 101.5			3rd 95.6				
		4th 92.9			4th 88.0				
BV86	Cost of household waste collection per household.		£38.54	£43.00		£51.20	£50.89		An answer to a written question to Councillor Coleman at 23 February Council Meeting included an amended figure for the 2004/05 actual as £45.45. This was to reflect the actual City services performance. At the same time the forecast for 2005/06 was revised to £49.94. Although the 2005/06 actuals figure is in line with the revised amount it is different to the original target. This is because the target was set sometime ago and did not take into account the changes to waste collection that were agreed in January 2005. The difference between 2004/05 and 2005/06 is greater than 10% due to the numerous changes to the waste collection scheme. Growth: If the projected growth in household numbers is taken into account,



Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
									future targets would be: 2006/07 £49.88, 2007/08 £52.59, 2008/09 £51.51.
BV91	% Population served by a kerbside collection of recyclables.		91%	91%		92.0%	94%		
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
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.		26,195	No target set		27,976	No target set	N/A	
LPI	Park and Ride: off-street parking ratio.		38:62	No target set		16:23	No target set	N/A	The 2005-06 figures are for the calendar year 2005. Approximately 1.62 million cars per year are using the Park & Ride sites compared to approximately 2.33 million using off street car parks. This covers the period including the demolition (Jan 05) and rebuilding of Lion Yard car park, which is due to reopen in December 2006.
QoL30	% of children travelling to and from school by different modes:								Not enough schools responded to survey to make any figures meaningful. The County Safer Routes to School team collect this information from schools but it is not a statutory obligation for schools to supply this and there has been a very poor response this year. Next year it will be a statutory obligation for those schools with travel plans.
	Car.		20%	N/A		Not collected	No target set	N/A	
	Bicycle.		17%						
	Bus/Train.		2%						
	Walk.		60%						
Other.		1 (Taxi)							
QoL31	Kilometres of dedicated cycle routes per 100km of roads.		52 (this includes off road routes)	1km per year		Not collected	No target set	N/A	This information is provided by the Highways Authority and is not available for 2005/06.
LPI	Modal share of: (a) cyclists		(a) 17%	a) 19% (by 2007)		(a) 17%	No target set	N/A	
	(b) pedestrians.		(b) 22%	b) N/A		(b) 22%			

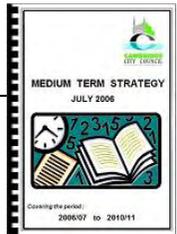


(3) Better Housing

Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
Work to address the City's overall housing shortage, to maximise the supply of affordable housing in the city and to ensure Cambridge residents have safe and decent homes, whether in supported housing, or with aids and adaptations to live in their own homes.									
QoL13a	% of households that can afford to purchase the average first time buyer's property in the area.		< 9%	No target set		12%	No target set		According to the Land Registry for the first quarter in 2006 entry level housing fell to £161,037 (from £178,502 in the same period in 2005). 95% of this figure is £152,985 for a mortgage sum, which in terms of required income at 3.5 is £43,710 (this figure was £48,450 in 2004/05). The earnings data available suggests that 12% of the working population in Cambridge earn this amount or above.
QoL13b	Affordable housing (house price/earnings affordability ratio).		8.34	No target set		9.50	No target set		Average house prices in Cambridge, however went up to £262,345 in 1stQ 2006 (from £233,869 in 2005), with median household income at £27,628
LPI	Number of new homes built.		737	350		804	425		Improved performance has been due to a buoyant market for developers and the number of large sites developed.
BV64	Number of houses brought back into occupation.		15	15		13	12		The overall number of private sector vacant dwellings is reducing which is reflected in the lower target for the next 3 years.
BV184a	% of LA homes which were 'non-decent' as at 1 April each year.		42% (Actual at 1-4-2004)	39%		15.8% (1-4-2004)	15.8%		The target for 2005/06 has been exceeded mainly through works carried out at void properties and additional central heating and boiler replacement works. The target for 2006/07 remains unchanged although it is possible that further non decent properties may be addressed for the same reasons. Work in 2006/07 will address potentially non decent properties in order to prevent them from becoming non decent.
BV184b	% change in proportion of non-decent LA homes between 1 April one year and the next.		-16.7%	-17.0%		-19.2%	No target set		
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
Improve the management of the housing owned by the Council in a way which involves tenants and responds to their needs.									
LPI (Was BV185)	% responsive repairs for which the authority made and kept an appointment.	1st 80.4%	88.2%	92.5%	1st 97.3%	97.8%	95%		
		2nd 85.3%			2nd 97.9%				
		3rd 87.7%			3rd 98.1%				
		4th 88.2%			4th 97.8%				
LPI	% urgent repairs completed within the national time limit.	1st 93%	94%	95%	1st 94%	94%	No target set		Housing will be monitoring all types of repair throughout 2006/07, not just urgent and non-urgent These two indicators were replaced with a new indicator 'Jobs completed within the target time' in 2004/05, and this PI will continue to be monitored by the Repairs Partnering team for 2006/07.
		2nd 89%			2nd 86%				
		3rd 88%			3rd 96%				
		4th 94%			4th 94%				



Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
LPI	Average time (days) taken to complete non-urgent repairs.	1st 16.3	14.3	14	1st 9.6	11.0	No target set		
		2nd 14.2			2nd 10.4				
		3rd 12.2			3rd 12.4				
		4th 14.3			4th 11				
BV212	Average relet times (days) for LA dwellings.	1st 18.8	19.5	20 revised to 35 days	1st 30.8	38.7	35 days		New indicator for 2005/06. The previous target of 20 days was based around an old definition of an earlier BVPI concerning voids. The new BVPI provides an updated definition which has resulted in the revision of the target from 20 days to 35 days. The exclusion of properties that were previously treated as 'management voids' is no longer possible.
		2nd 20.2			2nd 34.3				
		3rd 14.8			3rd 51.4				
		4th 19.5			4th 38.7				
BV66a	% rent collected.	1st 97.59%	97.78%	98.50%	1st 97.56%	97.70%	98.00%		Amended indicator for 2005/06. This year-end target was missed however we did have a rent-free week at week one of the new financial year which has reduced the arrears further.
		2nd 97.46%			2nd 97.13%				
		3rd 97.95%			3rd 97.82%				
		4th 97.78%			4th 97.7%				
BV74	% Tenants satisfied with the Council as a Landlord.		71%			Not collected	No target set	N/A	Tenants surveys are undertaken every three years. The next survey is due in 2006/07
	(i) % BME Tenants satisfied with the Council as a Landlord.		71%	No target set		Not collected	No target set	N/A	
	(ii) % non-BME Tenants satisfied with the Council as a Landlord.		71%	No target set		Not collected	No target set	N/A	
BV75 (New)	% Tenants satisfied with opportunities for participation in management.		51%	No target set		Not collected	No target set	N/A	Tenants surveys are undertaken every three years. The next survey is due in 2006/07
	(i) % BME Tenants satisfied with opportunities for participation in management.		40%	No target set		Not collected	No target set	N/A	
	(ii) % non-BME Tenants satisfied with opportunities for participation in management.		50%	No target set		Not collected	No target set	N/A	
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 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		2nd	Not collected	No target set	2nd	Not collected	No target set	N/A	

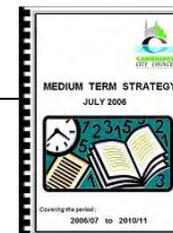


Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
	Number of homeless households per 1,000 households.	4th			4th				
BV183a	Average length of stay (weeks) 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 8	6	6	2nd 3.4	2.6	6		In achieving this target the team has strived to identify alternative and more appropriate sources of temporary accommodation. An amendment to the definition has also helped performance because it allowed us to measure B&B use only after the government introduced the target in April 2004.
		4th 6			4th 2.6				
BV183b	b) hostel accommodation.	2nd 53	30	21	2nd 23	23	0		Although we did not quite meet the target for the year, we have now stopped using hostels for families with children altogether. Families are now placed, where possible, directly into self-contained units.
		4th 30			4th 23				
LPI	Average time (days) taken to decide whether to accept people as homeless.	2nd 23	23	*25	2nd 28	26	25		Performance was marginally outside the 25 day target. A couple of particularly difficult cases skewed the average. Whilst there remains room for some improvement, the team aims to achieve an appropriate balance between quality of decision making and efficiency in the process.
		4th 23			4th 25				
LPI	Average number of homeless households in temporary accommodation during the year in B&B accommodation: a) Families with children.	2nd 1	2	No target set	2nd 3	3	No target set	N/A	
		4th 2			4th 3				
LPI	b) 16-17 year olds.	2nd 0	1	No target set	2nd 2	2	No target set	N/A	
		4th 1			4th 2				
LPI	c) 18-25 year olds.	2nd 0	1	No target set	2nd 2	1	No target set	N/A	
		4th 1			4th 1				
LPI	Number of rough sleepers.	2nd 8	7	10	2nd 7	7	10		
		4th 7			4th 7				



(4) A Healthy and Thriving Economy

Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2004-05 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken		
Support a flourishing and diverse voluntary and not-for-profit sector by providing funding to local community groups, as well as the professional voluntary and not-for-profit sector.											
LPI	Amount spent by the Council on grant aid annually.		1,071,970	No target set	263,925	263,925	No target set	N/A			
LPI	% spend in disadvantaged areas.		Not collected	No target set		Not collected	No target set	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 143,000 4th 287,660	287,660	No target set	2nd 140,350 4th 263925	263,925	No target set	N/A	Visits target reduced mid year as two centres closed for refurbishment.		
LPI	Standard achieved for involvement of youth in democracy.		Established	No target set		Established	No target set	N/A			
BV119	Percentage of residents by targeted group satisfied with the local authorities cultural and recreational activities:								Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07.		
	a) Sport/Leisure facilities		64%	No target set		Not collected	No target set	N/A			
	b) Folk Museum		67%								
	c) Corn Exchange		69%								
d) Parks/Open spaces, play areas and other community recreation facilities and activities.		92%									
BV119	Percentage of users very/fairly satisfied with:								Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07.		
	a) Sports/Leisure facilities		77%	No target set		Not collected	No target set	N/A			
	b) Folk Museum		81%								
	c) Corn Exchange		82%								
	d) Parks/Open spaces		94%								
	Percentage of non-users very/fairly satisfied with:										
a) Sports/Leisure facilities		40%									



Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2004-05 Target	2005-06 Quarter	2005-06 Actual	2006-07 Target	Are we on target?	Reasons for improving/ falling performance and action to be taken
	b) Folk Museum		47%						
	c) Corn Exchange		43%						
	d) Parks/Open spaces		67%						
BV119	Percentage of respondents very/fairly satisfied with the Council's Cultural and Recreational Services overall:								Customer Satisfaction Surveys are undertaken every three years. The next survey is due in 2006/07.
	BME respondents.		60%	No target set		Not collected	No target set	N/A	
	Non-BME respondents.		59%						
	Female respondents.		61%						
	Male respondents.		56%						
PI Code	Indicator Description	2004-05 Quarter	2004-05 Actual	2005-06 Target	2005-06 Quarter	2005-06 Actual	2006-07 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.		3.9	No target set		4.6	No target set	N/A	Figures are for 2002-2004 pooled data and are expressed as the rate per 1000 live births.
LPI	Deaths from accidents (Rate per 100,000).		25.83	No target set		20.50	No target set	N/A	Figures are for 2002-2004 pooled data and are expressed as the rate per 100 000 population.
LPI	Excess winter deaths.		-6	No target set		52	No target set	N/A	Figures are for 2003-2004 and are above average.



Appendix F

Public Budget Consultation 2006/07 : Stage 1

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

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

1. Executive summary

1.1 Level of Council Tax

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

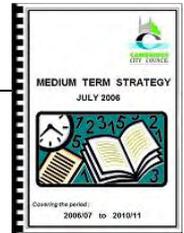
In contrast a negative net agreement is seen for the other two statements with regards to **improving** current levels of service even if this means increasing council tax and the statement that it is important for the council not to increase council tax by more than inflation even if this means a **reduction**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

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

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

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

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



1.2 Service Importance

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

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

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

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

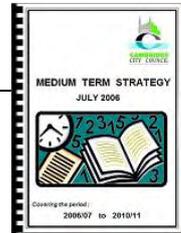
The highest net importance scores are seen for waste (+97%), environmental health (+76%), transport (+75%) and leisure (+73%).

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

1.3 Levels of service satisfaction/importance

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

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



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

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

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

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

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

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

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

1.4 Changes in service levels

1.4.1 Service improvements

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

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

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



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

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

1.4.2 Service reductions

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

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

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

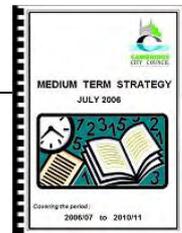
In line with respondents opinion that waste services should be the highest priority for improvement only 1% identified this as a priority for reduction, this is similarly the case for transport services.

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

1.5 Spending on specific services

1.5.1 Changes to spending on specific services

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



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

1.5.2 Increase spending

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

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

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

1.5.3 Decrease spending

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

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

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

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



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

1.6 Young peoples' services

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

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

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



Appendix G

Public Budget Consultation 2006/07 : Stage 2

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

1.0 INTRODUCTION

1.1 Background

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

1.2 Aims and Objectives

This second stage of the consultation aims to:

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

1.3 Methodology

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



Table 1: Workshop Structure

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

The workshop aimed to include:

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

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

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

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

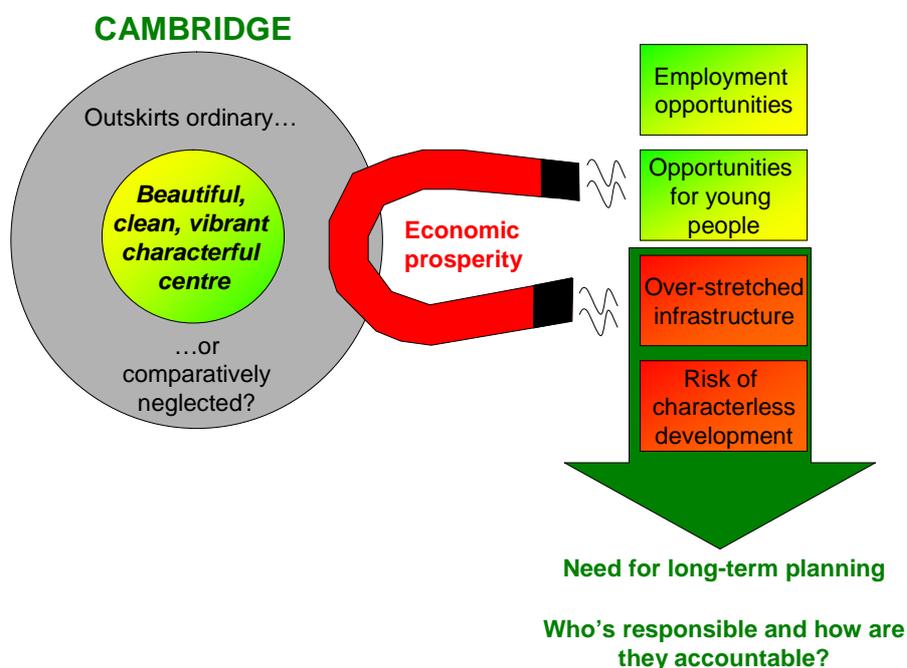
2.0 MAIN FINDINGS

2.1 Life in Cambridge

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

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

Chart 1: Life in Cambridge



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

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

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

– Parent with dependent children at home



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

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

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

"They are friendly in Cambridge compared to London."

– Young single/couple

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

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

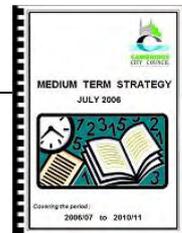
– Empty nester/retiree

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

– Parent with dependent children at home

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

– Empty nester/retiree



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

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

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

– Parent with dependent children at home

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

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

– Young single/couple

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

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



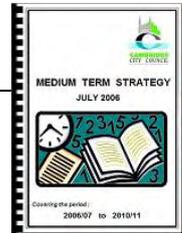
“The City Council drives out everyone who can’t afford to stay here – what we need is to retain the cultural and vibrant mix so that non-chain businesses can prosper.”

– Young single/couple

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

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

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



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

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

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

2.2 Residents’ Priorities for Council Services

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

¹ Budget Consultation Survey Report, October 2005, BMG Research



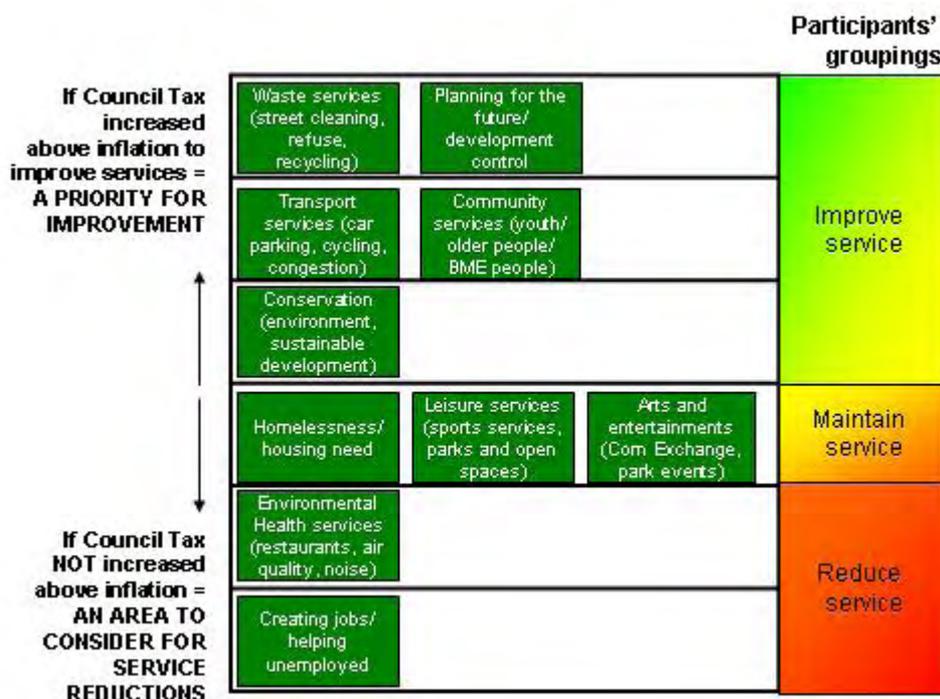
The participants were encouraged to discuss each service area and place it on a continuum drawn from the quantitative research¹. The extremes of the continuum were:

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

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

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

Chart 2: Prioritisation by Young Singles/Couples



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



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

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

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



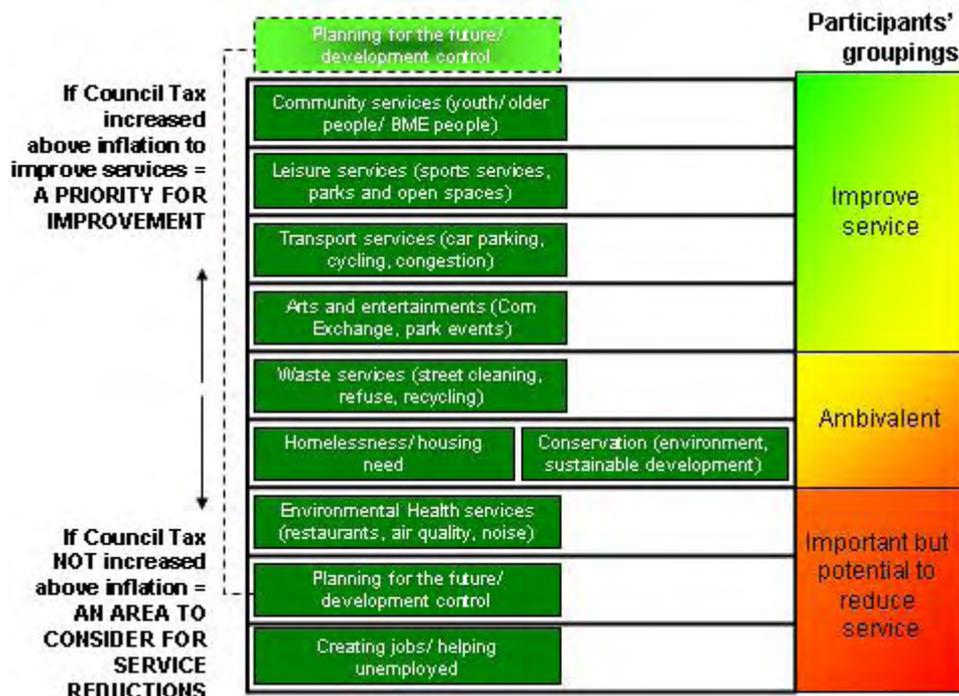
participants' preference for *prevention* of air quality problems over *cure* reflects a desire for action by the City Council that has a longer-term focus.

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

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

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

Chart 3: Prioritisation by Parents with Dependent Children



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

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



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

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

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



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

Chart 4: Prioritisation by Empty Nesters/Retirees

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

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



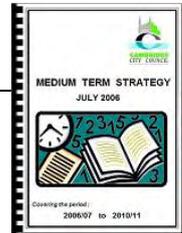
The empty nesters/retirees are more ambivalent about the following service areas, though views on balance are more positive than negative:

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

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

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

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



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

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

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



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

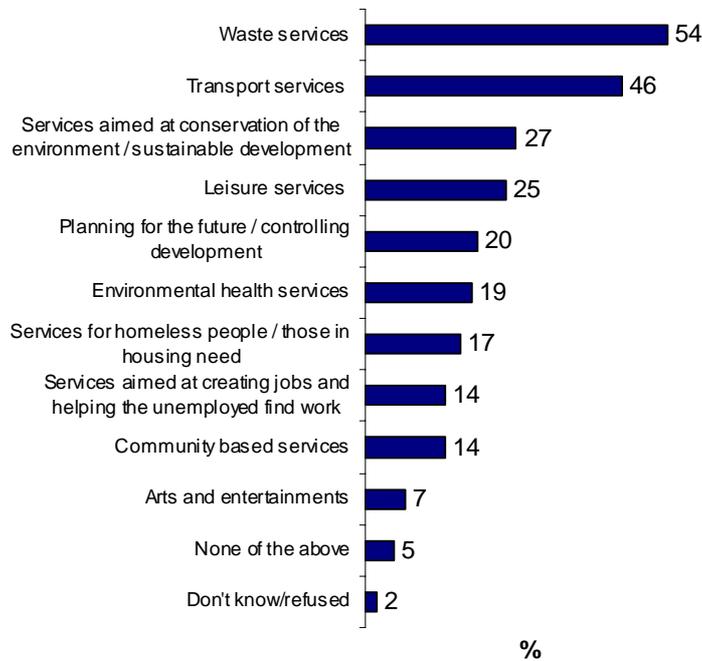
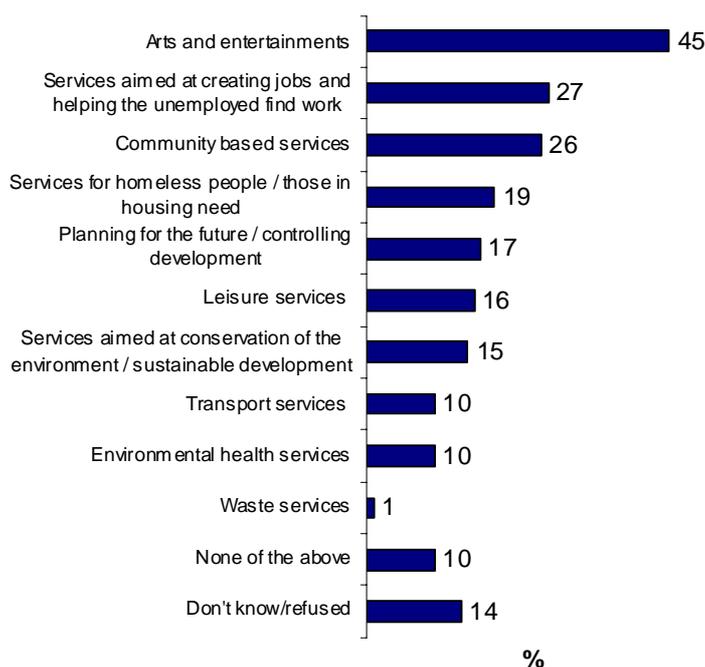


Chart 6: Services that should be prioritised for reduction if Council Tax were to remain linked to the level of inflation – prompted (Q4b)

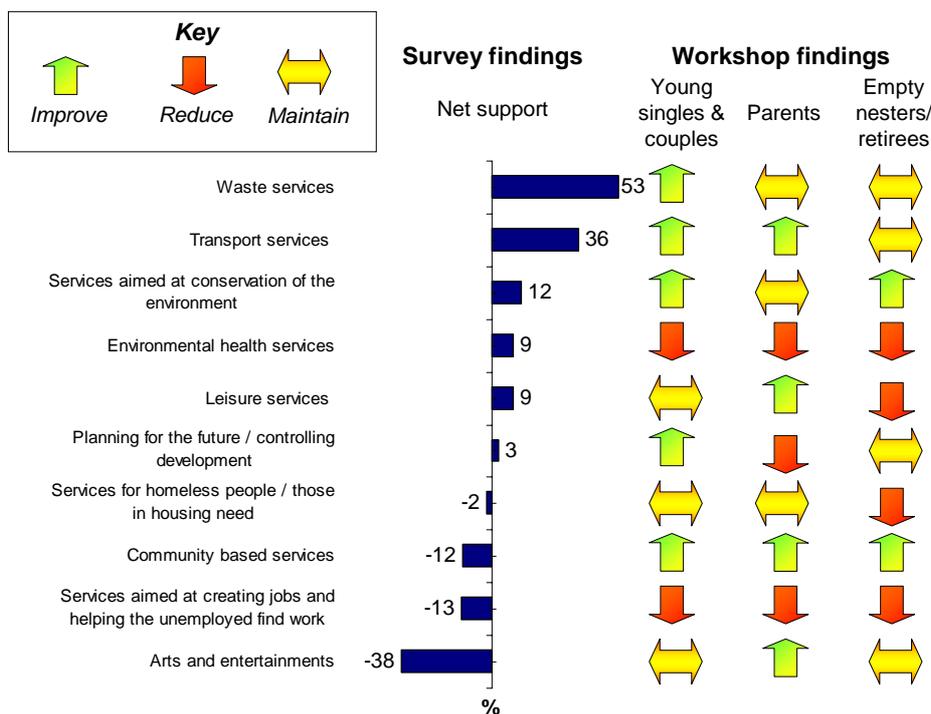




The chart below summarises the survey respondents' choices about each service, showing the proportion targeting each service for both improvement and service reductions. It also shows net overall support, calculated by subtracting the proportion of respondents choosing a service for *service reduction*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

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

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



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



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

2.3 Dilemmas

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

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

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

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

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

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

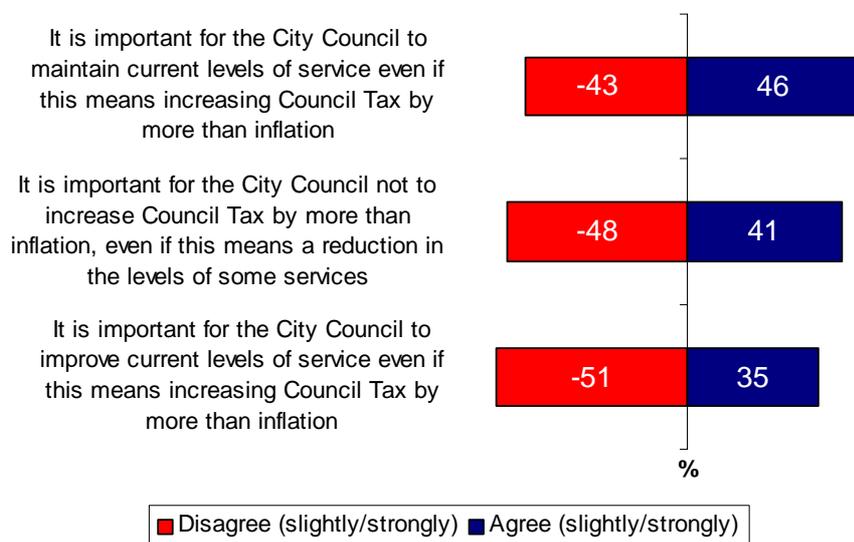


request no increase in Council Tax but maintained levels of service, without creating alternative proposals to achieve efficiencies!).

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

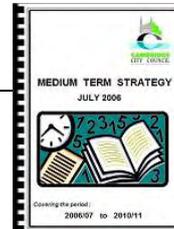
This means that only the young singles and couples are in line with the survey outcome, which suggested that ‘it is important for the City Council to maintain current levels of service even if this means increasing Council Tax by more than inflation’. However, the chart below shows that the survey results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

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



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

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



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

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

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

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



2.3.3 The Economy and the Environment

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

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

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

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

– Parent with dependent children at home

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

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



3.0 CONCLUSIONS

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

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



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

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

Angus Tindle

Elaine Barnes

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RBA Research

December 2005

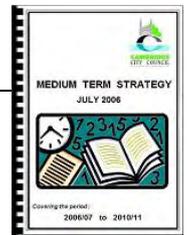


Appendix H

Cambridge City Population by Age Range

The following table shows the projected population trends for the City of Cambridge, analysed by age group. It covers the period 2001 to 2021.

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 I

Treasury Management Strategy Statement & Annual Investment Strategy 2006/07

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 2006/07 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 2006/07 to 2008/09

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 2006/07 – 2008/09

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

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

PRUDENTIAL INDICATOR	2004/05 actual (£ 000's)	2005/06 probable outturn (£ 000's)	2006/07 estimate (£ 000's)	2007/08 estimate (£ 000's)	2008/09 estimate (£ 000's)
Capital Expenditure					
General Fund	11,233	13,340	3,019	3,255	3,530
HRA	7,944	14,425	11,087	10,933	10,788
TOTAL	19,177	27,765	14,106	14,188	14,318
Ratio of financing costs to net revenue stream					
General Fund	(16.64%)	(17.46%)	(15.62%)	(15.64%)	(14.81%)
HRA	(1.36%)	(1.23%)	(1.16%)	(1.09%)	(1.09%)
Net borrowing requirement	(60,215)	(64,791)	(69,489)	(64,296)	(57,952)
<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	(6,552)	(4,844)	(4,844)	(4,844)	(4,844)
HRA	3,565	3,565	3,565	3,565	3,565
TOTAL	(2,987)	(1,279)	(1,279)	(1,279)	(1,279)
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	2004/05	2005/06	2006/07	2007/08	2008/09
Specific Treasury Management Prudential Indicators	actual	probable outturn	estimate	estimate	Estimate
	(£ 000's)	(£ 000's)	(£ 000's)	(£ 000's)	(£ 000's)
Authorised limit for external debt					
Borrowing	12,462	9,403	9,403	9,403	9,403
other long term liabilities	0	0	0	0	0
TOTAL	12,462	9,403	9,403	9,403	9,403
Operational boundary for external debt					
Borrowing	1,454	2,903	2,903	2,903	2,903
other long term liabilities	0	0	0	0	0
TOTAL	1,454	2,903	2,903	2,903	2,903
Upper limit for fixed interest rate exposure					
Net interest re fixed rate borrowing / investments	(2,999)	(3,284)	(2,973)	(3,0510)	(2,909)
Upper limit for variable rate exposure					
Net interest re variable rate borrowing / investments	67	67	67	66	68
Upper limit for total principal sums invested for over 364 days (per maturity date)	0	0	5,000	5,000	5,000

Maturity structure of new fixed rate borrowing during 2006/07	upper limit	lower limit
under 12 months	0%	0%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%



4. Current Portfolio Position

The Council's treasury portfolio position at 30/11/05 comprised:

		Principal (£m)	Ave. rate (%)
Fixed rate funding	Local bonds	0.016	5.00
Variable rate funding	Short-term borrowing	1.431	4.60
TOTAL DEBT		<u>1.447</u>	4.62
TOTAL INVESTMENTS		74.69	4.69

5. Borrowing Requirement

	2004/05 actual (£ 000's)	2005/06 probable outturn (£ 000's)	2006/07 estimate (£ 000's)	2007/08 estimate (£ 000's)	2008/09 estimate (£ 000's)
New borrowing	0	0	0	0	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	0	0	0	0
TOTAL	0	0	0	0	0

6. Prospects for Interest Rates

The Council has appointed Sector Treasury Services as treasury advisers to the Council and part of their service is to assist the Council to formulate a view on interest rates. Appendix A draws together a number of current City forecasts for short term 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 – 18.10. 05

	Q/E4 2005	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007
Base rate	4.50%	4.50%	4.25%	4.25%	4.00%	4.25%	4.50%	4.75%	4.75%
5yr Gilt Yield	4.25%	4.00%	4.00%	4.25%	4.50%	4.75%	4.75%	4.75%	4.75%
10yr PWLB Rate	4.50%	4.25%	4.50%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
25yr PWLB Rate	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%	5.00%	5.00%

Sector’s current interest rate view is that the repo (base) rate will: -

- remain on hold at 4.5% until the end of Q1 2006
- fall to 4% by the end of Q4 2006
- edge up by 0.25% in Q1, Q2 and Q3 of 2007 to end the year at 4.75%

The risk to this forecast is to the downside in as much as the cuts in rates could occur earlier than our forecast suggests, although this will not necessarily affect the timing of the first upward move in Q1 2007

Economic background

UK

- UK now in the downswing of the economic cycle. GDP growth to weaken from 3.2% in 2004 to about 1.7% in 2005 before rising to about 2.0% in 2006.
- Slowdown in household spending and rise in unemployment during 2005
- House price inflation fallen to very low levels and may now stabilise
- Rise in inflation concerns; high oil prices have pushed inflation up over target - but this is a one off effect which will fall out even if oil prices remain at current levels



- Increasing concerns that the public sector deficit will exceed targets significantly and lead to increases in taxation

International

- Boom in world commodity prices driven by strong growth in China and India; potential for further increases in prices but supply side increases and improvements in technology are likely to reduce prices in the medium term
- Inability of oil producers to spend their huge cash surpluses and reluctance of Asian economies to run current account deficits will suppress world demand and dampen world growth
- US – continuation of measured rate rising by the Fed, coupled with concerns about rising inflation. Fed rate may now peak at 4.5%.
- US GDP growth expected to weaken from 4.4% 2004 to 3.4% 2005 and 2.5% 2006
- ECB had held repo rate at 2.00% since June 2003; increase in December to 2.25% but ‘this was not the first of a series of increases’.
- European consumers lack confidence to increase their spending; GDP growth expected to rise weakly and to continue to under perform the UK and US economies.

7. Borrowing Strategy

It is not anticipated that the Council will need to borrow for capital purposes during 2006/07.

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 that are sterling denominated, with maturities up to maximum of 1 year and meet the minimum ‘high’ credit rating criteria where applicable.

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

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

For this Council, a “high” credit rating means a counterparty with a *minimum* of a ‘F1’ (Fitch) or ‘P1’ (Moody’s) rating (a strong indicator of the ability to repay debt on time, F1+ and P1 being the highest), a (Fitch) ‘support’ rating of 3 (an indicator of likely government or parent company support, 1 being the most likely, 5 the least) and an ‘individual rating of ‘D’ (an indicator of how a bank would be viewed if it was entirely independent and could not rely on external support, A would be the best, E the worst).

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

Non-Specified Investments:

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



This Council has traditionally invested for periods of up to 364 days. However, it may invest for periods of up to 5 years. This is likely to be beneficial on those occasions when an investment can be made in advance of a fall in medium to long-term interest rates. Having a strategy in place to take advantage of such situations, as and when they arise, could provide the opportunity to enhance interest receipts.

However, with regards to both liquidity and prudence, it is considered that any investment, for a period in excess of one year, should only come from those cash reserves that represent the Council's 'core' investments, i.e. sums that are unlikely to be needed in the short to medium term. The most likely sum, which matches these criteria, is the balance on the Provision for Credit Liabilities (PCL) Account of £20m (*note: the PCL is no longer required to be shown in the Council's Statement of Accounts as a separate entity but instead now forms part of the Capital Financing Account*).

Having identified the source available for longer term investments, it would appear, from reviewing benchmarking data provided by other local authorities, that actual sums invested for periods greater than 364 days is relatively small, with 2 and 3 year periods favoured. Even those with large investment portfolios (£100/£200m) only seem to allow sums in the order of £5m to £7m (in total) to be invested longer term, representing 5% or less of their total investments. However, although this Council is estimated to have a smaller investment balance (£70m), it is never the less considered that it could afford to invest a sum of £5m.

In summary, and bearing in mind the above, it is recommended that this Council be allowed to invest, for periods over 364 days, a maximum amount of £5m for up to 3 years with any, or a mixture of, the following counterparties:

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

8.2 Investment Strategy

Liquidity of Investments:

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

Interest Rate Outlook:



Sector is forecasting base rates to be on a falling trend from 4.50% to reach 4.00% in Q4 2006 but to rise again to end Q1 2007 at 4.25%. 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 – 18 October 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	Q/E4 2007
Base rate	4.50%	4.50%	4.25%	4.25%	4.00%	4.25%	4.50%	4.75%	4.75%
5yr Gilt Yield	4.25%	4.00%	4.00%	4.25%	4.50%	4.75%	4.75%	4.75%	4.75%
10yr PWLB Rate	4.50%	4.25%	4.50%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
25yr PWLB Rate	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%	5.00%	5.00%

Capital Economics interest rate forecast - 21 October 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	Q/E4 2007
Base Rate	4.50%	4.00%	3.75%	3.50%	3.50%	3.75%	4.00%	4.25%	4.50%
5yr gilt yield	4.00%	3.80%	3.70%	3.60%	3.70%	3.90%	4.50%	4.60%	4.60%
10 yr PWLB rate	4.25%	4.15%	4.15%	4.25%	4.35%	4.15%	4.75%	4.85%	4.75%
25 yr PWLB rate	4.35%	4.45%	4.45%	4.45%	4.55%	4.55%	4.60%	4.60%	4.60%

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

	Q/E4 2005	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006	Q/E1 2007
Base Rate	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%
10 yr PWLB rate	4.67%	4.70%	4.80%	4.85%	4.90%	-
25 yr PWLB rate	4.78%	4.85%	4.87%	4.95%	5.00%	-

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – October 2005 summary of forecasts of 26 City and 14 academic analysts for Q4 2005 and 2006. (2007 – 2009 are as at August 2005 but are based on 18 forecasts)

	Repo	Quarter ended		annual average repo rate		
		Q4 2005	Q4 2006	ave. 2007	ave. 2008	ave. 2009
Indep. forecasters BoE Base Rate	4.50%	4.41%	4.20%	4.51%	4.72%	4.78%
Highest base rate	4.50%	4.50%	5.00%	5.50%	6.00%	6.60%
Lowest base rate	4.50%	4.20%	3.25%	4.00%	3.83%	3.75%



Appendix G Annex 2

ANNUAL TREASURY REPORT 2005/06

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. 2005/06.

2.0 The Council's Strategy for 2005/06

Interest rates

Short-term interest rates

Base Rate was expected to rise to 5.00% in Q1 2005 but then fall back to 4.50% in Q1 of 2006.

This was based upon the prospect for interest rates given to the Council, in January 2005, by its external treasury advisers (Sector Treasury Services Ltd).

Sector saw a weakening of the rate of growth in the UK economy precipitated by a down turn in both household spending and the housing market. However, inflation was expected to rise due to increases in oil and commodity prices and this was likely to cause the Monetary Policy Committee (MPC) to make one final increase in base rate to 5.00% early in 2005. After that the MPC would be on hold until the downswing in economic activity gathered momentum and inflation pressures subsided to enable base rate to be cut to 4.50% by the end of 2005/06.

The U.S. Fed was expected to continue its policy of a gradual increase in the Fed rate (still only 2.25% at the beginning of 2005) as the economy continued to expand. However, the expectation of weaker growth in Europe meant that the European Central Bank (ECB) was forecast to leave rates unchanged at 2.00% for probably most of 2005/06.

Longer-term interest rates

Long-term PWLB rates were forecast to remain fairly stable around the 4.75% 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.

3.0 Outturn for 2005/06

Interest rates

Short-term interest rates

Base rate started 2005/06 at 4.75%, having been unchanged at this level since August 2004. The MPC cut the rate to 4.5% in August 2005 as the slowdown in consumer expenditure gathered momentum, manufacturing output fell and the housing market slowed. Oil prices hit a record high of just under \$70 per barrel which helped push the Consumer Price Index (CPI) inflation up to 2.4% in August from 1.9% in March. However, the MPC did not find it necessary to increase Base Rate from its 4.5% level.

In the U.S., the Fed continued its programme of measured increases in the Fed rate. Several increases of 0.25% pushed the rate up from 2.75% at the start of 2005/06 to 4.75% by the end of the financial year. In Europe, the ECB left its rate unchanged at 2.0% until December 2005, when it then increased it to 2.25% followed by a further increase to 2.5% in March.

Longer-term interest rates

The PWLB 25-30 year rate started the year at 4.75% and then fell into a range of 4.30% – 4.50% for most of 2005. However, long gilt yields plunged to record lows in late January and the 25-30 year rate then bottomed out at 3.85% before rising back to a new peak of 4.25% at the end of the financial year.

Borrowing

It was anticipated that the Council would not have to undertake any borrowing for either capital or revenue purposes. However, for a period of one week only, the Council experienced a cash flow shortage and had to resort to borrowing £1.0m (which was repaid the following week). The Council still remains, technically, 'debt free', even though it held, at 31 March 2006, £15,350 of funds owing to Local Bond holders (£21,600 at 31 March 2005) and £1,431,422 of Temporary Borrowing (£1,432,543 at 31 March 2005) (*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 (since extended to a maximum of 2 years for 2006/07), dependent upon the Council's cash flows, its view on interest rates and the interest rates on offer.

As in past years, cash flow remained generally 'healthy' throughout 2005/06. The total value of surplus funds invested during this time amounted to £664.12m, and the total value of investments that were repaid totalled £652.80m, resulting in a net increase of £11.32m during the year.

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

The table below shows comparative Investment Outturn for 2005/06 against 2004/05.

Investment Type	2005/2006			2004/2005		
	Average Investments	Rate of Return	Benchmark Return	Average Investments	Rate of Return	Benchmark Return
Fixed Short-Term (<365 days)	£72.59m	4.70%	4.53%	£62.99m	4.69%	4.52%
Callable Deposits	£0.94m	4.52%	4.53%	-	-	4.52%
Call/Overnight Accounts	£1.39m	4.29%	4.53%	£1.33m	3.43%	4.52%

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

4.0 Compliance with Treasury Limits

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



ANNEX 3

PRUDENTIAL INDICATORS

	Actual 2004/05 £	Original 2005/06 £	Revised 2005/06 £	Actual 2005/06 £	Notes
Capital expenditure					
- General Fund	11,233,000	9,664,000	11,202,000	10,768,732	
- HRA	7,944,000	13,243,000	12,760,000	11,016,925	
Total	19,177,000	22,907,000	23,962,000	21,785,657	1.
Incremental impact of capital investment decisions on:					
Band D Council Tax (City element)	0.00	0.00	0.00	0.00	
Average weekly housing rent	0.00	0.00	0.00	0.00	
Net Revenue Expenditure (revenue stream)					
- General Fund	15,535,000	16,036,380	16,501,820	16,501,820	
- HRA	25,586,000	26,712,000	26,831,820	26,626,000	
Ratio of financing costs To net revenue stream					
Financing costs					
- General Fund	-2,584,765	-2,798,823	-2,799,755	-3,027,720	2.
- HRA	-348,000	-329,000	-329,000	-425,000	
Total	-2,932,765	-3,127,823	-3,128,755	-3,452,720	
% of net revenue expenditure					
- General Fund	-16.64%	-17.45%	-16.97%	-18.35%	
- HRA	-1.36%	-1.23%	-1.23%	-1.60%	
Capital Financing Requirement as at 31 March					
- General Fund	-1,878,238	-1,331,218	-4,843,899	-4,843,899	
- HRA	893,250	893,250	3,564,857	3,564,857	
Total	-984,988	-437,968	-1,279,042	-1,279,042	
Net borrowing & the Capital Financing Requirement	-59,920,845	-63,953,606	-64,791,260	-71,542,270	2.
Authorised limit					
for borrowing	12,461,333	12,739,023	9,403,119	12,739,023	
for other long term liabilities	0	0	0	0	
Total	12,461,333	12,739,023	12,739,023	12,739,023	



	Actual 2004/05 £	Original 2005/06 £	Revised 2005/06 £	Actual 2005/06 £	Notes 1.
Operational boundary					
for borrowing	1,454,143	6,239,023	2,903,119	1,431,422	
for other long term liabilities	0	0	0	0	
Total	1,454,143	6,239,023	2,903,119	1,431,422	
Upper limits on fixed interest rate and variable interest rate exposures					
Fixed rate	-2,999,240	-3,198,875	-3,283,196	-3,408,920	2.
Variable rate	66,475	71,052	66,913	168,560	
Maturity structure of borrowing at fixed rates					
upper limit (as %age of debt at start of year)					
under 1 year	81%	49%	90%	89%	
1-2 years	19%	51%	10%	11%	
2-5 years	0%	0%	0%	0%	
5-10 years	0%	0%	0%	0%	
over 10 years	0%	0%	0%	0%	
	100%	100%	100%	100%	
lower limit (as %age of debt at start of year)					
Prudential limits for principal sums invested for periods longer than 364 days					
	0	0	0	0	

Notes:

1. 'Original' refers to the Council's Treasury Management Strategy report (TMSR) of January 2005 and 'Revised' to the TMSR of January 2006.
2. Additional interest receipts from a higher level of investments, and the need to keep a marginally higher liquid cash balance to that expected, were the causes of the variances to these Prudential Indicators.



Appendix J

Investments : Revised Counter Party List

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

Additions

Clydesdale Bank	UK Bank
Singer & Friedlander Ltd	UK Bank
Ulster Bank Ltd	UK Bank
St George Bank Limited	Foreign Bank (Australia)
Commerzbank	Foreign Bank (Germany)
Eurohypo AG	Foreign Bank (Germany)
Landesbank Baden-Wuerttemberg	Foreign Bank (Germany)
Banca Nazionale del Lavoro	Foreign Bank (Italy)
Commerzbank International SA	Foreign Bank (Luxembourg)
EBS Building Society	Foreign Bank (Rep of Ireland)

Deletions

None

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	UK Building Society
Derbyshire Building Society	UK Building Society
Leeds Building Society	UK Building Society
Nationwide Building Society	UK Building Society
Newcastle Building Society	UK Building Society
Norwich & Peterborough Building Society	UK Building Society
Portman Building Society	UK Building Society
Principality Building Society	UK Building Society



Skipton Building Society
 West Bromwich Building Society
 Yorkshire Building Society

UK Building Society
 UK Building Society
 UK Building Society

UK Banks

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

United Kingdom
 United Kingdom
 United Kingdom
 United Kingdom
 United Kingdom
 United Kingdom
 United Kingdom
United Kingdom
 United Kingdom
 United Kingdom
United Kingdom
 United Kingdom

Foreign Banks

Australia & New Zealand Banking Group
 Commonwealth Bank of Australia
 National Australia Bank
St. George Bank Limited
 Westpac Banking Corporation
 Erste Bank der oesterreichischen Sparkassen
 Dexia Bank
 Fortis Bank
 KBC Bank
 Bank of Montreal
 Bank of Nova Scotia
 Canadian Imperial Bank of Commerce
 National Bank of Canada

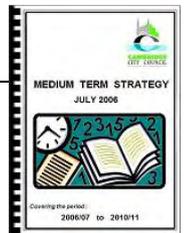
Australia
 Australia
 Australia
Australia
 Australia
 Austria
 Belgium
 Belgium
 Belgium
 Canada
 Canada
 Canada
 Canada



Royal Bank of Canada	Canada
Toronto-Dominion Bank	Canada
Danske 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
Nordea Bank Finland	Finland
Bayerische Hypo-und Vereinsbank	Germany
Bayerische Landesbank Girozentrale	Germany
Commerzbank	Germany
DekaBank Deutsche Girozentrale	Germany
DePfa Deutsche Pfandbriefbank AG	Germany
Deutsche Bank AG	Germany
Deutsche Postbank AG	Germany
Dresdner Bank, AG	Germany
DZ Bank AG	Germany
Eurohypo AG	Germany
HSH Nordbank AG	Germany
Hypothesenbank in Essen AG	Germany
Landesbank Baden-Wuerttemberg	Germany
Landesbank 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 Nazionale del Lavoro	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
Mizuho Corporate Bank Ltd	Japan
Sumitomo Mitsui Banking Corporation	Japan
Sumitomo Trust & Banking Company	Japan
UFJ Bank Ltd	Japan
National Bank of Kuwait	Kuwait
Banque Generale du Luxembourg	Luxembourg
Commerzbank International SA	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
EBS Building Society	Rep of Ireland
First Active plc.	Rep of Ireland
IIB Bank Limited	Rep of Ireland
Saudi British Bank	Saudi Arabia
Riyad Bank	Saudi Arabia
Saudi American Bank	Saudi Arabia
Oversea-Chinese Banking Corp	Singapore
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 Popular Espanol	Spain
Banco Santander Central Hispano	Spain
Caja de Ahorros de Galicia	Spain
Confederacion Espanola de Cajas de Ahorros	Spain
Landshypotek	Sweden
Nordea Bank AB	Sweden
Skandinaviska Enskilda Banken AB	Sweden
Svenska Handelsbanken	Sweden
Swedbank (ForeningsSparbanken AB)	Sweden
Credit Suisse	Switzerland
UBS AG	Switzerland
Emirates Bank International	United Arab Emirates
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
Mellon Bank NA
Northern Trust Company (The)
State Street Bank & Trust Co
Wachovia Bank, NA

United States
United States
United States
United States
United States

Local Authorities - All UK Local Authorities

Police Authorities - All UK Police Authorities

Nationalised Industries - All UK Nationalised Industries



Appendix K

Budget Assumptions

The main assumptions included in the budget forecast are :-

Ref.	Assumption
(1)	Base - 2006/07 Approved Budget, as amended, with known changes for 2007/08.
(2)	General inflation on expenditure - included at 2.4% <i>(Based on April indices)</i>
(3)	<p>Employee budgets include:</p> <ul style="list-style-type: none"> - cost of pay award allowance 2.00% - allowance for incremental progression 2.20% total allowance for pay and increments 4.20% <p>- Allowance for incremental progression has been included pending any detailed budget adjustments to reflect performance results.</p> <p><i>Managers will be advised of any adjustments to pay budgets for the purposes of the 2006/07 revised or 2007/08 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 3.80% - Admin. Buildings, typically 2.40%
(6)	Property Rental income – based on projections from the portfolio, reflecting actual incidence of rent reviews. Overall effect is equal to 0.18% (2.22% below the assumed level of inflation).
(7)	Income and Charges – general assumption of 2.4% 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 L

Unavoidable Spending Pressures

(a) General Fund

Issue	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Notes / Justification
Previously Approved :						
Employers Pension contribution	0	342,000	342,000	342,000	342,000	Additional 1.5% p.a. from 2005/06 to 2007/08 - approved Feb 2005
Employers Pension contribution	0	73,290	537,460	977,200	1,441,370	Final actuarial report for 2004
JNC pay review	185,400	185,400	185,400	185,400	185,400	Provision against outcome of review
Benefits (CTB, Rent Allowances and Rebates)	0	71,870	71,870	71,870	71,870	Review of benefit levels and subsidy entitlement (subject to clawback)
External Interest Review Feb 2006	0	(97,800)	(297,800)	(235,800)	(235,800)	Review of projected receipts from investments for Feb 2006
New changes :						
Council Tax Benefits / Rent Allowances / Rent Rebates - review of 2006/07 budgets.	(82,000)	(82,000)	(82,000)	(82,000)	(82,000)	Following the position in 2005/06 and reviewing 2006/07 Budgets, preliminary workings indicate that, subject to potential impact of clawback, the budgets need to be significantly amended by the level shown.
External Interest receipts	(473,000)	(332,000)	(374,000)	(512,000)	(512,000)	Latest review June 2006



Issue	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Notes / Justification
Parking Services net income adjustment	300,000	300,000	300,000	300,000	300,000	Business Model projections. MTS inflation assumes increase in income yield of 2.4%.
CCTV – Lion Yard cameras	30,000	60,000	60,000	60,000	60,000	Include monitoring costs of approved capital bid
City Services Net Trading	0	40,000	40,000	40,000	40,000	Estimate of trading position
Managing Growth (part)	59,830	138,910	198,000	41,000	0	See also allocation of IT savings *
Lost Income re South Cambs Reception	20,450	30,670	30,670	30,670	30,670	Following cessation of agency arrangement
Lion House cleaning budget underprovision	13,000	13,000	13,000	13,000	13,000	
Crematorium grounds maintenance underprovision	15,000	15,000	15,000	15,000	15,000	
Electricity and Gas increased costs (including Admin Buildings)	188,000	188,000	188,000	188,000	188,000	Includes increases in the order of 86% for electricity and 38% for gas.
Revenue cost of new Green Bin round	24,000	145,000	145,000	145,000	145,000	Includes setting up costs so round available from 1 April 2007
Property reduced rent income (compared to inflated income budget)	25,610	125,000	125,000	125,000	125,000	Based on property rent projections at June 2006



Issue	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Notes / Justification
Parsons Court Loss of Rent	4,580	4,580	4,580	4,580	4,580	Loss of income on Admin Buildings
Lion Yard - contribution to capital	0	(600,000)	250,000	(300,000)	0	Included in funding and applied in the capital plan
Lion Yard – Net Rent Income	(4,840)	8,570	34,940	(1,560)	37,720	Balance of net change in rents projected after contribution to capital
Revenue effects of capital S106 tennis court and sports	2,500	2,500	2,500	2,500	2,500	Ensuring revenue provision for ongoing repair and maintenance costs following approval of S106 capital scheme
In addition, allocation of IT savings :						
Savings	(292,240)	(369,140)	(369,140)	(369,140)	(369,140)	IT Savings and Reallocations
R and R core corporate software	100,000	100,000	100,000	100,000	100,000	IT Savings and Reallocations
Web improvements / officer and enhancements	28,750	35,000	35,000	35,000	35,000	IT Savings and Reallocations
DIP running costs	25,000	89,910	149,820	149,820	149,820	IT Savings and Reallocations
Contribution to TIF savings	84,320	84,320	84,320	84,320	84,320	IT Savings and Reallocations
To fund Growth Agenda capacity	54,170	59,910	0	0	0	IT Savings and Reallocations (see above) *
Total Net Effect	308,530	631,990	1,789,620	1,409,860	2,172,310	



(b) Housing Revenue Account

Issue	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Notes / Justification
Change in External Interest	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	
Employers Pension Contribution	30,920	54,110	200,980	340,120	486,990	
Total Net Effect	30,920	54,110	200,980	340,120	486,990	



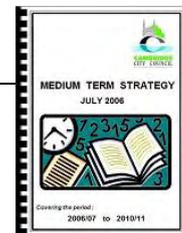
Appendix M

Areas of Uncertainty

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

(a) All Funds

Ref.	Area of Uncertainty
(1)	<p>Rating Revaluation Appeals</p> <ul style="list-style-type: none"> 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. The 2005 Valuation Office list is more accurate than previous lists and the need for appeals has reduced.
(2)	<p>External Contracts</p> <ul style="list-style-type: none"> 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. A new contract with Serco (formerly ITNet) commenced in June 2006.
(3)	<p>Procurement</p> <ul style="list-style-type: none"> as part of the CPA Improvement Plan the Council is targeting work to develop its approach to procurement. This has already generated some cash and cashable savings (e.g. for vehicle purchase through ESPO and the use of pre-existing local and national contracts saving procurement costs) and will continue to do so. Further, non-cashable savings are expected to be generated through the incremental implementation of e-procurement methodologies.
(4)	<p>VAT</p> <ul style="list-style-type: none"> effects of the partial exemption regulations. The calculation has previously been close to the threshold, however actions to 'opt to tax' on selected assets has reduced the potential of a breach, and the associated cost implications in terms of non-recoverable VAT. Proposed capital investment at the Crematorium regarding Mercury abatement work will need to be carefully monitored and reviewed, as it could easily result in the Council exceeding its partial exemption threshold.

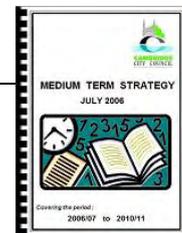


Ref.	Area of Uncertainty
(5)	<p>Capital Issues</p> <ul style="list-style-type: none"> • <i>there is uncertainty regarding a number of capital related issues. These include:</i> <ul style="list-style-type: none"> • <i>adequacy of Repairs and Renewal Funds</i> • <i>use of Section 106 funds.</i>
(6)	<p>Grand 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 affect 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 £262k below the "Floor" (in 2007/08 Provisional) 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 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>
(9)	<p>Customer Access Strategy</p> <ul style="list-style-type: none"> • <i>the outcome of the Customer Access Strategy could have a significant impact on the operation of the City Council services and our interaction with the general public. If the project is approved careful planning and implementation will be required to ensure effective service continuity and delivery of the projected savings.</i>



(b) General Fund

Ref.	Portfolio	Area of Uncertainty
(1)	Strategy	<p>General Fund / Housing Revenue Account Transfers</p> <ul style="list-style-type: none"> <i>the basis for the transfers, relating to services shared by the whole community, is being reviewed. This involves central overheads, corporate and democratic core and appropriations including the Asset management Revenue Account. The charges from the HRA to the General Fund also need to be reviewed.</i>
(2)		<p>Poll Tax and / or Council Tax Collection Fund deficit / surplus contributions</p> <ul style="list-style-type: none"> <i>these have a one-off effect, and are assessed in January each year.</i> <i>projections for 2007/08 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, and these will need to be carefully monitored to ensure that all appropriate implications are identified.</i>
(5)		<p>Travellers</p> <ul style="list-style-type: none"> <i>there is some uncertainty regarding the capital funding for developing a Travellers site. The Council approved a revenue bid in 2006/07 which was subject to the receipt of capital funding.</i>



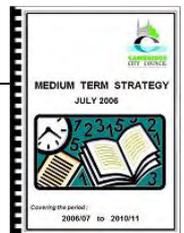
Ref.	Portfolio	Area of Uncertainty
(6)	Planning and Transport	<p>Concessionary fare scheme</p> <p><i>there has been substantial interest in the local press regarding the implications across the County area of the introduction of free travel on scheduled local bus services within the District boundary from 1 April 2006. The situation is likely to change again following the introduction of a national free travel scheme in April 2008.</i></p>
(7)		<p>Section 106 Funding</p> <ul style="list-style-type: none"> <i>the annual report to Committee in July highlights the possibility of changes to the proposed planning obligation system, which if approved would be implemented from 2008. The latest consultation made reference to the introduction of a planning gain supplement, which would entail the introduction of a tax based on the value of land pre and post development. The funds raised would go to HM Treasury before being redistributed. If the proposed system is introduced the existing S106 system would be scaled back to apply only to site-specific mitigation requirements. This would have a significant impact on the implementation of the Council's Planning Obligation Strategy.</i>
(8)		<p>Planning Delivery Grant 2006/07</p> <ul style="list-style-type: none"> <i>2007/08 will be the last year of Planning Delivery Grant. The Government has announced that there will be a 20% reduction in the total amount of grant allocated nationally. Assuming that all development control targets and other relevant criteria are met it is anticipated that grant of around £407,000 should be received.</i>
(9)		<p>Grand Arcade</p> <ul style="list-style-type: none"> <i>If the reopening of the new Lion Yard Car Park is delayed beyond December 06 this could adversely impact on Corn Exchange, car park income and the compensation arrangements agreed, as well as the resource needs of City Centre Management, who will have to mitigate the negative impact on City centre pre Christmas trading.</i>



Ref.	Portfolio	Area of Uncertainty
(10)		<p>Parking Services</p> <ul style="list-style-type: none"> • <i>income projections are being reviewed following additional work by the consultants and the risk of potential slippage to the re-opening of the Lion Yard car park.</i> • <i>future structural repairs and maintenance to the Car Parks 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</i> • <i>a full inventory for future replacement and upgrade of equipment is currently being prepared to establish the adequacy of the Repair and Renewals provisions.</i>
(11)		<p>Tourism</p> <ul style="list-style-type: none"> • <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>
(12)		<p>Integrated Transport Strategy</p> <ul style="list-style-type: none"> • <i>ongoing work is happening in this area, however a key driver will be the completion of the County Council's Long Term Transport Strategy and Transport Innovation Fund work at the end of 2006. Funding could be required to support the County from 1 April 2007, the amount cannot be assessed at this point in time and expenditure would be discretionary.</i>
(13)	Environmental Services	<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> • <i>Waste Electrical and Electronic Equipment (WEEE) Directive [Restriction of the use of certain hazardous substances in electrical and electronic equipment]</i>



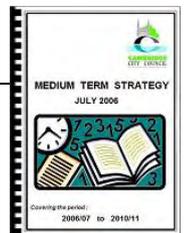
Ref.	Portfolio	Area of Uncertainty
(14)		<ul style="list-style-type: none"> <i>Licensing Act 2003 [Single premises license to cover the sale by retail of alcohol; the supply of alcohol by clubs; the provision of regulated entertainment; the provision of late night refreshment] – has been introduced, budget implications are becoming clearer as we comply with the requirements of the Act</i>
(15)		<ul style="list-style-type: none"> <i>Gambling Act 2005 - The Bill proposes the replacement of the entire existing British law on gambling and has significant implications on the development of casinos</i>
(16)		<ul style="list-style-type: none"> <i>Clean Neighbourhood and Environment Act 2005 [Fly tipping, litter, nuisance alleys, fly posting and graffiti, abandoned and nuisance vehicles, dogs & noise] – this could have implications for future years' budgets possibly including provision of an out of hours dog service, increased use of fixed penalty notices increasing the costs of enforcement and legal work etc.</i>
(17)		<p>Landfill Tax</p> <ul style="list-style-type: none"> <i>the Government's drive to reduce landfill disposal has resulted in significant increases in landfill tax. The Council's commitment to recycling should limit the impact of the increased tax on the Council. Monitoring of activity in the early part of 2006/07 should enable better estimates of the impact to be made in the future.</i>
(18)	Community Services (Housing)	<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>



Ref.	Portfolio	Area of Uncertainty
(19)		<p>Housing Aid</p> <ul style="list-style-type: none"> although the initial financial implications of implementing the recommendations of the choice based lettings review have been allowed for, the project is still at an early stage and a review of the ongoing financial implications may be required.
(20)		<p>Homelessness</p> <ul style="list-style-type: none"> 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.
(21)		<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> Housing Act 2004 (Housing Health and Safety Rating System (HHSRS) [if a local authority identifies a property as unfit for habitation it has a duty to take action] – This is a major change in housing law and could increase significantly workload of existing staff, for example regulation of university dwellings to protect occupants from fire risk.
(22)		<p>Home Aid</p> <ul style="list-style-type: none"> uncertainty exists surrounding the level of take up of private sector housing grants and loans. This will impact on the level of achievable fee income. Reliance on funding towards the service from the PCT, SP and Social Services also carries a great degree of risk.
(23)		<p>Growth Agenda</p> <ul style="list-style-type: none"> Work is currently being undertaken to quantify the impact of expansion in Cambridge and the sub-region over the next ten years. It is likely that there will be additional pressures on services such as Anti-Social Behaviour, Housing Needs and Home Aid.



Ref.	Portfolio	Area of Uncertainty
(24)		<p>Homelessness Grant</p> <ul style="list-style-type: none"> <i>the future of ODPM funding for homelessness is uncertain. Indications are that grant levels may be reduced in future years, which would necessitate decisions on which external agencies cease to be funded.</i>
(25)	Community Services (Arts & Recreation)	<p>Swimming Pools</p> <ul style="list-style-type: none"> <i>Kings Hedges Pool is due to reopen in summer 2006 and work is underway to replace the boilers at Parkside pools.</i>
(26)		<p>Leisurecard review</p> <ul style="list-style-type: none"> <i>officers are still reviewing the basis of a scheme and taking account of the VisitCambridge card and the County's smartcard project with the aim of implementing a revised card from April 2007.</i> <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 tarmacadam. 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> <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>



Ref.	Portfolio	Area of Uncertainty
		<p>Arts and Entertainments</p> <ul style="list-style-type: none"> <i>there is a lack of capacity to progress the Council's engagement with substantial public art agreements and projects, as a result significant opportunities may be missed or underexploited, for example with the Grand Arcade, Bradwell's Court and Station site developments.</i>
(27)	Community Development & Health	<p>Legislation will require new or enhanced enforcement regimes to be implemented, including:</p> <ul style="list-style-type: none"> <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. This could also have implications for legal services.</i>
(28)		<ul style="list-style-type: none"> <i>Hamilton Report – recommended the rationalisation of enforcement functions.</i>
(29)		<p>Safeguarding children and vulnerable adults</p> <ul style="list-style-type: none"> <i>legislation requires that we review and update our procedures for safeguarding children and vulnerable adults. This will result in new policy and procedures with increased costs in relation to police checks and staff training. The impact is impossible to quantify at this stage.</i>
(30)		<p>EFS</p> <ul style="list-style-type: none"> <i>the future of EFS in its current form is under review and a decision may be made not to provide these services, or provide them in a different way. The outcome of the review is uncertain at this point in time, but it could have future budget implications.</i>



Ref.	Portfolio	Area of Uncertainty
(31)		<p>Cemeteries & Crematorium</p> <ul style="list-style-type: none"> <i>this service area is producing a business plan, which will be reviewed by Committee in November. The plan will make reference to substantial capital investment work (in the region of £1m), required to meet Mercury emissions legislation, as well as developments to improve the choice of memorials, and improvements to the overall appearance of the site.</i>
(32)	Customer Services & Resources	<p>Guildhall Working Party</p> <ul style="list-style-type: none"> <i>work is still progressing in this area and it is anticipated that a report will be taken to Committee in November. It is too early to include the implication of the review in the MTS.</i>
(33)		<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>



<p>(34)</p>		<p>Property Disposals - a number of asset disposals are likely during the MTS period, including:</p> <ul style="list-style-type: none"> • <i>land at the rear of Wulfstan Way shops – vacant land in a residential area earmarked for affordable Housing. This would generate a receipt for housing purposes.</i> • <i>land at Arbury Camp - this is the Council's residual parcel of market housing land. Completion is scheduled to take place in 2006/07 and 2007/08, but there could be slippage.</i> • <i>48 Burleigh Street – the shop is being offered for sale, a capital receipt is anticipated in 2006/07.</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>land at rear of Barnwell Road shops and infill housing sites (Whitehill Road & Thorleye Road) are in the process of being developed by a housing association and will generate capital receipts. This would generate a receipt for housing purposes.</i> • <i>18 Beche Road & 46 High Street – both former Council houses in the process of being marketed. 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 of part of the site is anticipated in 2006/07.</i> • <i>land at Clay Farm - the Council owns 16+ acres gross. Negotiations are still taking place with a developer.</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>
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(35)		<p>Rent & Service Charge projections</p> <ul style="list-style-type: none"> <i>initial projections of rent and service charges highlight a potential decrease in income in 2007/08. However, due to the variability of this area producing final figures is difficult.</i>
(36)		<p>Legal</p> <ul style="list-style-type: none"> <i>development of procurement initiatives within the Council could generate additional resource requirements for legal support to projects. Similarly increased Freedom of Information requests would put pressure on existing staffing resources.</i> <p>Electoral Registration Bill</p> <ul style="list-style-type: none"> <i>the impact of the above bill will not be fully quantified until its implementation. However, hopefully it can be contained within ring fenced resources.</i> <p>Committee Services</p> <ul style="list-style-type: none"> <i>growth in the remit of Area Committees highlighted in the Annual Statement may result in additional staffing pressures and the requirement for additional resources, depending on the outcome of the process.</i> <p>Land Charge fees</p> <ul style="list-style-type: none"> <i>there is some uncertainty regarding an Office of Fair Trading report into local land searches and further guidance and legislation is expected. The impact of Home Information packs on local land charges is also uncertain.</i>

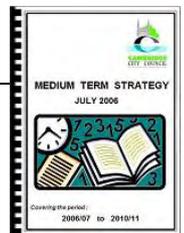


(37)		<p>Revenue Services</p> <ul style="list-style-type: none"> • <i>due to an increase in the overall workload within the teams including ongoing and further changes to the welfare benefits system, increased staff turnover, work associated with the Customer Access Strategy, e-Government and the Growth Agenda, as well as the anticipated outcome of the Lyons report, it is clear that in order for Revenue and Benefit Services to maintain and improve upon current overall performance, there will be a need to increase the current structure by two posts (at Benefit/Council Tax Assessment Officer level). This will be considered as part of the 2007/08 budget process.</i>
(38)		<p>City Services</p> <ul style="list-style-type: none"> • <i>a review of the Propagation centre is still anticipated and the outcome of this review is uncertain at the moment.</i>
(39)		<ul style="list-style-type: none"> • <i>the outcome of a review of the future of the PVCU factory is still uncertain and hence the impact cannot be included in the MTS.</i>
(40)		<ul style="list-style-type: none"> • <i>a full inventory for future replacement and upgrade of equipment (including Auto Vehicle Location system and IT equipment) is currently being prepared to establish the adequacy of the Repair and Renewals provision.</i>

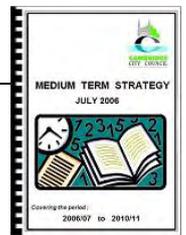


(c) Housing Revenue Account

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Revenue Account	<p>Housing Subsidy</p> <ul style="list-style-type: none"> <i>the key factor will be any further changes to the formulae. Although changes to management and maintenance allowances have been favourable, the changes in guideline rents have more than outweighed these for Cambridge City.</i>
(2)		<p>Right to Buy Sales</p> <ul style="list-style-type: none"> <i>the number of sales dropped dramatically in 2005/06. Early indications in 2006/07 suggest that sales are likely to remain low. The implications of this for revenue are positive, in that additional rental income can be assumed for the longer term.</i>
(3)		<p>Rent Restructuring Review</p> <ul style="list-style-type: none"> <i>implementing recommendations from the 3 year review of rent restructuring results in less of the housing stock reaching target levels by 2011/12. ODPM guarantees or compensate the authority for loss of income due to a 5% average cap are yet to be realised in monetary terms. Ongoing implications are being assessed as part of the budget preparation work.</i>
(4)		<p>Achievement of Decent Homes</p> <ul style="list-style-type: none"> <i>more emphasis is being placed on environmental issues outside the home. Some £200,000 pa has been earmarked for environmental works in the years leading up to 2010. Priorities will be established in conjunction with tenants/leaseholders.</i>
(5)		<p>Sulphate Attacks</p> <ul style="list-style-type: none"> <i>potential sulphate attacks in the structures of a number of council dwellings could result in the need for significant investment to undertake remedial works.</i>



Ref.	Portfolio	Area of Uncertainty
(6)		<p>Housing Health and Safety rating system.</p> <ul style="list-style-type: none"> <i>the impact of this new method of assessing housing fitness has yet to be assessed. This is important as the new assessment system examines a wider scope of issues than has historically been the case when assessing housing fitness which in turn determines Decency. This may result in a requirement to address works outside of the home and/or building fabric e.g. garden paths, ancillary buildings etc.</i>
(7)		<p>Gas and Electricity Prices</p> <ul style="list-style-type: none"> <i>the need to re-tender contracts for both gas and electricity is likely to result in significant increases in the price of both utilities. Early indications suggest that gas prices could rise by 38% and electricity by 86%. This would have implications both for the HRA and the tenants who are passed these costs in the form of service charges.</i>
(8)		<p>Asset Management Strategy</p> <ul style="list-style-type: none"> <i>work to produce an overall Asset Management Strategy for the HRA is underway. This will include a full review of all HRA land and buildings.</i> <i>HRA land and buildings were audited in 2005, and the results of the land audit are now being taken forward as (re)development proposals.</i> <i>the Asset Management Strategy is due for review this year; a revised strategy will take account of the land audit, progress towards decent homes, the investment strategy for sheltered, etc and will be completed by November 2006.</i>
(9)		<p>Maintenance of Aids and Adaptations</p> <ol style="list-style-type: none"> <i>additional capital investment in aids and adaptations in HRA stock, has revenue implications for repairing and maintaining the equipment. This puts additional pressure on existing day to day repairs budgets.</i>



Ref.	Portfolio	Area of Uncertainty
(10)		<p>Growth Agenda</p> <ul style="list-style-type: none"> Work is currently being undertaken to quantify the impact of expansion in Cambridge and the sub-region over the next ten years. It is likely that there will be additional pressures on services such as Anti-Social Behaviour.

(d) Capital

Ref.	Portfolio	Area of Uncertainty
(1)	Housing Capital	<p>Sheltered Housing Asset Management Strategy</p> <ul style="list-style-type: none"> delivery of the agreed Asset Management Strategy for sheltered housing provision in our own stock will require regular review at every stage of the project. Sale and transfer values and costs such as building inflation provide considerable uncertainty in the delivery of the latter years of the programme.
(2)		<p>Right to Buy Sales</p> <ul style="list-style-type: none"> the number of sales dropped dramatically in 2005/06. Early indications in 2006/07 suggest that sales are likely to remain low. The negative implications of this fall in available capital resources will need to be built into the Housing Investment Plan.



Appendix N

General Fund - Projection - 2006/07 to 2010/11

General Fund category	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Comments / Notes
Net Spending (Cttee Totals)	22,624,800	22,754,980	22,780,290	22,033,520	22,213,630	Inflated base budgets (includes savings, inflation and PPF effects from prior years)
	22,624,800	22,754,980	22,780,290	22,033,520	22,213,630	
<i>less</i> Asset Management Revenue Account	(4,936,870)	(4,936,870)	(4,861,870)	(4,761,870)	(4,661,870)	
<i>less</i> Minimum Revenue Provision Adj.	(2,016,360)	(2,016,360)	(2,016,360)	(2,016,360)	(2,016,360)	
	15,671,570	15,801,750	15,902,060	15,255,290	15,535,400	
<i>less</i> Contribution to :						
Capital Plan	6,769,820	2,249,580	1,816,500	1,636,500	1,580,000	Revenue contribution to fund capital spending
	22,441,390	18,051,330	17,718,560	16,891,790	17,115,400	
<i>add</i> Anticipated changes						
Previously Approved:						
Employers Pension contribution	0	342,000	342,000	342,000	342,000	Additional 1.5% p.a. from 2005/06 to 2007/08 - approved Feb 2005
Employers Pension contribution	0	73,290	537,460	977,200	1,441,370	Final actuarial report for 2004
JNC pay review	185,400	185,400	185,400	185,400	185,400	Provision against outcome of review



General Fund category	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Comments / Notes
Benefits (CTB, Rent Allowances and Rebates)	0	71,870	71,870	71,870	71,870	Review of benefit levels and subsidy entitlement (subject to clawback)
External Interest	0	(97,800)	(297,800)	(235,800)	(235,800)	Review of projected receipts from investments for Feb 2006
New changes :						
Council Tax Benefits / Rent Allowances / Rent Rebates	(82,000)	(82,000)	(82,000)	(82,000)	(82,000)	Review of 2006/07 base budgets
External Interest receipts	(473,000)	(332,000)	(374,000)	(512,000)	(512,000)	Latest review June 2006
Parking Services net income adjustment	300,000	300,000	300,000	300,000	300,000	Business Model projections. MTS inflation assumes increase in income yield of 2.4%
CCTV – Lion Yard cameras - include monitoring costs of approved capital bid	30,000	60,000	60,000	60,000	60,000	
City Services Net Trading	0	40,000	40,000	40,000	40,000	Estimate of trading position
Managing Growth	59,830	138,910	198,000	41,000	0	
Lost Income re South Cambs Reception	20,450	30,670	30,670	30,670	30,670	Following cessation of agency arrangement
Lion House cleaning budget underprovision	13,000	13,000	13,000	13,000	13,000	
Crematorium grounds maintenance underprovision	15,000	15,000	15,000	15,000	15,000	
Electricity and Gas increased costs (including Admin Buildings)	188,000	188,000	188,000	188,000	188,000	Includes increases in the order of 86% for electricity and 38% for gas.



General Fund category	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Comments / Notes
Revenue cost of new Green Bin round	24,000	145,000	145,000	145,000	145,000	Includes setting up costs so round available from 1 April 2007
Property reduced rent income (compared to inflated income budget)	25,610	125,000	125,000	125,000	125,000	Based on property rent projections at June 2006
Parsons Court Loss of Rent	4,580	4,580	4,580	4,580	4,580	Loss of income to Admin Buildings
Lion Yard - contribution to capital	0	(600,000)	250,000	(300,000)	0	Included in funding and applied in the capital plan
Lion Yard – Net Rent Income	(4,840)	8,570	34,940	(1,560)	37,720	Balance of net change in rents projected after contribution to capital
Revenue effects of capital S106 tennis court and sports	2,500	2,500	2,500	2,500	2,500	Ensuring revenue provision for ongoing repair and maintenance costs following approval of S106 capital scheme
	22,749,920	18,683,320	19,508,180	18,301,650	19,287,710	
<i>add</i> Priority Policy Fund (PPF)						
- Future Years PPF Provision	-	500,000	500,000	500,000	500,000	New provision included in each budget year
	22,749,920	19,183,320	20,008,180	18,801,650	19,787,710	
<i>less</i> Net savings Requirement	0	(1,070,000)	(1,070,000)	(1,070,000)	(850,000)	New savings required in each budget year
Total Net Spending Requirement	22,749,920	18,113,320	18,938,180	17,731,650	18,937,710	



General Fund - Funding Statement - 2006/07 to 2010/11

General Fund category			2006/07	2007/08	2008/09	2009/10	2010/11	Comments / Notes
			(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	
Total	Net	Spending	22,749,920	18,113,320	18,938,180	17,731,650	18,937,710	
	Requirement							
less	External Support							
	- Formula Grant		(11,840,040)	(12,121,780)	(12,243,000)	(12,365,430)	(12,489,080)	Formula Grant (RSG and NNDR Pool share) includes LABGI 480,520
			10,909,880	5,991,540	6,695,180	5,366,220	6,448,630	
less	Collection Fund (Surplus) / Deficit							
	- Council Tax		(90,490)	(50,000)	0	0	0	Based on latest review of Collection Funds
	- Poll Tax		3,530	0	0	0	0	
			10,822,920	5,941,540	6,695,180	5,366,220	6,448,630	
less	Income from Council Tax		(5,269,510)	(5,534,240)	(5,812,340)	(6,104,360)	(6,410,870)	
	Contribution (To) / From Reserves		5,553,410	407,300	882,840	(738,140)	37,760	



General Fund - Reserves Projection - 2006/07 to 2010/11

General Fund category	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	2010/11 (£'s)	Comments / Notes
Balance as at 1 April (b/f)	11,657,650	5,891,460	4,548,620	3,328,380	4,280,010	
less Contribution (to) / from General Fund	(5,553,410)	(407,300)	(882,840)	738,140	(37,760)	
less Customer Access	(212,780)	(935,540)	(337,400)	213,490	538,460	Net use of Reserves for Cash Flow purposes
Balance as at 31 March (c/f)	5,891,460	4,548,620	3,328,380	4,280,010	4,780,710	



Appendix O

HRA Summary Forecast - 2006/07 to 2010/11

Description	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)
Supervision & Management - General	4,568	4,779	4,948	5,149	5,357
Customer Access Strategy - Costs / (Savings)	64	279	101	(64)	(161)
Supervision & Management - Special	1,314	1,351	1,392	1,434	1,477
Repairs & Maintenance	5,356	5,459	5,610	5,792	5,965
HRA Subsidy (including MRA)	8,817	9,595	10,386	11,155	12,044
Capital Payments	18,870	18,870	18,870	18,870	18,870
Depreciation - transferred to Major Repairs Reserve	6,777	6,777	6,777	6,777	6,777
Other Expenditure	399	412	427	441	457
Total Expenditure	46,165	47,522	48,511	49,554	50,786
Rental Income	(25,721)	(26,774)	(27,604)	(28,727)	(29,652)
Service Charges	(1,388)	(1,421)	(1,455)	(1,489)	(1,524)
Other Income	(606)	(624)	(643)	(663)	(683)
Total Income	(27,715)	(28,819)	(29,702)	(30,879)	(31,859)
Net Cost of Services	18,450	18,703	18,809	18,675	18,927



Description	2006/07 (£ 000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)
Net Cost of Services b/f	18,450	18,703	18,809	18,675	18,927
AMRA					
Capital Charges - interest charged to HRA	(18,870)	(18,870)	(18,870)	(18,870)	(18,870)
Loan Interest	41	41	41	41	41
Interest Receivable	(449)	(415)	(381)	(354)	(320)
Mortgage Interest Receipts	(10)	(8)	(6)	(5)	(3)
Redemption Premium charged to Revenue	545	545	545	546	546
Net Operating Expenditure	(293)	(4)	138	33	321
Appropriations					
Depreciation Adjustment	(1,854)	(1,778)	(1,695)	(1,639)	(1,557)
Direct Revenue Financing of Capital	2,973	2,506	2,291	2,350	1,990
FRS17 Adjustment	(215)	(224)	(234)	(244)	(254)
(Surplus) / Deficit for Year	611	500	500	500	500
(Surplus) / Deficit b/f	(7,330)	(6,719)	(6,219)	(5,719)	(5,219)
Total Balance c/f	(6,719)	(6,219)	(5,719)	(5,219)	(4,719)



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, and ongoing

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, and ongoing

Lead Officer : S Pidgeon

Remit :

The Sustainable City Programme is designed to encourage bids for capital schemes from a broad range of local organisations which improve the sustainability of Cambridge City. Judgements about the relative contribution made by different schemes to sustainability will be made against their predicted or potential impact on various 'sustainability' indicators adopted by the Council. Matching external funding equal to at least half of the total of the annual programme will be sought by the Council. 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).

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 2007/08 *

Lead Officer : D Kaye

Remit :

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

(*) The programme has been extended to 2007/08 to enable schemes to progress at Manor Community College (completion estimated summer 2006) and St Bedes / Coleridge Community College (feasibility ongoing).



PR10 ENVIRONMENTAL IMPROVEMENTS PROGRAMME

Approved Timescale : 2000/01 and ongoing

Lead Officer : G Richardson

Remit :

This programme, allocated to area committees based on population, allows local people and organisations, Councillors and officers to put forward ideas to improve local neighbourhoods. Both small and large scale schemes can be considered if there is local support and if the proposal is likely to be a significant and long-term improvement to the street or place. The eligibility criteria for the revised programme is still to be agreed by the Executive Councillor for Environmental Services.

This programme incorporates balances, after commitments, from programmes PR11, 12 and 13,

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.

Balance, after commitments, consolidated into PR10 with effect from 2006/07

PR12 ROAD SAFETY SCHEMES – TRAFFIC CALMING

Approved Timescale : 2000/01 and ongoing



Lead Officer :	J. Isherwood
Remit :	
<p>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.</p> <p>Balance, after commitments, consolidated into PR10 with effect from 2006/07</p>	

PR13	ROAD SAFETY SCHEMES – CROSSINGS
	Approved Timescale : 2000/01 and ongoing
	Lead Officer : J. Isherwood
Remit :	
<p>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.</p> <p>Balance, after commitments, consolidated into PR10 with effect from 2006/07</p>	

PR14	ENVIRONMENTAL SAFETY FUND
	Approved Timescale : 2001/02 and ongoing
	Lead Officer : B Human
Remit :	
<p>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.</p>	



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 2010/11

Lead Officer : B. Kerry

Remit :

This budget is to provide the complete replacement or major reconstruction of public conveniences in accordance with the strategy agreed by Environment Committee in June 2001.

PR17 CITY SERVICES VEHICLE REPLACEMENT

Approved Timescale : ongoing

Lead Officer : G. Watts

Remit :

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



PR18 BUS SHELTERS

Approved Timescale : 2004/05 to 2011/12

Lead Officer : E Oliver

Remit :

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

PR19 CAR PARKS INFRASTRUCTURE AND EQUIPMENT REPLACEMENT

Approved Timescale : Ongoing

Lead Officer : S Maxwell

Remit :

This reflects the scheduled repair and renewal works which have been programmed for all the City's car parks. The programmed works are covered by the specific earmarked repair and renewal funds, operated by the Council.

PR20 ICT INFRASTRUCTURE REPLACEMENT AND UPGRADE

Approved Timescale : Ongoing

Lead Officer : J Nightingale

Remit :

This reflects the scheduled replacement and upgrade works required to maintain the Council's ICT infrastructure. The programmed works are covered by the specific earmarked repair and renewal funds, operated by the Council.



Appendix Q

Capital Funding Availability Projection - 2006/07 to 2010/11

Funding		Financial Year				
Source	Type	2006/07 £'s	2007/08 £'s	2008/09 £'s	2009/10 £'s	2010/11 £'s
External Support	Basic Credit Approval (BCA)		-	-	-	-
	Specified Capital Grants (SCG)	(882,000)	(564,000)	(230,000)	(230,000)	(230,000)
	Other Sources	(726,660)	(55,000)	(55,000)	(50,000)	(50,000)
	Major Repairs Allowance (MRA)	(5,642,000)	(4,867,000)	(4,818,000)	(4,743,000)	(4,692,000)
	Section 106	(1,532,350)	(160,000)	-	-	-
	TOTAL - External Support	(8,783,010)	(5,646,000)	(5,103,000)	(5,023,000)	(4,972,000)
City Council	Usable Capital Receipts	(6,989,000)	(3,393,790)	(2,372,000)	(3,538,000)	(2,216,000)
	HRA Capital Balances	(6,232,000)	(2,794,000)	(3,549,000)	(369,000)	(3,144,000)
	Direct Revenue Financing (DRF) - HRA	(2,974,000)	(2,506,000)	(2,291,000)	(2,350,000)	(1,990,000)
	Direct Revenue Financing (DRF) - GF Services	(209,000)	(54,000)	(54,000)	-	-
	Repair & Renewals Fund	(1,833,670)	(1,671,000)	(1,443,000)	(401,000)	(393,000)
	Earmarked Reserves	(582,500)	(992,510)	(2,500)	(2,500)	-
	Direct Revenue Financing (DRF) - Use of Reserves	(6,769,820)	(2,249,580)	(1,816,500)	(1,636,500)	(1,580,000)
	TOTAL - City Council	(25,589,990)	(13,660,880)	(11,528,000)	(8,297,000)	(9,323,000)
	Total Available Finance	(34,373,000)	(19,306,880)	(16,631,000)	(13,320,000)	(14,295,000)



Appendix R

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		9,212	8,655	22,997	14,916	15,040	12,022	13,024	85,652	146	
	Approved Schemes		25,345	15,595	11,376	3,933	716	481	400	32,501	810	
	TOTAL CAPITAL PLAN		34,557	24,250	34,373	18,849	15,756	12,503	13,424	118,153	956	



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR001	Housing Investment Programme (HIP)	J Hovells		0	19,414	12,476	12,788	10,812	11,872	67,362	0	Detailed review of schemes is undertaken by Housing Committee.
PR003	City Centre Management Programme	A Joyce	323	195	54	30	30	30	30	369	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	309	41	30	30	30	30	470	12	£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 trfd to rev. in 2003/04. £35k on-going apprvd at Strategy Scrutiny 26/1/04
PR006	Safer City Programme	L Kilkelly	450	288	109	50	50	50	0	547	9	Three year extension of programme approved at City Board 31/01/00. Three year extension of programme approved at Strategy Scrutiny 28/01/03. Extn to programme to 2009/10 £50k pa.
PR007	Cycleways	C Rankin	1,145	822	328	150	150	150	150	1,600	7	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

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
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	G Richardson	1,200	659	47	58	58	58	58	938	25	Scheme approved 8/5/00 City Board. Was shown as SC90. Additional £150k pa approved at City Board 29/1/01. Contributions of £63k achieved by 31/3/03, which will allow additional expenditure. One off £50k reduction in 2004/05.
PR010a	Environmental Improvements Programme - North Area	G Richardson	158	65	148	138	138	138	138	765	1	Budget now allocated to area committees. Balances, after commitments, consolidated from PR11, 12 and 13 MTS July 06
PR010b	Environmental Improvements Programme - South Area	G Richardson	159	31	83	97	97	97	97	502	1	Budget now allocated to area committees Balances, after commitments, consolidated from PR11, 12 and 13 MTS July 06
PR010c	Environmental Improvements Programme - West/Central Area	G Richardson	193	23	141	100	100	100	100	564	10	Budget now allocated to area committees Balances, after commitments, consolidated from PR11, 12 and 13 MTS July 06
PR010d	Environmental Improvements Programme - East Area	G Richardson	189	25	176	131	131	131	131	725	0	Budget now allocated to area committees Balances, after commitments, consolidated from PR11, 12 and 13 MTS July 06
PR011	Environmental Improvements - Pavements	J Isherwood	350	271	22	0	0	0	0	293	0	£50k pa approved at City Board 29/1/01 Balances, after commitments, consolidated into PR10 MTS July 06
PR012	Road Safety Schemes - Traffic Calming	J Isherwood	900	647	103	0	0	0	0	750	45	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



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
												almost complete. Norfolk Street to start December 2002. Balances, after commitments, consolidated into PR10 MTS July 06
PR013	Road Safety Schemes - Crossings	J Isherwood	585	265	271	0	0	0	0	536	0	Scheme apprvd 8/5/00 City Bd. Addtl £45k pa apprvd at City Bd 29/1/01. Addtl £30k pa drf. Q/Ediths Way, Tvrshm Drift, C/H High St & Crltn Way up & running. KH Rd about to be inst'd. Barton Rd & Storeys Way likely. £26,339 S106 rec'd. Balances, after commitments, consolidated into PR10 MTS July 06
PR014	Environmental Safety Fund	B Human	252	42	98	0	0	0	0	140	0	Approved at City Board 9/7/01. Agreed at Environment Scrutiny 11/11/03 that fund be used to improve street lighting in those areas with highest violent crime figures.
PR015	Repair and Refurbishment Programme - Hobsons Conduit	A Wingfield	25	10	15	0	0	0	0	25	1	£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	1,113	397	206	38	38	38	1,830	34	City Board 1/2/99 appr. Addl £70k R&R fundng. Addl £68k appr City Board 29/1/01. Addl £250k pa appr City Board 11/02/02 4 yrs to 2005/06. Addl funding app Scrutiny 10.1.06 from UOR to 2007/08. Further prog to 09/10 from R&R £25k pa.
PR017	City Services - Vehicle Replacement Programme	G Watts	303	3,813	369	550	950	0	0	5,682	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



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
PR018	Bus Shelters	E Oliver	100	50	50	50	25	25	25	225	0	Approval at Strategy Scrutiny 26/1/04. Four-year programme to 2007/08. Funded from use of reserves. Further funding approved Scrutiny 10.1.06 to 2009/10 funded from Reserves.
PR19	Car Parks Infrastructure and Equipment Replacement Programme	P Necus	1,748	0	360	545	285	303	255	1,748	0	Programme consolidating the replacement requirements with approved existing schemes refs SC292,298,299,302-305, from 2006/07, funded from R&R. Included in MTS July 2006.
PR020	ICT Infrastructure Replacement and Upgrade Programme	J Nightingale	860	0	325	305	170	60	100	960	0	Programme over 5 years from 2006/07 funded from R&R.
Capital-Programmes			9,212	8,655	22,997	14,916	15,040	12,022	13,024	85,652	146	

Capital Plan - Approved Items

SC011	Chesterton Community College Sports Hall	D Kaye	250	250	0	0	0	0	0	250	0	Project appraisal to July 2002 CD&L Scrutiny Committee
SC033B	CCTV Street Lighting	G Richardson	47	7	40	0	0	0	0	47	0	Held in reserve for implementation of lighting strategy in association with the County Council. Additional £6k external contribution received.
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	J Condon	177	164	13	0	0	0	0	177	1	City Board 1/2/99 approval. Finance and Human Resources bids to Strategy Scrutiny 28/01/03. Funded from R&R (£138k) and use of reserves (£39k). Funding split: Finance £65k: Human Resources £112k.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC072	Poster Boards	J Hunter	33	23	10	0	0	0	0	33	0	Approved City Board 29/3/99. Funded from use of reserves. Work almost complete. Funding for Phase 2 approved at 31/01/00 City Board. Additional £13k approved City Board 29/1/01
SC073	New Information Boards	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	I Ross	383	373	0	0	0	0	0	373	0	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	0	0	0	0	0	145	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	1,600	102	0	0	0	0	1,702	34	Apprvd at City Board 29/1/01. Funded from uor. £100K tfrd to SC106-apprvd at City Board 9/7/01. Plan. app. submitted and expected to go ctte in Aug. Compl. of scheme expected early 2005. Further funds £176k S106 Nov 2004.
SC106	Enhance Existing Community Facilities - East Chesterton	K Hay	150	106	44	0	0	0	0	150	0	Approved at City Board 29/1/01. Funded from use of reserves. £100k transferred from SC105 - approved at City Board



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												9/7/01. Grant of £100k awarded to St. George's Church for hall refurbishment.
SC107	Recycling Centre for Green Waste	A Wilson	35	36	1	0	0	0	0	37	0	Approved at City Board 29/1/01. Funded from use of reserves. Project appraisal to November 2002 CD&L Committee.
SC110	Corn Exchange Air Handling	G Saxby	60	0	60	0	0	0	0	60	0	Approved at City Board 29/1/01. Funded from reserves. Further investigation needed after outcome of BVFSR approved.
SC121	Sports Development	I Ross	403	291	1	0	0	0	0	292	24	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	1,309	21	0	0	0	0	1,330	6	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.
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.
SC131I	Access to Buildings - Year 2 & 3 - Conveniences on Recreation Grounds	I Ross	76	59	17	0	0	0	0	76	13	Allocation of DDA funding.



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SC131J	Access to Buildings - Improvements Year 2 & 3 (Car Parks)	S Simmonett	76	4	37	0	0	0	0	41	18	Allocation of DDA funding. £35k transferred to SC211.
SC132	City Services - Environmental Improvements	G Watts	99	98	0	0	0	0	0	98	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	106	0	0	0	0	0	106	0	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	82	1	0	0	0	0	83	1	Approved at City Board 11/02/02. Funded from use of reserves. 2003/04 funding (£28k) trfd 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	514	0	0	0	0	0	514	0	Approved at City Board 11/02/02. Funded from use of reserves with a five year repayment plan from increases in related fees and charges. £4k transferred to revenue.
SC152	Guildhall Electricity Supply Upgrade	J Cowin	125	126	0	0	0	0	0	126	0	Approved at C&HR Scutiny Committee 2/7/02. Funded from R&R.
SC154	Allotment Improvements (from S106 Newmarket Rd)	T Ray	107	92	18	0	0	0	0	110	0	Funded from S106 scheme.
SC159	Midsummer Common - Access & Path Re-enforcement	I Ross	55	49	6	0	0	0	0	55	4	Funded from S106 scheme.
SC160	Member Services Connectivity Project	G Olliffe	31	19	0	0	0	0	0	19	0	Approved at Strategy Scrutiny 28/01/03. Funded from Technology Investment Fund (TIF).



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SC161	Queen Anne Terrace Car Park Improvements	S Simmonett	2,006	2,015	0	0	0	0	0	2,015	0	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	129	0	0	0	0	0	129	0	Approved at Strategy Scrutiny 28/01/03. Funded from Technology Investment Fund (TIF).
SC163	Compulsory Purchase Orders (CPOs)	R Coey	1,336	0	400	400	400	400	400	2,000	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	(52)	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	28	0	0	0	0	0	28	1	Approved at Strategy Scrutiny 28/01/03. £20k funded from use of reserves and £10k funded from R&R.
SC166	Improvements to Shop Front Forecourts	J Cowin	141	123	18	0	0	0	0	141	0	Approved at Strategy Scrutiny 28/01/03. Funded from use of reserves. Scheme out to tender. Akeman St Shops (£23k) & Local Shops Improvement Works (£74k) approved at Strategy Scrutiny 26/1/04. Funded from use of reserves.
SC167	Recycling/Waste Minimisation Initiatives	R Coey	12	1	11	0	0	0	0	12	6	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



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												Scrutiny Ctte 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.
SC177	Mobile CCTV Cameras	M Beaumont	146	118	28	0	0	0	0	146	0	Apprvd at Strategy Scrutiny 24/3/03. Funded from use of reserves (£50k) and Comm. Safety Prtnrshp (£40K). Addtnl £36k apprvd at C&HR 13/1/04. Funded from DRF. Addtnl £20k apprvd at Strategy Scrutiny 26/1/04. Funded from use of reserves
SC181	St Matthew's Piece & Play Area	I Ross	35	54	55	0	0	0	0	109	0	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	10	10	0	0	0	0	20	0	Funded from S106 scheme.
SC183	Coleridge Rec & Kings Hedges Rec Skateboard Park	T Ray	100	0	0	100	0	0	0	100	0	Funded from S106 scheme. Project appraisal to 3/7/03 CD&L Committee.
SC192	Development Land on the North Side of Kings Hedges Road	J Cowin	86	2,249	1,841	920	0	0	0	5,010	0	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. Capital receipt £2155k.
SC193	Tourist Information Centre Back Office Refurbishment	N Bolton		49	0	0	0	0	0	49	10	Approved at Strategy Scrutiny 17/11/03. Funded from use of reserves. Project Appraisal to Strategy Scrutiny 26/1/04. Additional £4k funded from R&R.
SC195	St. Andrew's Hall	K Hay	250	0	246	0	0	0	0	246	246	Approved at Strategy Scrutiny 26/1/04. Funded from S106.



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SC196	CCTV Control Room Upgrade & Equipment Replacement	J Cowin	366	108	156	102	0	0	0	366	25	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	I Ross	30	14	16	0	0	0	0	30	0	Approved at Strategy Scrutiny 26/1/04. Funded from use of reserves.
SC201	Lion House Scheme	J Cowin	421	473	0	0	0	0	0	473	0	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	I Ross	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	26	294	0	0	0	0	320	99	£175k funded from S106, £110k transferred from SC121, £25k funded from Active England Grant, £10k funded from R&R. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC209	Christ's Piece 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	I Ross	68	45	23	0	0	0	0	68	0	Funded from S106 (£50k) and R&R (£18k). Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	N Bolton	39	40	5	0	0	0	0	45	0	Funded from Disabled Access Fund (£4k) and transfer from SC131J £35k. Project Appraisal to Community Development & Leisure Scrutiny 29 April 04.
SC214	LAPE	P Necus	656	444	19	0	0	0	0	463	0	Set-up costs met by County Council.



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SC215	Christs Piece - Trees/Landscaping	A French	11	3	9	0	0	0	0	12	0	Funded from S106
SC216	Nightingale Avenue - MUGA	I Ross	40	0	0	60	0	0	0	60	0	Funded from S106
SC217	Nuns Way - Safer Routes	P Bishop	8	1	7	0	0	0	0	8	0	Funded from S106 (approx £8k)
SC218	ServiceMail Upgrade	P Boucher	28	28	0	0	0	0	0	28	0	Funded from R&R. Project Appraisal to Strategic IT Scrutiny 29 July 2004.
SC220	Refurbishment of 23 Market Street	J Cowin	135	175	0	0	0	0	0	175	0	Funded from External Funding £40k, Property Strategy Fund £78k and use of reserves £17k
SC221	Lion Yard - Contribution to Works	J Cowin	3,610	0	3,610	0	0	0	0	3,610	0	Approved at Council 9/9/04. Funded from usable capital receipt £2m (£1m contributes to funding available). Additional £2,610k included in MTS July 2006 – Rent Income £650k, Reserves in anticipation of capital receipts £1.51m, balance of LABGI funding £450k.
SC224	Office Accomodation - Electoral Services and Reception & Office Services improved working conditions	G Olliffe	25	20	0	0	0	0	0	20	0	Approved at C&HR Scrutiny 9.11.04. Funded from R&R
SC225	Bishops Mill - motorise & automate sluice	J Cowin	100	5	95	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	121	115	0	0	0	0	236	0	Approved Scrutiny 18.11.04. S106 funded.
SC228	St Albans RG Multisport Area	I Ross	51	45	6	0	0	0	0	51	0	S106 funded
SC229	Lammas Land / Coe Fen /	I Ross	40	0	40	0	0	0	0	40	0	S106 funded



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	Snobs Brook dredging & piling											
SC230	Buchan Street Neighbourhood Centre	K Hay	149	82	67	0	0	0	0	149	75	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	100	0	155	0	0	0	0	155	30	Approved scrutiny 18.11.04. £400 external, £100 S106 funded. Addn £55k from S106 approved Scrutiny 22.7.05.
SC234	Histon Road Cemetery Landscaping	T Spaxman	31	0	31	0	0	0	0	31	0	Approved at Env Scrutiny 16.11.04. S106 funded.
SC235	Coldhams Common - Woodland Walk Bridge	C Robertson	4	0	0	0	0	0	0	0	0	S106 funded
SC236	Trumpington Rec Tennis Court	I Ross	25	0	40	0	0	0	0	40	0	Funded from S106
SC237	Abbey Sports Changing Facilities	I Ross	775	753	22	0	0	0	0	775	0	Funded from S106, lottery etc
SC238	St Albans Rec - Notice Board	T Ray	1	0	1	0	0	0	0	1	0	Funded from S106
SC239	Nine Wells	G Richardson	20	20	0	0	0	0	0	20	0	S106 funded
SC240	Barnwell West Nature Reserve	G Richardson	15	0	15	0	0	0	0	15	0	S106 funded
SC241	Barnwell East Nature Reserve	G Richardson	8	5	3	0	0	0	0	8	0	S106 funded
SC242	Alexander Gardens - demolition of toilets - NOW COMPLETE	I Ross	7	7	0	0	0	0	0	7	0	S106 funded
SC243	Shelley Row play area	M Mehta	15	15	0	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	19	Approved at Strategy Committee 7.2.05



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SC245	Lighting and decorating works at Grafton East Car Park	P Necus	25	10	15	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.
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	35	24	0	0	0	0	59	52	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	53	0	0	0	0	0	53	0	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	25	8	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	5	0	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	5	0	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	11	0	0	0	0	0	11	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC255	Destination Management System for Cambridge	N Bolton	28	14	14	0	0	0	0	28	1	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.



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SC256	Through the Glass "out of hours" information point	N Bolton	4	0	4	0	0	0	0	4	9	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC257	ePOS system for TIC shop and main counter	N Bolton	7	3	4	0	0	0	0	7	5	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC258	Planning Services On-Line - Phase 1: Public Access	J Summers	76	43	2	0	0	0	0	45	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC259	Corporate GIS - Initial Investigation of project	M Greensmith	15	15	0	0	0	0	0	15	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from TIF.
SC260	Environment & Planning - Meet Health & Safety standards	P Boucher	50	81	0	0	0	0	0	81	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from Use of Reserves.
SC261	Various Capital works at the Crematorium	T Spaxman	247	133	114	0	0	0	0	247	74	Approved at Strategy Scrutiny Committee 7.2.05. Funded from R&R £97k and Use of Reserves £150k.
SC262	Christ's Piece new petal irrigation bed system - NOW COMPLETE	C Robertson	5	3	0	0	0	0	0	3	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	244	239	0	0	0	0	483	0	Approved at Strategy Scrutiny Committee 7.2.05. Funded from SC222 & SC223 £310k (Use of Reserves), £195k R&R.
SC264a	Full Customer Services Strategy (LGOL)	F Barratt	35	33	2	0	0	0	0	35	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264b	CRM requests and procurement (LGOL)	F Barratt	25	38	(13)	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	39	56	0	0	0	0	95	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264d	Business Analyst (LGOL)	F Barratt	95	47	48	0	0	0	0	95	53	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264e	E-Government Software and Hardware (LGOL)	J Nightingale	25	50	0	0	0	0	0	50	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.



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SC264f	Web Developer (LGOL)	J Nightingale	30	50	(20)	0	0	0	0	30	0	Funded from LGOL (Local Government On-Line) Grant. To Full Council 24 Feb 2005.
SC264g	E-Government Technical Infrastructure (LGOL)	J Nightingale	45	26	(6)	0	0	0	0	20	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	14	8	0	0	0	0	22	0	Approved Council 24/2/05 TIF Funded
SC266	CHVC Access	I Ross	7	6	1	0	0	0	0	7	(1)	Funded from Reserves
SC268	Dudley Road Tree Planting & Path	A French	15	5	10	0	0	0	0	15	0	S106 funded
SC269	Fanshawe Road Allotments Water Installation	M Mehta	5	5	1	0	0	0	0	6	0	S106 funded
SC270	Shopmobility at Park Street & Christ's Pieces	J Cowin	72	80	0	0	0	0	0	80	0	Funded from £72k External Contribution.
SC272	St Andrews Play Area	T Ray	20	20	1	0	0	0	0	21	0	Funded from S106
SC275	EHP Vehicles	A Donne		39	0	0	0	0	0	39	0	R Coey
SC276	Queen Edith (Nightingale Avenue) - Tennis Court	C Robertson	13	13	0	0	0	0	0	13	1	S106 funded
SC277	Guildhall Server Room (TIF)	J Nightingale	65	56	9	0	0	0	0	65	0	Approved under Emergency Powers August 2005. TIF funded.
SC278	9-12 Grafton Street - costs associated with sale of the property	J Cowin	40	12	0	0	0	0	0	12	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	26	73	0	0	0	0	99	7	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	N Bolton	44	49	0	0	0	0	0	49	3	Approved under urgent action. Funded from



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Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
	Hinton Hall Cottage											R&R
SC282	Kettle's Yard	N Cutting	40	0	40	0	0	0	0	40	0	Council contribution to Kettle's Yard extension programme. Timing of contribution will be dependent on other funding agencies' timescales
SC283	City Centre Youth Venue	K Hay	20	0	20	0	0	0	0	20	0	Approved at July Committee £20k funded from S106.
SC284	Romsey Mill	I Ross	600	0	350	0	0	0	0	350	0	£600k approved at Scrutiny 22.7.05. £350k from S106, £250 Other external funding.
SC285	Essential Repairs to Lifts at Park St and Lion Yard Car Parks	P Necus	34	0	34	0	0	0	0	34	0	£33.5k funded from R&R approved by Exec. Councillor 23.9.05
SC286	Bandwidth Link between Guildhall/Mandela/Mill Rd	G Olliffe	20	16	0	0	0	0	0	16	0	£20k approved by Exec.Councillor from R&R 29.9.05.
SC287	Capita Axis-Paye.net module	John Frost	36	11	18	3	3	3	0	38	0	Approved CS&R Scrutiny 15.11.05 £36k TIF.
SC288	Extra Dry Recycling Vehicle	R Coey	135	0	135	0	0	0	0	135	0	Approved at Scrutiny 10.1.06. Funded £36k from Reserves and £99k from Other Sources
SC289	Storage receptacles for residents with white sack refuse	R Coey	12	0	12	0	0	0	0	12	0	Approved at Scrutiny 10.1.06 £11.5k funded from Other Sources
SC290	Travellers Emergency Stopping Place	S McBride	300	0	300	0	0	0	0	300	0	Approved at Scrutiny 19.1.06 £300k funded from Other Sources.
SC291	Choice Based Lettings - IT system costs	S McBride	37	0	37	0	0	0	0	37	8	Approved at Scrutiny 19.1.06 funded £33k from R&R, £4k from Reserves.
SC292	Resurfacing/lining at surface Car Parks	P Necus	0	0	0	0	0	0	0	0	0	Approved at Scrutiny Committee 10.1.06 £12.5k funded from R&R. Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
												Programme ref PR19 per MTS July 2006.
SC293	Improved Site security at Mill Road Depot	P Parry	20	0	20	0	0	0	0	20	0	Approved at Scrutiny 17.1.06 £20k funded from R&R.
SC294	CCTV at Mill Raod Depot	P Parry	22	0	22	0	0	0	0	22	0	Approved at Scrutiny 17.1.06 £24k funded from R&R.
SC295	Refurbishment of Cranmer Road - Gough Way Cycle Track/Footpath	J Isherwood	24	0	24	0	0	0	0	24	15	Approved at Scrutiny 10.1.06 £24k funded from R&R
SC296	Refurbishment of Coldhams Lane Public Footpath	J Isherwood	28	0	28	0	0	0	0	28	0	Approved at Scrutiny 10.1.06 £28k funded from R&R.
SC297	Air Conditioning at Mill Road Depot offices	P Parry	36	0	36	0	0	0	0	36	0	Approved at Scrutiny 17.1.06 £36k funded from R&R.
SC298	Waterproofing floors at Park Street Car Park	P Necus	0	0	0	0	0	0	0	0	0	Approved at Scrutiny 10.1.06 £70k funded from R&R Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement Programme ref PR19 per MTS July 2006.
SC299	Survey and Drainage Repairs at Park Street Car Park	P Necus	0	0	0	0	0	0	0	0	0	Approved at Scrutiny 10.1.06 £70k funded from R&R. Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement Programme ref PR19 per MTS July 2006.
SC300	Corn Exchange refurbishment	N Cutting	204	0	204	0	0	0	0	204	0	Approved at Scrutiny 19.1.06 £204k funded from R&R.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC302	Replacement of control equipment on Car Parks across the City	P Necus	0	0	0	0	0	0	0	0	0	Approved at Scrutiny 10.1.06 £30k funded from R&R. Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement Programme ref PR19 per MTS July 2006.
SC303	Overhaul of ventilation system at Lion Yard Car Park Annex	P Necus	0	0	0	0	0	0	0	0	15	Approved at Scrutiny 10.1.06 £15k funded from R&R. Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement Programme ref PR19 per MTS July 2006.
SC304	Waterproofing repairs to various levels of Grafton East Car Park	P Necus	0	0	0	0	0	0	0	0	0	Approved at Scrutiny 10.1.06 £70k funded from R&R. Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement Programme ref PR19 per MTS July 2006.
SC305	Structural repairs to Grafton East Car Park	P Necus	0	0	0	0	0	0	0	0	0	Approved at Scrutiny 10.1.06 £70k funded from R&R. Scheme now consolidated into Car Parks Infrastructure and Equipment Replacement Programme ref PR19 per MTS July 2006.
SC306	Mobile Male Street Urinals	D Coventry	5	0	5	0	0	0	0	5	0	Approved at Scrutiny 10.1.06 £5k funded from Reserves.
SC307	Energy Saving works - Guildhall Heating System	J Stocker	10	0	10	0	0	0	0	10	0	Approved at Scrutiny 17.1.06 £10k funded from Reserves.
SC308	Security at Sheep's Green Pool	D Kaye	15	0	15	0	0	0	0	15	0	Approved at Scrutiny 19.1.06 £15k funded from Reserves
SC309	Guildhall - Improvements to First Floor Security	T Attewell	19	0	19	0	0	0	0	19	0	Approved at Scrutiny 17.1.06 £19k funded from Reserves.
SC310	Replacement of light fittings in Administration	J Stocker	20	0	20	0	0	0	0	20	0	Approved at Scrutiny 17.1.06 £20k funded from Reserves.



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
	Buildings (per Energy Audit)											
SC311	Containers for recycling provision	R Coey	34	0	34	0	0	0	0	34	0	Approved at Scrutiny 10.01.06 £34k from Reserves.
SC312	Automated Energy monitoring system	J Stocker	35	0	35	0	0	0	0	35	0	Approved at Scrutiny 17.1.06 £35k funded from Reserves.
SC313	Asbestos Removal - 25 Gwydir Street	D Hirsch	35	0	35	0	0	0	0	35	0	Approved at Scrutiny 17.1.06 £35k funded from Reserves.
SC314	Managed Business Premises at 25 Gwydir Street	D Hirsch	78	0	78	0	0	0	0	78	0	Approved at Scrutiny 17.1.06 £78k funded from Reserves.
SC315	Purchase of Land abutting Cambridge Crematorium	T Spaxman	84	0	84	0	0	0	0	84	0	Approved at Scrutiny 17.1.06 £84k funded from Reserves.
SC316	Parkside Swimming Pool boilers	D Kaye	200	70	131	0	0	0	0	201	0	Approved at Scrutiny 19.1.06 £200k funded from Reserves.
SC317	Mayor's Car	S Edwards	20	20	0	0	0	0	0	20	0	£20k approved at Strategy Scrutiny 11 April 2005.
SC318	Byrons Pool Hard Surfacing	C Robertson	7	7	0	0	0	0	0	7	0	Funded from Section 106.
SC319	Mandela House Refurbishment (Revenues)	John Frost	77	77	0	0	0	0	0	77	0	Funded from R&R.
SC320	Histon Road Recreation Ground: Kick About Area	C Robertson	12	0	12	0	0	0	0	12	0	
SC321	Hobson House Fire Alarm	T Attwell	20	0	20	0	0	0	0	20	0	
SC322	Mandela House Replacement Windows	T Attwell	40	0	40	0	0	0	0	40	0	
SC323	Kings Hedges Recreation Ground - Youth Shelter	C Robertson	8	0	8	0	0	0	0	8	0	S106 funded
SC324	Guildhall First Floor Access Improvements (Disabled Toilet)	T Attwell	18	0	18	0	0	0	0	18	0	



Capital Plan - Approved Items

Capital Ref	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	2006/07 Budget (£000's)	2007/08 Budget (£000's)	2008/09 Budget (£000's)	2009/10 Budget (£000's)	2010/11 Budget (£000's)	Estimated Total Spend (£000's)	Spend This Year to Date (£000's)	Comments
SC325	Safety Fencing at Cherry Hinton Recreation Ground	C Robertson	7	7	0	0	0	0	0	7	0	C Robertson
SC326	Replacement Equipment - City Services Health & Safety	G Watts	43	43	0	0	0	0	0	43	0	Funded from R&R
SC327	Recycling vehicle	R Coey	145	0	145	0	0	0	0	145	0	Included in the MTS July 2006. Funding £115k WPEG (Waste Performance efficiency Grant), £30k reserves.
SC328	Customer Access implementation	A Jackson	2,261	0	500	1,370	313	78		2,261	0	Included in the MTS July 2006. Funding £948k from TIF, £131k from R & R, £1,183k from Reserves.
SC329	Corporate Document Image Processing (DIP) and Electronic Document and Records Management (EDRM)	J Nightingale	978	0	0	978	0	0	0	978	0	Included in MTS July 2006. Funding from HRA £147k, Efficiency Fund £172k, Local Plan Reserve £300k, TIF £71k, Reserves £288k.
SC330	Hobsons Brook Path repairs	J Isherwood	20	0	0	0	0	0	0	0	0	Approved at Environment Scrutiny Committee 7/3/06. Funded from R&R.
SC331	Kings Hedges Rec Ground - Trim Train	T Ray		0	0	0	0	0	0	0	5	S106 funded
	Capital-GF Projects		25,345	15,595	11,376	3,933	716	481	400	32,501	810	
	TOTAL CAPITAL PLAN		34,557	24,250	34,373	18,849	15,756	12,503	13,424	118,153	956	



HOUSING CAPITAL PROGRAMME

	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
External Support					
GO-East Housing Capital Allocation	(503)	(252)	0	0	0
Disabled Facility Grants (2004/05 60% of £388k expenditure)	(312)	(312)	(230)	(230)	(230)
Major Repairs Allowance (MRA)	(4,923)	(4,867)	(4,818)	(4,743)	(4,692)
MRA Brought Forward	(719)				
Total External Support	(6,457)	(5,431)	(5,048)	(4,973)	(4,922)
City Council					
Usable Capital Receipts	(3,284)	(1,774)	(1,672)	(1,588)	(1,516)
Other Land Sales Capital Receipts				(1,250)	
Usable Capital Receipts - Low Cost Shared Ownership	(300)	(300)	(300)	(300)	(300)
Temporary Asset Sale Receipt	(167)				
Direct Revenue Financing	(2,974)	(2,506)	(2,291)	(2,350)	(1,990)
Compulsory Purchase Orders	(400)	(400)	(400)	(400)	(400)
Total City Council Funding	(7,125)	(4,980)	(4,663)	(5,888)	(4,206)
Total Available Finance	(13,582)	(10,411)	(9,711)	(10,861)	(9,128)
Less Expenditure on Housing within the HRA					
Spend on Own Stock - Decent Homes	10,217	8,171	6,757	6,748	5,441
Spend on Own Stock - Other Capital Works	2,079	1,874	1,617	1,449	1,428
Low Cost Home Ownership	360	360	360	360	360
Sheltered Housing Modernisation	3,763	0	1,883	30	2,400
Total Expenditure on HRA	16,419	10,405	10,617	8,587	9,629
Resources remaining after funding expenditure on the HRA	2,837	(6)	906	(2,274)	501



	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
Less Expenditure on GF Housing					
Private Sector Housing Grants and Loans	600	600	600	600	600
Long Term Vacants	30	30	30	30	30
Continuing Drinkers Residential Project	470				
Compulsory Purchase Orders	400	400	400	400	400
Disabled Facilities Grants (DFG) Spend to secure 60% funding	520	520	383	383	383
Disabled Facilities Grants Additional Spend	220	220	200	200	200
Affordable Housing – New Build	1,111	1,000	1,000	1,000	1,000
Choice Based Lettings	14				
Fire Safety / Homes Security	30	30	30	30	30
Total Expenditure on GF Housing	3,395	2,800	2,643	2,643	2,643
Resources remaining after funding expenditure on HRA & GF Housing	6,232	2,794	3,549	369	3,144
Additional Capital Receipts Reserved to Generate Interest to Fund PSH Grants and Loans Revenue Costs	0	0	0	0	0
Capital receipts b/f	(19,341)	(12,954)	(9,828)	(5,947)	(5,246)
Contribution (to) / from Capital Balances	6,232	2,794	3,549	369	3,144
Anticipated additional spend for meeting other strategic housing priorities	155	332	332	332	332
Capital Balance c/f	(12,954)	(9,828)	(5,947)	(5,246)	(1,770)

Note :

The above excludes available S106 receipts, which are to be spent on affordable housing in 2006/07 and 2007/08.



Appendix S

Capital Plan - Funding Variations Since Last Report (Council – Feb 2006)

Source	Funding Type	2006/07 Projection			Comment
		Last Report (£ 's)	Current (£ 's)	Difference (£ 's)	
External Support	Specified Capital Grants (SCG)	312,000	882,000	570,000	reprofiled from 2005/06
	Supplementary Credit Approvals (SCA)	0	0	0	
	Other Sources	477,160	726,660	249,500	£68k reprofiled from 2005/06, new schemes £115k (SC327)
	Major Repairs Allowance (MRA)	4,923,000	5,642,000	719,000	Allowance carried forward from 2005/06
	Section 106	772,000	1,532,350	760,350	£740k reprofiled from 2005/06
	TOTAL – External Support	6,484,160	8,783,010	2,298,850	
City Council	Usable Capital Receipts	5,813,000	6,989,000	1,176,000	-£777k reprofiled from 2005/06, new scheme £1,838 (SC192)
	Direct Revenue Financing (DRF) / use of reserves – HRA	3,108,000	9,206,000	6,098,000	£6,337k reprofiled from 2005/06
	Direct Revenue Financing (DRF) – GF	160,000	209,000	49,000	£103k reprofiled from 2005/06



Source	Funding		2006/07 Projection			Comment
	Type	Last Report (£ 's)	Current (£ 's)	Difference (£ 's)		
	Repair & Renewals Fund	1,073,670	1,833,670	760,000	£216k reprofiled from 2005/06, new schemes net £162k (PR019, consolidating with SC292, 302, 303 ,304 and 305), £325k (PR020)	
	Earmarked Reserves	10,500	582,500	572,000	£72k reprofiled from 2005/06, £500k new scheme (SC328)	
	Use of Reserves	2,642,840	6,769,820	4,126,980	- see detailed breakdown	
	Total – City Council	12,808,010	25,589,990	12,781,980		
Total Available Finance		19,292,170	34,373,000	15,080,830		



Appendix T

Capital Plan - Profiling Variations Since Last Report (Council Feb 2006)

Capital Ref	Description	Change in 2006/07 Total Cost (£'000's)	Comments
Capital Schemes			
SC067	Replacement and upgrade of PS2000	5	Rephased from 2005/06
SC094	Allotment Improvements	1	Rephased from 2005/06
SC105	East Chesterton Community Centre	102	Rephased from 2005/06
SC106	Enhance Existing Community Facilities - East Chesterton	44	Rephased from 2005/06
SC107	Recycling Centre for Green Waste	1	Rephased from 2005/06
SC110	Corn Exchange Air Conditioning	40	Rephased from 2005/06
SC121	Sports Development	1	Rephased from 2005/06
SC131I	Access to Buildings - Year 2 & 3 - Conveniences on Recreation Grounds	17	Rephased from 2005/06
SC131B	Access to Buildings - Improvements (All Saints Market)	1	Rephased from 2005/06
SC145	Cellarers Chequer Roof Repair	1	Rephased from 2005/06
SC154	Allotment Improvements (from S106 Newmarket Rd)	18	Rephased from 2005/06
SC159	Midsummer Common - Access & Path Re-enforcement	6	Rephased from 2005/06
SC166	Improvements to Shop Front Forecourts	18	Rephased from 2005/06
SC167	Recycling/Waste Minimisation Initiatives	11	Rephased from 2005/06
SC177	Mobile CCTV Cameras	28	Rephased from 2005/06
SC181	St Mathews Play Area	55	Rephased from 2005/06
SC182	Allotment Improvements (Whitehill)	10	Rephased from 2005/06
SC183	Coleridge Rec Grd & Kings Hedges Rec. Grd Skateboard Park	(100)	Rephased to 2007/08



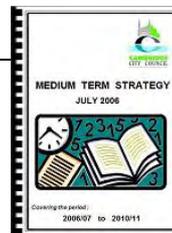
Capital Ref	Description	Change in 2006/07 Total Cost (£'000's)	Comments
SC192	Development Land on the North Side of Kings Hedges Road	1,841	Additional Scheme costs funded by Capital Receipt
SC195	St Andrew's Hall	246	Rephased from 2005/06
SC196	CCTV Control Room Upgrade and Equipment Replacement	54	Rephased from 2005/06
SC198	Lammas Land Pavilion	16	Rephased from 2005/06
SC202	Fison Road Youth Centre	12	Rephased from 2005/06
SC206	Kings Hedges Learner Pool	174	Rephased from 2005/06
SC206	Kings Hedges Learner Pool	110	Rephased from 2005/06
SC210	Hard Surface Cherry Hinton Hall Car Park	7	Rephased from 2005/06
SC210	Hard Surface Cherry Hinton Hall Car Park	16	Rephased from 2005/06
SC211	Installation of a Vertical Platform Lift at Cherry Hinton Hall (EFS)	5	Rephased from 2005/06
SC214	LAPE	19	Rephased from 2005/06
SC215	Christs Pieces - Trees/Landscaping	9	Rephased from 2005/06
SC216	Nightingale Ave MUGA	(40)	Rephased to 2007/08
SC217	Nuns Way - Safer Routes	7	Rephased from 2005/06
SC221	Lion Yard - Contribution to Works	2,610	Additional spend approval
SC225	Bishops Mill - Motorise and Automate Sluice	10	Rephased from 2005/06
SC226	Refurbishment of Play Areas (Coleridge, Nightingale Avenue, Ransden Square, Ditton Fields & Church End)	115	Rephased from 2005/06
SC228	St Albans Recreation Ground Multi Sport	(45)	Rephased from 2005/06
SC229	Lammas Land/Coe Fen/Snobs Brook Dredging	40	Rephased from 2005/06
SC230	Buchan Street Neighbourhood Centre	(3)	Rephased to 2005/06
SC232	Arbury Community Centre	155	Rephased from 2005/06



Capital Ref	Description	Change in 2006/07 Total Cost (£'000's)	Comments
SC236	Trumpington Rec Tennis Court	40	Rephased from 2005/06 plus increased scheme costs
SC237	Abbey Sports Changing Facilities	22	Rephased from 2005/06
SC238	St Albans Rec - Notice Board	1	Rephased from 2005/06
SC241	Barnwell East Nature Reserve	(5)	Rephased to 2005/06
SC244	Mandela House Air Conditioning (Revenue Services)	35	Rephased from 2005/06
SC245	Lighting and decorating works at Grafton East Car Park	15	Rephased from 2005/06
SC248	Lighting around Grafton West Pay-On-Foot machines	3	Rephased from 2005/06
SC249	Lion Yard Car Park CCTV cameras	24	Rephased from 2005/06
SC251	Machinery for Surface Cleaning of Queen Ann Terrace Car Parks	8	Rephased from 2005/06
SC255	Destination Management System for Cambridge	18	Rephased from 2005/06
SC257	ePOS system for TIC shop and main counter	4	Rephased from 2005/06
SC258	Planning Service On-Line Phase 1 : Public Access	2	Rephased from 2005/06
SC260	Environment & Planning - Meet Health & Safety Standards	(15)	Rephased to 2005/06
SC260	Environment & Planning - Meet Health & Safety Standards	3	Rephased from 2005/06
SC261	Various Works at the Crematorium	114	Rephased from 2005/06
SC263	Alternate weekly refuse and plastics collection (Waste Strategy)	169	Rephased from 2005/06
SC263	Alternate weekly refuse and plastics collection (Waste Strategy)	70	Rephased from 2005/06
SC264a	Full Customer Services Strategy (LGOL)	2	Rephased from 2005/06



Capital Ref	Description	Change in 2006/07 Total Cost (£'000's)	Comments
SC264b	CRM Requests and Procurement (LGOL)	(13)	Rephased to 2005/06
SC264c	E-Government Manager and Programme Office (LGOL)	56	Rephased from 2005/06
SC264d	Business Analyst (LGOL)	48	Rephased from 2005/06
SC264f	Web Developer (LGOL)	(20)	Rephased to 2005/06
SC264g	E-Government Technical Infrastructure (LGOL)	(6)	Rephased to 2005/06
SC266	CHVC Access	1	Rephased from 2005/06
SC268	Dudley Road tree Planting & Path	10	Rephased from 2005/06
SC269	Fanshawe Road Allotments	1	Rephased from 2005/06
SC272	St Andrews Play Area	1	Rephased from 2005/06
SC277	Guildhall Server Room (TIF)	9	Rephased from 2005/06
SC279	Wireless Working Scheme	49	Rephased from 2005/06
SC279	Wireless Working Scheme	24	Rephased from 2005/06
SC280	Grand Arcade Partnership	250	Rephased from 2005/06
SC282	Kettles Yard	40	Rephased from 2005/06
SC285	Essential repairs to lifts at Park Street and Lion Yard Car Parks	34	Rephased from 2005/06
SC287	Capita Axis-Paye.net Module	15	Rephased from 2005/06
SC295	Refurbishment of Cranmer Road - Gough Way Cycle Track/Footpath	24	Rephased from 2005/06
SC316	Parkside Pools boiler replacement	(69)	Rephased to 2005/06
SC320	Kick about area Histon Road	12	New Scheme
SC321	Hobson House Fire Alarm	20	New Scheme
SC322	Mandela House Replacement Windows	40	New Scheme
SC323	Kings Hedges Rec Ground Youth Centre	8	New Scheme
SC324	Guildhall First Floor Access Improvements (Disabled Toilet)	18	New Scheme
SC292 SC298 SC299 SC302 to SC305	Car Parks - Misc	(198)	Schemes now consolidated into Car Parks Infrastructure and Equipment Replacement Programme.



Capital Ref	Description	Change in 2006/07 Total Cost (£'000's)	Comments
	Customer Access implementation	500	New Scheme
	Recycling vehicle	145	New Scheme
Capital programmes			
PR001	Housing Investment Programme	6,873	Rephased from 2005/06
PR003	City Centre Management Programme	24	Rephased from 2005/06
PR004	Sustainable City Programme	5	Rephased from 2005/06
PR006	Safer City Programme	59	Rephased from 2005/06
PR007	Cycleways	172	Rephased from 2005/06
PR009	Joint Use Sports Facilities	324	Rephased from 2005/06
PR010	Environment Improvements Programme	(192)	Allocated to Area Programmes
PR010a	Environment Improvements Programme - North Area	51	
PR010b	Environment Improvements Programme - South Area	35	
PR010c	Environment Improvements Programme - West/Central Area	91	
PR010d	Environment Improvements Programme - East Area	81	
PR012	Road Safety Schemes - Traffic Calming	(17)	Rephased to 2005/06
PR013	Road Safety Schemes -Crossings	196	Rephased from 2005/06
PR014	Environmental Safety Fund	22	Rephased from 2005/06
PR015	Repair and Refurbishment Programme - Hobsons Conduit	10	Rephased from 2005/06
PR016	Public Conveniences	(9)	Rephased to 2005/06
PR018	Bus Shelters	(5)	Rephased to 2005/06
PR019	Car Parks Infrastructure and Equipment Replacement	360	Includes consolidation of some existing schemes.
PR020	ICT Infrastructure and Upgrade	325	New Programme
	TOTAL CAPITAL PLAN	15,531	



Capital Bids - Hold List

Ref.	Proposed Scheme / Programme & Comments	Cost to CCC (£ 000's)	External Funding (£ 000's)	Phasing of Expenditure					Funding Source		
				2006/07 (£000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	Cap	R&R	Rev
CUSTOMER SERVICES & 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		
				2006/07 (£000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 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 – Phase II <i>Revised (see H25) – Council Feb 2006</i>	191	0	191	0	0	0	0	✓	x	x
H25	Planning Services On-Line – Phase III <i>Revised (see H24) – Council Feb 2006</i>	255	0	255	0	0	0	0	✓	x	x
H26	Corporate GIS <i>New Bid – Council Feb 2006</i>	239	0	239	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		
				2006/07 (£000's)	2007/08 (£ 000's)	2008/09 (£ 000's)	2009/10 (£ 000's)	2010/11 (£ 000's)	Cap	R&R	Rev
H27	Fisher Square Environmental Scheme Capital Scheme <i>New Bid – Council Feb 2006</i>	70	0	70	0	0	0	0	✓	x	x
TOTAL											
		1,708	37	1,745	0	0	0	0			



Appendix V

Cash Limit Calculation - 2007/08

Portfolio / (Scrutiny Committee)	Adj. Gross Expend. (£'s)	Inflated Base Budget (£'s)	Reductions Required (£'s)	Cash Limit (£'s)
Arts and Recreation (Community Services)	4,784,740	5,734,440	140,070	5,594,370
Community Development & Health (Community Services)	6,549,280	5,093,460	191,730	4,901,730
Customer Services and Resources	5,389,340	(3,639,590)	157,770	(3,797,360)
Housing (Community Services)	2,494,580	6,294,440	73,030	6,221,410
Planning and Transport (Environment)	10,857,110	4,394,310	317,840	4,076,470
Environment (Environment)	3,013,790	1,743,860	88,230	1,655,630
Strategy	3,461,850	3,903,970	101,330	3,802,640
Committee Total	36,550,690	23,524,890	1,070,000	22,454,890
<i>add</i> Priority Policy Fund		500,000		
<i>add</i> Unavoidable cost		631,990		
<i>add</i> Contribution to capital		2,252,720		
<i>less</i> AMRA & MRP adjustment		(6,953,230)		
<i>less</i> FRS17 adjustment		(590,910)		
<i>less</i> Use of Reserves		(589,440)		
<i>less</i> Council Tax income		(5,584,240)		
<i>less</i> Total External Support		(12,121,780)		
Reduction Target		1,070,000		

Reduction calculation :

Based on excluding contractual obligations

- target rate : 2.93%



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



Appendix X

Annual Efficiency Statement (AES)

2006/07 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 2006/07 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 2006/07.

The Council has integrated the Annual Efficiency Statement requirements within its existing corporate processes during the year, ensuring the most effective approach with increases to process and associated workloads being minimised.

The use of thematic and cross-departmental groups to progress the efficiency agenda has enabled shared learning and the dissemination of good practice, as well as identifying the scope for the wider achievement of benefits derived from pilot work.

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

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



Key Actions :

The Corporate Change Programme includes key projects during 2006/07 specifically dealing with :

- Implementing Electronic Government (IEG)
- Procurement
- Customer Access Strategy Review

In relation to IEG, work in 2006/07 will focus on further development of the Council's website, integration with back office systems and the evaluation of potential benefits and savings from wireless and home working. DWP funding was secured for a wireless working pilot project towards the end of 2005/06 with the intention of identifying wider benefits which could be rolled out during 2006/07.

The Council's Procurement work stream will be focussed on sharing best practice (through delivery of a series of training events) and the identification of further opportunities to reduce the costs of procurement through utilising existing and/or developing new framework contracts and joint procurement arrangements.

In relation to the development of the Council's Customer Access Strategy, a report identifying the investment requirements, long term benefits and efficiencies of a new approach will be considered by members in July 2006. The outcome of this work is likely to reflect Council-wide business transformation achieved through business process re-engineering for both front and back office services. Although it is anticipated that implementation work will start in 2006/07, the project is expected to be phased over a three-year period.

Efficiencies identified/realised through the Corporate Change Programme are included, as appropriate, in the workstreams below.

AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Children's services	16,000	16,000
	<p>Strategy : The implementation of the outcomes of a review of childrens' services within the Council has enabled us to realise efficiencies through restructuring.</p>	
	<p>Key actions : These Include:</p> <ul style="list-style-type: none"> • Savings following the restructuring of Neighbourhood Community Development services and the creation of a new Childrens' and Young Peoples Participation service. • Savings following the re-location of Neighbourhood Play staff. 	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Culture and sport	49,870	37,270
	<p>Strategy : The outcomes of reviews of the Arts Strategy and Economic Development and Tourism functions are incorporated in the 2006/07 budget, and include a number of identified efficiencies in particular relating to making more effective use of the website and the restructuring and re-location of staff.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • Savings in accommodation costs following relocation of staff to other Council owned premises. • Increased income generated through more effective marketing of Community Centre facilities and more efficient use of assets. • Savings following the restructuring of the Council's Voluntary Sector Support Team. • Relocation of the Council's Employment Foundation team into more cost effective accommodation, releasing premises for letting to the private sector. • Savings following the review of the Council's marketing strategy for parks and open spaces. • Reduction in costs in relation to the regular provision of a crafts market within the City. • Productive time savings achieved in the maintenance of web site content and through the automatic capture of e-mailing lists, used in the distribution of arts & entertainments promotional material. • Introduction of a conference accommodation booking service via the web, leading to reduced staff administration and release of productive time. • Introduction of a new electronic Point of Sale system in the Tourist Centre leading to improved stock control and release of storage space for office use. • Introduction of an 'extranet' service to enable external venues, promoters & others to enter information into the VisitCambridge web site, thereby releasing staff productive time. • Introduction of on-line payment facilities for Visitor Card and Guided Tour sales. 	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Environmental services	167,920	103,420
	<p>Strategy : Implementation of a Waste Minimisation Plan including enhanced recycling initiatives, following the successful introduction of revised waste collection methods from 1 October 2005. Efficiency gains are also being sought through enhanced procurement, joint working and more effective working including enhanced use of technology.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • Introduction of mobile technology and integration of electronic diaries and email with PDAs, by Environmental Health Services staff. • Restructuring of the out of hours Control of Dogs service. • Successful tendering for additional contract work by the Council's Crematorium service utilising spare capacity. • Efficiency savings achieved through the implementation of the Council's Waste Minimisation Plan. • Rationalisation of energy suppliers and improved management of utility accounts. • Reductions achieved in the use of agency staff and overtime in service delivery. • Improved and more efficient management of service requests in relation to pest control, waste strategy & licensing services. • Integration of the Air Quality Action Plan with the County Council's Local Transport Plan. • Integration of service requests made via the Web directly into back office systems, eliminating the need for dual data handling. • Staff efficiency savings achieved through re-structuring and following implementation of new pay and allowances structures. • Reductions in printing costs through streamlining processes and the use of the website in relation to Planning Services. • Productive time savings as a consequence of improving performance in determining major planning applications. • Savings achieved through the more efficient use of office and storage space. • Use of automatic, slow release watering systems for new and specialist trees, reducing loss of stock by an estimated 10%. 	



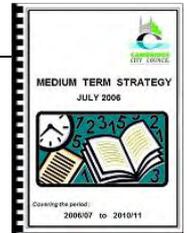
AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Local transport (non-highways)	144,950	144,950
	<p>Strategy : The effective introduction of a parking enforcement agency on behalf of the County Council is enabling the Council to implement significant efficiencies in operation. 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"> • Staff savings in relation to transport policy management. • Savings in the procurement of office supplies through use of a Council-wide contract. • Savings achieved following review of resources available for Environmental Safety Fund projects. • Savings achieved on bulk procurement of car park tickets. • Successful implementation of the new Local Authority Parking Enforcement service has eliminated the need for a deficit contribution by the City Council. • Review of asset renewal requirements. 	
LA social housing (capex)	56,800	44,800
	<p>Strategy : The Council's adoption of a strategy for the modernisation of its sheltered housing stock has provided the opportunity to achieve significant efficiencies in associated contract costs.</p>	
	<p>Key actions :</p> <ul style="list-style-type: none"> • Savings in pre-contract costs for letting of contracts for the major refurbishment of sheltered housing units. 	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
LA social housing (other)	143,390	136,890
	<p>Strategy : The ongoing programme of work to deliver Decent Homes continues to provide opportunities to achieve efficiencies. In addition, a review and restructuring of staff delivering the wider social housing agenda will deliver cost reductions during 2006/07.</p>	
	<p>Key actions : These include :</p> <ul style="list-style-type: none"> • Staff efficiency savings achieved through re-structuring and following implementation of new pay and allowances structures. • Reduction in the use of external consultancy services through development of in-house expertise. • More efficient use of staff time allowing a reduction in the need to use of external document scanning services. • Savings achieved through joint working with other local authorities in the Cambridge sub-region in carrying out a Travellers Needs survey. • Savings through the re-structuring of Supported Housing Manager and Sheltered Scheme Strategy Officer posts and re-allocation of duties of a Business Development Officer amongst existing staff. 	
Supporting People	67,770	67,770
	<p>Strategy : Implementation of the results of a major review of the Council's Independent Living Service.</p>	
	<p>Key actions : These include : Net savings following a major review of the Council's Independent Living Service including the procurement of out-of-hours service provision from an external provider at lower costs than could be achieved in-house.</p>	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Other cross-cutting efficiencies not covered above		
Corporate Services	195,000	195,000
	<p>Strategy : The Council is currently negotiating a new ICT support contract with an external provider. This contract contains expectations for the joint achievement of improvements in terms of both efficiencies and cost during the five year period of the contract. The implementation of the outcomes of a number of efficiency reviews, including the Corporate Energy Audit, will take place from 2006/07.</p> <p>These include :</p> <ul style="list-style-type: none"> • Installation of new energy efficient lighting and other energy saving measures in the Councils administrative buildings. • Savings as a result of reduced leasing costs for corporate telephone installations, line rentals and call charges following contract renegotiation. • Reduction in printing costs through provision of committee reports and associated information electronically in place of hard copy. • Savings in the costs of corporate consultation through the amalgamation of separate consultation exercises into one. • Savings in the salary costs of corporate support services following implementation of new pay and allowances structures. 	
Procurement	62,690	62,690
	<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. It is anticipated that 2006/07 will see the roll-out of the outcome of a number of schemes piloted during 2005/06. The work of the Council's procurement efficiency project has also achieved efficiencies through the wider use of joint framework agreements.</p> <p>Key actions : These include :</p> <ul style="list-style-type: none"> • Savings achieved through the letting of contract for translation and interpretation services jointly with Cambridgeshire County Council. • Savings through the procurement of new vehicles and reduction in use of long and short term vehicle hire. 	



AES Category	Expected annual efficiency gains (£)	... of which cashable (£)
Productive time	5,600	0
	<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>Key actions : These include :</p> <ul style="list-style-type: none"> • Implementation of an electronic diary system saving administrative support staff productive time. • Implementation of an indexed/searchable digital image catalogue for historic photographic records saving staff time. 	
Total	909,990	808,790



Appendix Y

Key Risk Analysis Issues

The following is an extract of key issues from the MTS risk analysis.

Ref.	Risk / Issue	Controls / Mitigation Action
(1)	Effects of Legislation / Regulation	<ul style="list-style-type: none"> • Effective processes are in place across the Council to ensure that implications are identified and raised. • Additional / specific funding enhancements for new services are earmarked for that purpose, to ensure effective implementation • The Council has processes in place to manage the demands of local and national agendas, including the MTOs and the MTS.
(2)	Service / Spending Plans are not sustainable	<ul style="list-style-type: none"> • Council has adopted medium and long-term modelling (up to 25 years) to ensure decisions are made in the knowledge of long-term deliverability issues / implications • Council has a policy of requiring R&R Funds to be in place to cover all major assets with a finite life, with long-term programmes for key areas • MTS includes long-term trend analysis on key cost drivers such as growth levels and demographics, and their implications • Target levels of reserves set for both GF and HRA to enable uneven pressures to be effectively dealt with



Ref.	Risk / Issue	Controls / Mitigation Action
(3)	Undue reliance on external income streams	<ul style="list-style-type: none"> • Modelling over the medium and long-term is conducted for key income sources including Government grant, including sensitivity analysis on potential changes • Council seeks to influence national settlements through provision of information to negotiation bodies such as LGA and SDCT • Specialist support is used to model car park income over the medium-term, in light of the significant level of income involved
(4)	Ineffective use of resources	<ul style="list-style-type: none"> • Council employs robust business planning in key activity areas • Council has adopted a standard project management framework • All services are required to produce Service Plans, linked directly to resources • MTOs are used to prioritise available resources ensuring best match with objectives • Performance and contractor management procedures have been updated • Organisational development and workforce planning activity is being targeted
(5)	Financial planning lacks appropriate level of prudence	<ul style="list-style-type: none"> • Council has adopted key prudence principles, reflected in : <ul style="list-style-type: none"> - policy on applying capital receipts - adoption of strict medium / long-term planning



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Glossary

	Term	Explanation
A	Aggregate External Finance (AEF)	The total amount of revenue support provided to local authorities by the Government. It comprises Revenue Support Grant, Police grant, specific formula and ring-fenced grants and the sums redistributed from the national business rates pool.
	Area Cost Adjustment (ACA)	The scaling factor designed to reflect higher costs in some areas of the country, which is applied to the Relative Needs Formula.
	Asset Management Revenue Account (AMRA)	An separate account local authorities are required to maintain under capital accounting guidance, designed to ensure consistency in capital charges to service heads with actual cost of financing dealt with in the AMRA
B	Billing Authorities	The tier of local authority who are actually responsible for the billing and collection of Council Tax. In two-tier areas this is the District Council.
	Budget Requirement	The estimated revenue spending on general Fund services that needs to be funded from Council Tax, after allowing for fees and charges and grants.
	Business Rates	Called National Non-Domestic Rates (NNDR) these are the means by which local businesses contribute to the cost of local services. However, payments are pooled nationally and then reallocated to local authorities by Central Government.
C	Capital expenditure	Spending which produces or materially enhances an asset with a material life. Formally defined under Section 40 of the Local Government and Housing Act 1989.
	Capital receipts	Proceeds from the disposal of a capital asset. They can be used to finance new capital expenditure, but not revenue, and are subject to Government restrictions. A scheme is in place for the national pooling of specified housing receipts.
	Capping	Government power to limit an authority's budget requirement and hence the Council tax that it sets.
	Chartered Institute of Public Finance and Accountancy (CIPFA)	Professional accountancy body based around public sector specialism.



	Centre of Regional Excellence (CRE)	Regional bodies set up and funded by the Government to promote best practice.
	Collection Fund	A separate, statutory, account maintained by Billing Authorities into which Council Tax receipts are paid, and from which precepting authorities are paid.
	Council Tax	Local tax based on domestic properties, based on 8 Bands, set by local authorities.
	Council Taxbase	The number of properties in a local authority area, converted to the equivalent number of Band D properties using pre-set ratios.
D	Damping	Mechanism applied by the Government as part of the grant distribution formula to ensure that all individual authorities receive a minimum level of grant increase year-on-year.
	Department for Communities and Local Government (DCLG)	Government department responsible for core local government functions.
	Direct Revenue Financing (DRF)	Revenue funding which is used to finance capital expenditure. Previously called Revenue Contributions to Capital Outlay (RCCO).
	External Audit	Body appointed by the Audit Commission, responsible for ensuring adequate and effective financial arrangements and accounting in local authorities.
F	Fees and charges	Income raised by charging users of services directly for services used.
	Formula Grant	This comprises Revenue Support Grant, redistributed Business Rates and Floor adjustment grant. It is the main Government grant for the General Fund.
G	General Fund (GF)	The main revenue account of a local authority, which includes day-to-day income and expenditure on the provision of services. The main exception is income and expenditure on the direct provision of social housing, which must be accounted for in the authority's Housing Revenue Account (HRA).
	Housing Revenue Account (HRA)	Statutorily required separate account that local authorities with a council housing stock must operate, containing all of the expenditure and income relating to the direct provision of that stock.
I	IEG Grant	Specific Government grant for implementing electronic government.



L	Local Area Agreements (LAAs)	A Local Area Agreement (LAA) is a three-year agreement that sets out the priorities for a local area agreed between central government and local councils and their partners. In two tier areas the County Council leads the process.
	Local Government Finance Settlement	The annual determination of formula grant distribution made by the Government.
	Local Public Service Agreements (LPSAs)	Arrangements made with the Government, setting 'stretching targets, for key service outcomes, with reward grant for successful
	Lower Tier Authorities	Shire District Councils in a two-tier area, who act as Billing Authorities.
M	Major Repairs Allowance (MRA)	Introduced in 2001/02, this is funded by central Government and represents the long-term average amount of capital spending viewed as required to maintain an authority's housing stock.
N	National Non-Domestic Rates (NNDR)	See Business rates
O	Office of the Deputy Prime Minister (ODPM)	Government Department which was superseded by DCLG.
P	Precept	The levy made by Precepting Authorities on Billing Authorities, requiring the latter to collect income from Council Tax payers on their behalf.
	Price base	An agreed basis / point in time at which prices are determined.
R	Relative Needs Formulae (RNFs)	These are the first stage in the calculation the Government uses to distribute Formula Grant.
	Reserves	An authority's accumulated surplus income (in excess of expenditure) which can be retained and used to finance future spending.
	Resource equalisation	The way in which the Formula Grant distribution system takes account of authorities relative ability to raise Council tax.
	Revenue Support Grant (RSG)	Government grant which can be used to finance revenue expenditure on any non-HRA service.
U	Ultra vires	Expenditure by a local authority which it has no legal power to make.
	Upper Tier Authorities	In two-tier areas, the County Councils.