

**Version 2
Scrutiny**

General Fund Medium-Term Financial Strategy

**November
2017**

2017/18 to 2022/23

**South Cambridgeshire
District Council**



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Section 1

Introduction

Background

The Medium-Term Financial Strategy (MTFS) for the General Fund (GF) is part of the forecasting and budget setting process which leads to the Budget Setting Report (BSR) being presented to Council in February each year. At this time the Council Tax level for the following financial year is set.

The MTFS sets out the council's financial strategy over the medium-term based on a range of assumptions and forecasts. This document takes the council's existing financial strategy and, if necessary, amends the key assumptions on which it is based. The previous year's 'direction of travel', as set out in the Budget on 23 February 2017, is revised in the light of factors such as national and local policy changes, current and forecast economic indicators and new legislation.

The GF MTFS incorporates a review of the current year's budget position and updated projections for the 5 years from 2018/19 to 2022/23. These demonstrate the effects of any changes in assumptions made and their impact in terms of savings requirements. A key part of the MTFS process is the identification of:

- Items which require immediate action or approval
- Items which provide context for decisions on the strategy or process:
 - The level of spending reductions required
 - The level of GF general reserves

Timetable

Key dates and decision points are set out below:

| Date | Task |
|-------------|--|
| 2017 | |
| 2 October | EMT review indicative budget proposals |
| 24 October | Cabinet/EMT consider indicative budget proposals and draft MTFS |
| 16 November | Cabinet reviews GF and HRA MTFS reports |
| 13 December | EMT review draft Budget |
| 2018 | |
| 24 January | EMT consider the implications of the Local Government Finance Settlement on the Budget Setting Report |
| 6 February | Scrutiny and Overview Committee considers the Budget Setting Report |
| 8 February | Cabinet considers the implications of the Local Government Finance Settlement on the Budget Setting Report and recommends the Budget Setting Report to Council |
| 22 February | Council approves Budget Setting Report and sets the level of Council Tax for 2018/19 |

Section 2

Policy context, priorities and external factors

Local policy context and priorities

Corporate Plan

The Corporate Plan provides a key component of the local policy context setting a direction of travel for the council which responds to the future financial outlook.

The [Corporate Plan](#) for 2017/18 was agreed on 23 February 2017 and sets out the local policy context and priorities for the council for the years 2017-22. The Plan is currently being revised, with local consultation through the 'Let's Talk' initiative. It will be brought forward for approval alongside the budget in February 2018.

Partnership working

South Cambridgeshire District Council (SCDC) works in partnership with a range of other bodies where this can bring additional benefits to the people who live, work and study in our area, especially when this leads to a pooling of resources and skills to achieve a common aim.

The Greater Cambridge Partnership

The council is working with Cambridgeshire County Council, Cambridge City Council, the University of Cambridge and the Greater Cambridge Greater Peterborough Local Enterprise Partnership to deliver infrastructure, housing and skills targets as agreed with Government in the [Greater Cambridge City Deal](#). The deal consists of a grant of up to £500 million, to be released over a 15 to 20 year period, expected to be matched by up to another £500million from local sources, including through the proceeds of growth.

The City Deal will help Greater Cambridge to maintain and grow its status as a prosperous economic area. The deal is working to:

- accelerate the delivery of 33,500 planned homes
- enable delivery of 1,000 extra affordable new homes on rural exception sites
- deliver over 420 new Apprenticeships for young people
- provide £1bn of local and national public sector investment, enabling an estimated £4bn of private sector investment in the Greater Cambridge area
- create 44,000 new jobs
- create a governance arrangement for joint decision making between local councils

The Partnership is currently developing proposals for transport improvements to enable people, goods and ideas to move more quickly, reliably and sustainably between centres of research, innovation and enterprise, and between places of residence, work and study.

One aspect of this is likely to be proposals to tackle congestion, and this may require ways of managing the number of vehicles on the most congested routes at the most congested times of the day. Whatever proposals are ultimately implemented may have impacts on SCDC services, including potentially budgetary implications. The service and financial impact of such measures will be factored into the council's financial planning in more detail as the impacts become clearer.

The Partnership is also supporting delivery of affordable housing and a skills system that equips more young local people with the skills they need to engage in the knowledge-based industries that comprise the Cambridge Cluster.

The Partnership is also bringing together public, private and academic experts to develop and exploit "smart city" technologies to help identify and address the challenges that Greater Cambridge faces.

The council, with other local authority partners, have agreed to create an investment and delivery fund from a proportion of New Homes Bonus (NHB). As a result of this, the MTFS considers the application of funds from NHB, earmarking future uncommitted funding in line with the expected levels of contribution to the fund.

Cambridgeshire and Peterborough Combined Authority

In November 2016, eight organisations¹ in Cambridgeshire, including South Cambridgeshire District Council, agreed a devolution deal with the government to form the Cambridgeshire and Peterborough Combined Authority (CA). The deal gives delegated powers to the Combined Authority and a new elected Mayor and brings funding to the region. Following elections on 5 May 2017, James Palmer was elected as Mayor for the Combined Authority.

The CA will receive funding and powers from Central Government in a number of areas including:

- £100 million to deliver new homes over a five-year period in Peterborough and Cambridgeshire which includes affordable, rented and shared ownership housing, plus £70million for Cambridge City Council to deliver at least 500 new council homes.
- £20 million a year funding over 30 years to support infrastructure and boost economic growth in the region

The key ambitions for the CA include:

- doubling the size of the local economy
- accelerating house building rates
- improving transport and digital infrastructure.

It has been agreed that the CA costs will be funded from the gain share grant and therefore there will be no charge to SCDC for this. The Mayor has the power to raise a precept (i.e. a separate additional element of council tax to fund the running costs of the Mayoral office). The earliest this could take effect is from 2018/19.

The CA (but not the Mayor) can levy constituent councils to make a contribution towards its functions but this would need to be unanimously agreed by those authorities through the budget making process for the CA. Each Council could also decide voluntarily to make a financial contribution to the CA.

¹ Cambridge City Council; Cambridgeshire County Council; East Cambridgeshire District Council; Fenland District Council; Huntingdonshire District Council; Peterborough City Council; South Cambridgeshire District Council; Greater Cambridge Greater Peterborough Local Enterprise Partnership

Cambridgeshire's economy should benefit from the additional investment and improved infrastructure in the local area that the CA brings.

Shared services

The Council has developed shared services with neighbouring councils. Benefits include improvements in service delivery, efficiencies and greater resilience. The following services are delivered in two or three way partnerships:

| | | |
|---|--|-------------|
| Building Control (3) | Legal (3) | ICT (3) |
| Housing Development Agency (3) | Home Improvement Agency (3) | |
| Internal Audit (2) | Waste & Recycling (2) | Payroll (2) |
| Homelink (Shared service for Cambridgeshire and West Suffolk with 36 users) | Planning (2) – this service is currently being developed | |

External factors

Brexit negotiations and the General Election

Following the referendum on 2016, the government have entered into formal negotiations with the EU to agree our exit terms. The current impact is a rise in inflation caused initially by the weakness of sterling however there are signs that this is now improving.

The June 2017 general election has seen the election of a Conservative led minority government supported when necessary by the Democratic Unionist Party. The true impact on council funding is unlikely to be seen until the Chancellor's Budget in the autumn – the first to follow the new budget timetable. From winter 2017, Finance Bills will be introduced following the Budget. The aim will be to reach Royal Assent in the spring, before the start of the following tax year. This change in timetable will help Parliament to scrutinise tax changes before the tax year where most take effect.

Until Brexit negotiations have progressed further, it is difficult to make longer term economic and financial predictions. There is the possibility that uncertainty triggered by the forthcoming Brexit will cause changes in the structure and operation of the European Union in future years which may further impact the economic prospects and the UK and Europe.

Inflation rates

The base rate of inflation used to drive expenditure assumptions in the GF financial forecasts is the Consumer Price Index (CPI). Previously the base level of inflation included within forecasts was 2% reflecting the Government target for CPI. However, the Bank of England's August 2017 forecast, which reflects the inflationary impact of the decline in the sterling exchange rate, shows higher expected levels of CPI inflation of around 2.6% for 2018/19 reducing thereafter to just above the target rate of 2%. We have therefore revised our assumptions to align with the Bank of England's forecasts, see Section 3. Rates used will be reviewed again for the BSR in February 2018.

Interest rates on deposits

The council lends its cash balances externally on a short-term basis, with a view to generating a return that can be spent on delivering council services whilst managing both security and liquidity of the cash. On 4 August 2016, the Monetary Policy Committee of the Bank of England lowered the base rate from 0.5% to 0.25% in response to increased uncertainty and the worsening economic outlook following the EU referendum outcome. Rates available to investors continue to be exceptionally low. Our assumption relating to the rates at which we can lend out our cash balances have been maintained, as noted in Section 3.

Interest rates on external borrowing

The Council has no GF borrowing; however, it is planned that loans will be taken out in the year 2017/18 and estimates included in the BSR in February 2017 assumed borrowing at the rates available from PWLB at the time.

Currency exchange rates and import tariffs

Reducing value of the sterling has had a negative impact on the procurement costs of the Council. Further increase in the value of foreign currencies is likely to cause further pressure on the budget.

Any potential tariffs on goods imported from the EU could increase the cost of material the council uses to achieve its Housing objectives.

National policy context

Government spending announcements

The Chancellor has maintained the government's pledge to eliminate the budget deficit by 2025. Alongside tax revenues, which are largely determined by the pace of economic growth, this pledge will have considerable impact on the medium term outlook for local government funding. The Chancellor's next budget statement, due late in the autumn, is expected to set out how the government wants to shape its fiscal policy and may give some indication of the future trajectory of funding for local government.

The Financial Times recently reported that funding to local government has fallen by 77% since 2010. Various commentators have noted that cuts in funding for local government now appear to be having unacceptable effects on some public services. Going forward, there are some indications that this might change, possibly by increasing the share of public spending allocated to the local government sector.

Local government finance

2018/19 and future years

In December 2015, as part of the provisional local government settlement, a four year funding guarantee was offered to councils that submit an efficiency plan. The council's plan has been accepted by government, confirming revenue support grant (RSG) and baseline levels of business rates for 2016-17 to 2019-20.

The final local government finance settlement announced in February 2017 provides firm funding figures for 2017/18 and indicative figures for the following two years. However, only certain elements are subject to the funding guarantee. These elements are Revenue Support Grant (RSG), Transitional Grant and Rural Services Delivery Grant. The settlement effectively phases RSG out over the 4-year timeframe. In addition, business rates tariffs and top-ups in 2018/19 and 2019/20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

Uncertainty remains for 2018/19 and beyond, principally due to delays in the development of the 100% business rates retention scheme arising from the 2017 general election. This work includes identifying further responsibilities to devolve to councils to match higher levels of business rates retention and a review of needs and distribution.

This MTFS therefore assumes that the level of Settlement Funding Assessment (SFA) will be as indicated in the 2017/18 settlement, included in the February 2017 BSR and as shown below. There is considerable uncertainty relating to SFA for 2020/21, 2021/22 and 2022/23, as this is

beyond the current parliamentary term and after the implementation of 100% business rates retention. The overall SFA has therefore been assumed to remain at 2019/20 levels.

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Revenue Support Grant (RSG) | - | - | - | - | - |
| Rural Services Grant | 81 | 105 | - | - | - |
| Transition Grant | - | - | - | - | - |
| Business rates baseline | 2,552 | 2,642 | 2,674 | 2,725 | 2,725 |
| Business rate tariff adjustment / negative RSG | (191) | (661) | (661) | (661) | (661) |
| Total SFA - per 2017/18 finance settlement | 2,442 | 2,086 | 2,013 | 2,064 | 2,064 |

New Homes Bonus

The New Homes Bonus (NHB) was launched in 2010 as a non-ringfenced payment to all local authorities based on the number of new homes added each year within its area. The eligible amount was then paid for each of a period of 6 years.

A cut of approximately two-thirds of the funding available for NHB was announced in the 2015 Spending Review, followed by a technical consultation on the future of the scheme. The outcome of the technical consultation was published alongside the provisional settlement in December 2016. This confirmed the expected direction of travel, 'sharpening the incentive' for councils to deliver new housing. Specifically:-

- The length of NHB payments was cut from six to five years in 2017/18, and further reduced to four years from 2018/19 onwards.
- A national baseline, or 'deadweight', of 0.4% was introduced, below which NHB will not be paid. The government has retained the option of adjusting this baseline, effectively providing a mechanism to control the total NHB payable to councils. The South Cambridgeshire District Council NHB payable on increases in housing stock above the 0.4% deadweight.
- From 2018/19 the government will consider withholding NHB payments from councils without a local plan, and for houses built following planning appeals. Work continues to complete the processes for adopting the Local Plan but the specifics including timing are also dependent on the Planning Inspection process.

The government has included ways of implementing reductions in NHB for houses built following planning appeals in its technical consultation of the local government finance settlement. At present no reductions have been included in the council's forecasts.

The table below includes estimates of future NHB payments based on expected housing completions and the years of payment and deadweight indicated in the government's consultation response. Any changes in these factors could materially impact these estimates. NHB is currently used to fund both revenue and capital spending related principally to growth and place. Along with partners, the Council has committed 40% of NHB funding each year to a City Deal Investment and Delivery Fund, with remaining amounts reserved for schemes to mitigate the impacts of the A14 upgrade. However, the council's revenue expenditure and A14 mitigation take priority over the contribution to the City Deal Investment and Delivery Fund. If NHB reduces, it is the contribution to this Fund that would be impacted first. Greater reductions may require savings in revenue or capital spending, with the spending listed above being considered against other spending priorities.

NHB receipt estimates, based on projections of future housing completions and empty homes brought back into use, are shown below, along with current commitments.

| New Homes Bonus | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Confirmed NHB funding at February 2016 BSR | 2,066 | 1,051 | - | - |
| Add | | | | |
| Confirmed NHB receipts for 2016/17 | 414 | 414 | 414 | - |
| Estimated NHB receipts for 2017/18 | 558 | 558 | 558 | 558 |
| Estimated NHB receipts for 2018/19 | - | 1,158 | 1,158 | 1,158 |
| Estimated NHB receipts for 2019/20 | - | - | 1,936 | 1,936 |
| Estimated NHB receipts for 2020/21 | - | - | - | 1,965 |
| Potential New Homes Bonus Total | 3,038 | 3,181 | 4,066 | 5,617 |
| Commitments against NHB | | | | |
| Contribution to General Fund | 1,803 | 1,803 | 1,803 | 1,803 |
| Infrastructure Projects | 285 | 65 | 15 | 15 |
| Contribution to City Deal Investment and Delivery Fund | 1,215 | 1,272 | 1,626 | 2,246 |
| Contribution to A14 upgrade fund | - | - | - | 5,000 |
| Use of Infrastructure reserve fund | - | - | - | (3,447) |

| New Homes Bonus | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|---|-----------------|-----------------|-----------------|-----------------|
| Total commitments against NHB | 3,303 | 3,140 | 3,444 | 5,617 |
| Surplus / (Deficit) for the year allocated to the Infrastructure reserve fund | (265) | 41 | 622 | 0 |

Council Tax

The recently released technical consultation on the finance settlement indicates that district councils will be able to raise Band D council tax by £5 per annum. The MTFS has been modelled on the basis that this level of increase will be allowed throughout the 5 year MTFS period. As noted in Section 3, this is a change from before, where it was assumed that increases would be limited to 2% from 2021/22. Differences also arise from changes in the modelled tax base.

| Council tax Band D rate | 2017/18 £ | 2018/19 £ | 2019/20 £ | 2020/21 £ | 2021/22 £ | 2022/23 £ |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
| February 2017 | 135.31 | 140.31 | 145.31 | 148.21 | 151.17 | - |
| November 2017 | 135.31 | 140.31 | 145.31 | 150.31 | 155.31 | 160.31 |
| Resulting council tax yield | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
| February 2017 | 8,234 | 8,673 | 9,191 | 9,590 | 9,977 | - |
| November 2017 | 8,234 | 8,673 | 9,191 | 9,726 | 10,251 | 10,816 |
| Differences | 0 | 0 | 0 | 136 | 274 | |

Section 3

Review of key assumptions

Budget forecasts presented in the February 2017 Budget were based on a number of key assumptions, for example levels of general and pay inflation, interest rates, future funding requirements and council tax levels.

These key assumptions have been reviewed taking account of changes in external factors, government announcements, latest forecasts and circumstances. The table below highlights where assumptions have been retained and where changes have been made (**shown in bold**) for the purposes of forecasts presented in this document.

Forecast assumptions for future government grant funding and the prudent minimum balance and target level of the GF Reserve are included in more detail in sections 2 and 6 of this report respectively.

| Key area | Assumption | Comment / Sensitivity |
|------------------------------|---|---|
| Pay inflation | 1% through to 2020, 2% thereafter | Reflects Government guidance of 1% cap for the four years from 2016/17. The Council negotiates locally on pa, however there is a potential pressure resulting from national pay negotiations which indicate possible increases of 2-2.9%. Each 1% increase has an associated cost of approximately £180k. A further risk to the costs of pay inflation is a small number of staff within the Shared Waste Service remaining on Cambridge City Council's (CCC) terms, with CCC following the outcome of the national negotiations. |
| Incremental salary increases | Included at the detailed estimate level, averaging 1.3% | These are reported through to portfolio holder and cabinet members as part of the budget reporting process. Vacancies are budgeted for at mid-point of the SCP scale based on the current practice. |

| Key area | Assumption | Comment / Sensitivity |
|---------------------------------------|--|--|
| Employee turnover | Taken a straight £0.5m split £450k GF £50k HRA. | This is a historical approach for a number of years. It is proposed that this approach is reviewed with the existing savings target split across service budgets through a percentage savings target allocated to cost centres based on staff levels and other aspects of services. This will improve ownership of delivery of this target and increase clarity of the process |
| General inflation (CPI) | 2018/19 - 2.6% 2019/20 - 2.2% 2020/21 - 2.3% thereafter 2.0% (previously 2.4% all years) | General provision for inflation based on the August BoE Inflation report. |
| Major contracts | Inflation per contract | Not used for MTFS, but individual accountants, if aware of an inflation provision in the contract, will build it into a budget estimate. |
| Incomes and charges increases | On a case by case basis | These are reported through to portfolio holder and cabinet members as part of the budget reporting process |
| Cash deposit interest rate assumption | 0.68% | This excludes investment income derived from lending to ESH, which is based on actual. |
| Council tax increase | Assumed £5 throughout previously 2% from 2021/22 onwards | As indicated within the previous year's local government finance settlement, confirmed by the recent technical consultation. |
| Government grant (SFA) | Indicative levels of grant as notified through the final local government finance settlement in early 2017. | The council's efficiency plan has been accepted by government and these grant levels confirmed. |

Section 4

Review of budgets and savings targets

2016/17 outturn

A favourable variance of £202k (2015/16: £126k) before approved carry forward requests of £250k (2015/16: £530k) for General Fund Revenue budgets was recorded on net service spending in the GF for 2016/17. After variances on government funding, statutory capital accounting adjustments, contributions to/ from earmarked reserves and the application of direct revenue funding for capital have been taken into account, the overall net effect was a decrease in the GF reserve of £602k.

2017/18 budgets

Departmental budgets are regularly monitored and action is taken where necessary to bring over spending in line with budgets. Where it looks likely that the annual budget will not be spent in full, this is kept under review to ensure that the service spends only what is necessary to deliver its aims and objectives. However, variance from 2017/18 budgets requires consideration of the impacts on future savings requirements and budgets.

Review of savings targets

A summary of these impacts and unavoidable revenue pressures identified at this time are given in the table below. The resulting savings targets are then shown. Revised projections for the GF are given in Section 5.

| Description | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Savings target¹ per BSR | 1,981 | 1,981 | 1,981 | 1,981 | 4,429 |
| Changes to base assumptions | (22) | 116 | 133 | (77) | (246) |
| Inflation | (68) | (63) | (63) | (64) | (64) |
| Change in business rates retention/ council tax assumptions | | (468) | (450) | (383) | (413) |
| Change in proposed withdrawal from reserves | (984) | (52) | 224 | 546 | (1,560) |
| Savings requirement before bids | 907 | 1,514 | 1,824 | 2,003 | 2,146 |
| <hr/> | | | | | |
| Indicative unavoidable revenue pressures net of related savings | | | | | |
| HES2 – Footway Lighting contract uplift | 10 | 20 | 20 | 20 | 20 |
| HES4 – Waterbeach Facilities Maintenance costs (net of CCC share) | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 |
| HES6 – Additional staff requirements for SSWS to support household growth (net of CCC share) | 40 | 42 | 43 | 45 | 45 |
| FS3 – Credit card transaction costs | 15 | 15 | 15 | 15 | 15 |
| FS5 – Grant reduction – Universal Credit implementation transfer of payment of Housing Costs to DWP | 50 | 89 | 0 | 0 | 0 |
| FS7 – Apprenticeship Levy | 88 | 91 | 94 | 97 | 97 |
| FS8 – Apprenticeship Levy rebate | (36) | (44) | (45) | (47) | (47) |
| PLAN1 – Costs Awarded against the Council | 200 | | | | |
| PLAN2 – Appeals | 150 | | | | |
| PLAN1a – Earmarked reserves withdrawal to fund appeal costs | (116) | | | | |
| CCS1 – Funding whole council elections in 2018 | 226 | 57 | 57 | 57 | 57 |
| HGF4 – Homeless Reduction Act implementation | 202 | 202 | 202 | 202 | 202 |
| HGF4a – Homeless Reduction Act implementation | (26) | (30) | | | |
| ICTR2 - Adjusted Revenue Budget due to resubmitted 3cICT Business Case | 173 | 148 | 133 | 109 | 109 |
| Total unavoidable revenue pressures net of related savings | 981 | 594 | 524 | 502 | 502 |
| New Net savings to be found | 1,888 | 2,108 | 2,348 | 2,505 | 2,648 |

- ¹ Includes annual £450k salary saving target, currently treated as an in-year savings requirement delivered through employee turnover.

Emerging Risks/Pressures and new initiatives

MTFS includes a net total of unavoidable bids and savings for future year, however, a number of emerging financial risks and pressures have been presented to the Council indicating potential future commitments.

Set up of shared services requires up front investment of resources before benefits of the savings created by the shared service can be realised. Planning is in the process of developing a shared service with Cambridge City Council. This will require additional revenue commitments, which are proposed to be met by the Planning Earmarked Reserves set aside in the past for service improvements.

To deliver shared service benefits, ICT will require investment of both revenue and capital.

A number of proposals for Renewable Energy Investments are being currently considered by the Council. These are expected to be funded by the Earmarked Reserve created from 100% rates the Council was allowed to retain from payments by the Renewable Energy providers.

New initiatives to generate commercial income are being put forward by the Housing Service, requiring investment of approximately £116k over the first 2 years due to the lag in potential payback. Detailed proposals will be presented in the Budget Setting Report in February 2018.

Officers will work through the implications of the emerging pressures and update the financial projections as required.

Strategy for savings delivery

At this stage, indicative unavoidable pressures have been identified. Services continue to work on these pressures and on further budget bids and savings to be brought forward into the budget setting process.

The Council's housing company, Ermine Street Housing (ESH), continues to grow, providing valuable interest income on loans provided by the Council. The company is currently undertaking a revision of its business plan, from which revised interest income projections will be made. At this stage, income above that included within the MTFS calculation is projected, as follows.

Further projects are under development. These will increase income flows to the Council and contribute towards the savings targets identified.

However, to achieve a balanced budget and to maintain and enhance services to residents, it is critical that additional pressures are robustly challenged, and that opportunities for efficiencies and generating additional income are pursued,

| Description | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Projected ESH interest income | (694) | (1,244) | (1,827) | (2,157) | (2,280) |

Section 5

General Fund – Expenditure and funding

The following projection of GF expenditure and funding results from applying the recommendations included in this report:-

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenditure | | | | | | |
| Net service budgets | 17,592 | 18,067 | 18,505 | 19,074 | 19,590 | 20,053 |
| Rollovers from 2016-17 to 2017-18 | 250 | | | | | |
| Financial Position Report (Q2 17-18) | (74) | | | | | |
| Internal Drainage Boards, Reversal of Depreciation and MRP | (667) | (667) | (667) | (667) | (667) | (667) |
| Net unavoidable bids and savings | | 981 | 594 | 524 | 502 | 502 |
| Deficit/(Surplus) on Business Rates / CTax Collection Fund | (1,563) | | | | | |
| Net Interest | (1,452) | (790) | (775) | (755) | (720) | (700) |
| Net spending requirement | 14,085 | 17,591 | 17,656 | 18,176 | 18,705 | 19,188 |
| Funded by: | | | | | | |
| Locally Retained Business Rates – Growth Element | (3,752) | (3,493) | (2,826) | (2,724) | (2,571) | (2,347) |
| Business rate tariff adjustment / negative RSG | | 191 | 661 | 661 | 661 | 661 |
| Other grants from central government | (410) | (81) | (105) | | | |
| New Homes Bonus (NHB) | (1,803) | (1,803) | (1,803) | (1,803) | (1,803) | (1,803) |
| Appropriations from infrastructure fund | (200) | (285) | (65) | (15) | (15) | (15) |
| Council Tax | (8,234) | (8,673) | (9,191) | (9,726) | (10,251) | (10,816) |
| Additional income/savings | | (1,1887) | (2,108) | (2,348) | (2,505) | (2,648) |
| Contributions (from) / to reserves | 314 | (1,560) | (1,560) | (1,560) | (1,560) | (1,560) |
| Total funding | (14,085) | (17,591) | (17,656) | (18,176) | (18,705) | (19,188) |

Council tax included in the table above is calculated as follows:

| Council tax calculation | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Tax base including discount for localised council tax support | 60,855.4 | 61,814.6 | 63,248.2 | 64,704.9 | 66,001.6 | 67,468.4 |
| Band D council tax (£) | 135.31 | 140.31 | 145.31 | 150.31 | 155.31 | 160.31 |
| Council tax to be raised from council tax payers | 8,234 | 8,763 | 9,191 | 9,726 | 10,251 | 10,816 |

Section 6

Risks and reserves

Risks

The council is exposed to a number of risks and uncertainties which could affect its financial position. These are summarised below, and the risks associated with these projections:-

Risks associated with Business Rates

- Business rates appeals, which may be backdated to 2010, may significantly exceed the provisions put aside for this purpose;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- The impact of 100% business rates retention, coupled with the implementation of the Fair Funding Review and any additional responsibilities handed down to the council at that time, may create a net pressure on resources.

Other significant risks

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- The economic impact of the United Kingdom leaving the European Union may impact some of the council's income streams such as planning fee income;
- Funding from central government (SFA, NHB and other grants) may fall below projections;
- New legislation or changes to existing legislation may have budgetary impacts;
- Unforeseen capital expenditure, such as major repairs to offices and commercial properties, may be required.

Reserves

General Fund reserve

The GF reserve is held as a buffer against crystallising risks and to deal with timing issues and uneven cashflows. As such, the level of the reserve required is dependent on the financial risks facing the council which will vary over time. The prudent minimum balance (PMB) and target level of the GF reserve will be reviewed in the light of current risks during the budget setting process.

The following levels are as recommended in BSR 2017 and have been included in the calculations of net savings requirements in this report.

| General Fund reserves | £m |
|--|------|
| February 2017 BSR – Recommended levels | |
| - Target level | 3.05 |
| - PMB | 2.54 |

The table below shows current and projected levels of the GF reserve.

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Balance as at 1 April (b/fwd) | (9,985) | (10,299) | (8,739) | (7,179) | (5,620) | (4,060) |
| Total Contribution (to) / from reserves | (314) | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Balance as at 31 March (c/fwd) | (10,299) | (8,739) | (7,179) | (5,620) | (4,060) | (2,500) |

Earmarked and specific funds

The other key reserve is the Infrastructure Fund which has been created to support the infrastructure needs of future developments and will also provide the council's contribution to the A14 upgrade. Contributions to this fund are made up of the unallocated portion of NHB funding, see Section 2.

General Fund savings requirements

In February 2017 the need to find £1,063k (£450k employee turnover savings, £613k other savings) of ongoing net savings in the GF in 2017/18 was identified in financial reports. Current financial projections, taking account of revised assumptions and incorporating all changes proposed as part of this GF MTFS show that work remains to be done to balance the budgets for 2017/18 and beyond.

| Description | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net savings requirement (BSR Feb 2017) | 1,063 | 1,981 | 1,981 | 1,981 | 1,981 |
| Contribution to savings target (Section 4) | (652) | (1,265) | (467) | (157) | 22 |
| Unavoidable bids | | 981 | 594 | 524 | 502 |
| Revised (MTFS) net savings requirement | 411 | 1,697 | 2,108 | 2,348 | 2,505 |

General Fund budget strategy

The budget process

The GF budget process for 2017/18⁷ will remain broadly similar to that for previous years, working within an overall cash limit designed to meet known financial pressures.

The GF MTFS has highlighted:

- An on-going pressure arising from a reduction in interest rates earned on cash balances;
- More volatility than before in relation to inflation rates;
- Increased levels of risk and uncertainty in a number of areas, with both direct and indirect impacts on the finances of the council. Direct risks include current changes to business rates and NHB. Indirectly, the current negative economic outlook could impact planning income and increase the demand for the council's services.

Identification of further savings

The council has a record of identifying and delivering savings, through both service reviews and improvements in value for money obtained over all categories of spending. These approaches to finding and delivering savings will continue, but it is expected that the value of new savings found will decrease over time as services become leaner and more cost effective.

Therefore, the council has embarked on a programme of investment and commercialisation. It will also undertake a series of targeted reviews of service budgets to ensure that value for money is being achieved.

MEDIUM TERM FINANCIAL STRATEGY for the General Fund

October 2017

| | General provision for Inflation | | | | 2.6% | | 2.2% | | 2.3% | | 2.0% | | 2.0% | |
|--|--------------------------------------|----------------------------|------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | Assuming council tax increases of £5 | Actual 2016/17 £'000 | Estimate 2017/18 £'000 | Projected Estimate 2017/18 £'000 | Projected Estimate 2018/19 £'000 | Projected Estimate 2019/20 £'000 | Projected Estimate 2020/21 £'000 | Projected Estimate 2021/22 £'000 | Projected Estimate 2022/23 £'000 | Projected Estimate 2022/23 £'000 | Projected Estimate 2022/23 £'000 | Projected Estimate 2022/23 £'000 | Projected Estimate 2022/23 £'000 | |
| EXPENDITURE | | | | | | | | | | | | | | |
| Fully Allocated Net Portfolio Expenditure | 15,433 | | 17,467 | 17,467 | 17,942 | 18,380 | 18,949 | 19,465 | 19,928 | | | | | |
| Add Precautionary items/Council actions/other | 10 | | 125 | 125 | 125 | 125 | 125 | 125 | 125 | | | | | |
| Less Planning Policy funded by New Homes Bonus | (327) | | (200) | (200) | (285) | (65) | (15) | (15) | (15) | | | | | |
| Rollovers from 2016-17 to 2017-18 | | | | 250 | | | | | | | | | | |
| Financial Position Report (Q2 2017-18) | | | | (74) | | | | | | | | | | |
| Net unavoidable bids and savings | | | | | 982 | 594 | 523 | 502 | 502 | | | | | |
| Net Portfolio Expenditure | 15,116 | | 17,392 | 17,568 | 18,763 | 19,033 | 19,582 | 20,077 | 20,540 | | | | | |
| Net Interest on balances | (679) | | (800) | (1,452) | (790) | (775) | (755) | (720) | (700) | | | | | |
| Internal Drainage Boards, Reversal of Depreciation and Minimum Revenue Provision | (778) | | (667) | (667) | (667) | (667) | (667) | (667) | (667) | | | | | |
| District Council General Fund Expenditure | 13,659 | | 15,926 | 15,449 | 17,307 | 17,592 | 18,161 | 18,691 | 19,174 | | | | | |
| Additional income/(savings) to maintain working balance in the year | | | (163) | | (1,888) | (2,108) | (2,348) | (2,505) | (2,648) | | | | | |
| Expenditure including savings | 13,659 | | 15,763 | 15,449 | 15,418 | 15,484 | 15,813 | 16,185 | 16,525 | | | | | |
| INCOME | | | | | | | | | | | | | | |
| Revenue Support Grant (including negative tariff adjustment) | (926) | | (230) | -75.2% | (230) | 191 | 661 | 661 | 661 | | | | | |
| Rural Services Grant | (130) | | (105) | | (105) | (81) | (105) | 0 | 0 | | | | | |
| Transition Grant | (76) | | (76) | | (76) | | | | | | | | | |
| Retained Business Rates | (3,604) | | (3,752) | | (3,752) | (3,493) | (3,487) | (3,385) | (3,232) | | | | | |
| (Surplus)/Deficit on Council Tax Collection Fund | (38) | | (46) | | (46) | 0 | 0 | 0 | 0 | | | | | |
| (Surplus)/Deficit on Business Rates Collection Fund | 153 | | (1,518) | | (1,518) | 0 | 0 | 0 | 0 | | | | | |
| Council Tax to be raised from council taxpayers | (7,852) | | (8,234) | | (8,234) | (8,673) | (9,191) | (9,726) | (10,251) | | | | | |
| New Homes Bonus (contribution to the GF) | (1,803) | | (1,803) | | (1,803) | (1,803) | (1,803) | (1,803) | (1,803) | | | | | |
| District Council General Fund Income before appropriation from reserve | (14,275) | | (15,763) | | (15,763) | (13,859) | (13,924) | (14,253) | (14,625) | | | | | |
| Appropriations to/(from) General Fund working balance | 617 | | 314 | | (1,560) | (1,560) | (1,560) | (1,560) | (1,560) | | | | | |
| District Council General Fund Income | (13,659) | | (15,763) | | (15,449) | (15,418) | (15,484) | (15,813) | (16,185) | | | | | |
| Tax Base for Tax Setting Purposes including discount for localised council tax support | Number 60,257.0 | Number 60,855.4 | Number 1.0% | Number 60,855.4 | Number 61,814.6 | Number 1.6% | Number 63,248.2 | Number 2.3% | Number 64,704.9 | Number 2.3% | Number 66,001.6 | Number 2.0% | Number 67,468.4 | |
| Basic Amount of Council Tax | £ District only 130.31 | £ 135.31 | £ 3.8% | £ 135.31 | £ 140.31 | £ 3.7% | £ 145.31 | £ 3.6% | £ 150.31 | £ 3.4% | £ 155.31 | £ 3.3% | £ 160.31 | |
| Impact on Council tax of using savings and appropriations from reserves | (10.23) | 2.67 | (5.15) | 55.78 | 57.99 | 60.39 | 61.59 | 62.37 | | | | | | |
| Underlying Council Tax with no appropriations from the General Fund Balance or Savings | £ 120.08 | £ 137.98 | £ 130.16 | £ 196.09 | £ 203.30 | £ 210.70 | £ 216.90 | £ 222.68 | | | | | | |
| Balances at Year End | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| General Fund (recommended minimum level £2.5 million) | (9,985) | (9,985) | (10,299) | (8,739) | (7,179) | (5,620) | (4,060) | (2,500) | | | | | | |

Earmarked and specific funds

In addition to general reserves, the council maintains a number of earmarked and specific funds held to meet major expenditure of a non-recurring nature or where the income has been received for a specific purpose but not yet spent. Details of opening and closing balances, with approved/anticipated use over the budget period are set out in Appendix D.

The major earmarked and specific funds are listed below with balances as at 1 April 2017.

| Planning reserves (revenue) | | | | |
|--|-----------------|--------------|-----------------|--|
| Major Developments and Parish Liaison Fees Reserve | (472) | 150 | (322) | Use £207.9k towards revenue bid PLANSB (Planning shared service) and remaining £114k towards revenue bid PLAN5 |
| Northstowe Reserve | (128) | | (128) | Use £12k towards revenue bid PLAN5 and £116k towards revenue bid PLAN2 |
| Planning Fee Reserve excl Northstowe - growth agenda | (179) | | (179) | Use £179k towards revenue bid PLAN5 |
| Service Contingency-Planning | (100) | | (100) | Use £100k towards revenue bid PLAN5 |
| Planning other | (95) | | (95) | Use £95k towards revenue bid PLAN5 |
| Subtotal | (974) | 150 | (824) | |
| Other | (326) | | (326) | See detail below |
| Total General Fund Revenue Earmarked reserves | (16,673) | 1,113 | (15,560) | |
| Capital reserves | | | | |
| Refuse Collection sink fund | (407) | | (407) | Keep |
| Supervisors' vehicles sink fund | (46) | | (46) | Keep |
| Street Cleansing sink fund | (229) | | (229) | Keep |
| Air Quality Monitoring | (119) | | (119) | Keep |
| Footway Lighting | (87) | | (87) | Keep |
| Cambourne Office | (83) | | (83) | Use £83k towards capital bid FS13 |
| Heritage Initiatives and historic buildings | (40) | | (40) | Use £40k towards capital bid FS13 |
| Community Development - Capital | (35) | 35 | 0 | None left |
| Other | (39) | | (39) | |
| Total General Fund Capital Earmarked reserves | (1,084) | 35 | (1,049) | |
| Total General Fund Earmarked reserves | (17,757) | 1,148 | (16,609) | |
| Shared Waste Service | (45) | | (45) | |

| Breakdown of "Other" in GF Revenue | | | | |
|--|--------------|---|--------------|-------------------|
| Swavesey Byeways Fund | (6) | | (6) | Keep |
| South Cambs Crime & Disorder Partnership | (33) | | (33) | Keep |
| 2012/13 | (3) | | (3) | Release |
| Land Charges- new burdens grant | (9) | | (9) | Keep |
| Economic Development Portfolio Reserve | (13) | | (13) | |
| Community Chest Grants | (1) | 1 | (1) | |
| Taxi Licencing Reserve | (67) | | (67) | Keep |
| RCV's Sinking Fund | (41) | | (41) | Keep |
| Street Cleansing Vehicles Sinking Fund | (24) | | (24) | Keep |
| Air Quality Monitoring | (29) | | (29) | Keep |
| Air Quality Monitoring | (6) | | (6) | Keep |
| Health & Environmental Services | (24) | | (24) | Keep |
| Travellers Site Reserve | (50) | | (50) | Review separately |
| Waterbeach Depot | (5) | | (5) | Keep |
| Webb's Hole Sluice | (3) | | (3) | Keep |
| Contributions-Cambridge Sports Lake Trust | (6) | | (6) | Keep |
| Insurance All Risks | (6) | | (6) | Review separately |
| Total General Fund Revenue Earmarked reserves "Other" | (326) | | (326) | |

Refer to the table and the end of the paper for the effect of the recommended withdrawals on the balance of Earmarked Reserves.

General Fund Revenue Reserves - £15,373k

New Homes Bonus Infrastructure Reserve - £7,637k

NHBS monies the authority receives from the Government, which are not used towards GF expenditure previously funded by Housing & Planning Delivery Grant or to meet Local Plan and associated costs; the A14 contribution of £5m will eventually come from this reserve, as well as any City Deal funding commitments. £517k contribution towards the City Deal was paid in 2016/17; this will be reflected in this reserve in 2017/18.

It is recommended that commitments SCDC needs to meet from this reserve are reevaluated and any surplus is released.

Business Rates Growth and Renewables Reserve - £5,744k

Set up at the end of 2015/16 in order to fund an investment programme to build new sources of renewable energy. A proposal for use of these funds prepared by the Policy team has been presented to EMT on 27 September 2017. This will utilise £1.2m element of the reserve arising from the Business Rates received from the Renewable Energy sources and permitted to be retained locally at 100% in order to be reinvested back in Renewable Energy. Remainder of the reserve are the funds from the rates retention pilot. At this time the Council is not clear if any conditions are attached to the retention of these funds.

It is recommended that clarification is obtained regarding potential conditions for the use of the funds before releasing any unused funds.

Pension Deficit Reserve - £702k

An allocation from employer pension contributions to meet the current deficit on the Cambridgeshire Local Government Pension Scheme over the next few years. To be retained.

Planning Enforcement Reserve - £500k

Established to meet legal and other costs arising from planning enforcement actions. This reserve is to be maintained in case of major enforcement and will be topped back up if used.

Business Efficiency Reserve - £340k

Set aside to meet costs associated with council actions, implementation of the Business Improvement and Efficiency Programme and Commercialisation Programme projects and the Shared Services Programme. Annual contribution of £50k is budgeted for transfer to this reserve. The Leaders of Cambridge City Council, Huntingdonshire District Council and SCDC have committed £200k of this reserve towards the costs of the 3C Programme Office over two years. This reserve is due to be reduced by £60k to cover the costs of the 3C Shared Services Hub for 2016/17 and a further £40k relating to the budgeted costs of the 3C Shared Services Hub for 2017/18, making the two year cost of the 3C Shared Services Hub £100K instead of £200k.

It is recommended that annual contributions to this reserve are stopped and the available remaining funds are used to continue the work of setting up the Shared Services.

Business Accommodation Reserves - £165k

Consisted of the Cambourne Office reserve of £23k relating to the access road and the Facilities Reserve of £75k created in 2015/16 to spread the cost of repairs. There is a separate capital reserve specifically for capital improvements to the Cambourne office (see below).

It is recommended that the reserves relating to the Cambourne office and Facilities improvements are used to fund the bids for office refurbishment programmes.

Sustainability -climate change - £117k

Set aside to fund future initiatives on sustainability projects such as the one recently delivered on the Cambridge Green Deal. There are likely to be an increased number of these with the development of Northstowe and other growth area developments. No funds from these reserve have been spent since 2015.

It is recommended that this reserve is released.

Private Stock Condition Survey - £75k

Set aside to fund a future survey on the condition of private housing in the district. This is part of a Housing Standards initiative. £15k is set aside from budget each year (including 2017-18) to meet these 5 year costs.

It is recommended that the value in this reserve is reviewed against the timing and potential cost of the survey it was set up to fund.

Children & Young People- £75k

Set side to fund the current and future costs of the South Cambridgeshire and Cambridge City Children and Young People Area Partnership. SCDC administers the finances on behalf of the South Cambridgeshire and Cambridge City Children and Young Peoples Area Partnership. This is a partnership reserve shared with the County.

Business Hub- £67k

Reserve set up in 2015/16 to support the Business Hub initiative. Funds in this reserve include funds from the County Council (originally £72K), which cannot be used without their consent.

Land Charges- appropriations - £19k

Set aside to either provide capital investment in Land Charges e.g. electronic service delivery or to offset unforeseen revenue demands that accrue but cannot be recovered through the current fee structure, set at the start of the year. The reserve has been accumulated in recent years from high income levels which have out-stripped costs; a significant amount was withdrawn from this reserve in 2016-17 and by its nature, can only be utilised through the Land Charges function.

Planning Reserves - £974k

Major Developments Fees and Parish Liaison Reserve - £472k

Northstowe Reserve - £128k

These two reserves have been established from pre-app and planning application fees received in respect of Northstowe and other major developments, identified separately in recognition of their importance, to be called on as and when necessary to ensure planning teams are resourced to support and progress applications for those developments.

This includes the balance remaining from the Planning Enforcement Reserve when it was decided to reduce that reserve from a maximum of £1m to £500,000, set aside to fund two two-year fixed term posts, one in housing and one in planning, to support parish liaison and site development initiatives.

Due to the shortfall in the Development Management income this year, it is expected that £150k transfer from reserves will be required to cover the additional funds allocated to this Cost Centre in the budget and originally covered by additional savings requirement for the same value. It is recommended that remainder of the reserve is used to cover Planning bids for funds in 2018-19.

Planning Fee Reserve excl Northstowe - growth agenda - £179k

Parish Liaison & Site Development Reserve - £100k

These are general use reserves to be used to support Growth budget or additional Planning service requirements as and when necessary.

A detailed 5-year project plan for Growth sets out periodic shortfalls in revenue versus costs and would indicate when and how much for this reserve needs to be allocated for this purpose. This is due to be presented to Finance shortly. It is recommended that this is reviewed and any remainder of the reserve is used towards Planning service bids for 2018-19 or released.

Planning other - £95k

Includes Enforcement of unauthorised developments, Habitat Regulations Assessment, Legal costs: re Northstowe Trust.

This reserve has not been used in the last 2 years and is therefore recommended for release.

Shared Waste Service - £45k

Included with S106 Developers' Contributions Revenue reserves in the accounts. Set up to meet the authority's share of costs resulting from implementation of the Single Shared Waste

Service with Cambridge City Council. Reduced from £126k in February 2016 MTFS and £85k in February 2017 MTFS.

Capital Reserves - £1,084k

Refuse Collection reserve - £407k

Refuse Supervisors' vehicles - £46k

This is a sinking fund being built-up to fund future replacement vehicles for the Shared Waste Service. There is also a sum of £46k set aside for replacement of Supervisors' vehicles.

Street Cleansing reserve - £229k

This is a sinking fund being built-up to fund future replacement vehicles for the Street Cleansing Service.

Air Quality monitoring - £119k

The reserve was set up to fund replacement of equipment used for Air Quality monitoring.

Footway Lighting reserve - £87k

The reserve was set up in 2015-16 to fund the future planned replacement programme of those lights identified as of higher priority in the electrical and safety inspection survey undertaken recently.

Cambourne Office - £83k

The reserve was set up in 2008 for improvements to the office building, this was earmarked for refurbishment projects including moving the meeting rooms to a new location.

There is a separate Cambourne office revenue reserve of £23k (mentioned above).

It is recommended that this reserve is used towards the bids submitted for 2018-19 projects.

Heritage initiatives and historic buildings - £40k

The Reserves for Heritage and Historic Buildings consists of the following:

The Historic Buildings/Conservation Area Grants Reserve, which appears to have been overspent and currently has a debit balance of £28k.

The Preservation of Historic Buildings Reserve, first established in 1982 to provide the means, in the last resort, to save buildings at risk. It has enabled the Council to use its statutory powers,

which could lead to compulsory purchase, repair and resale of such property. This Reserve currently has a balance of £35k.

The Heritage Initiatives Reserve set up in 1996/97 with a one-off contribution of £200,000, for use over a number of years to fund larger conservation projects. The balance of this Reserve is currently £34k.

No use of these reserves was made in the last 2 years, therefore these are recommended for release.

Community Development - Capital - £35k

This reserve has been given up to provide extra Community Chest funding in 2017/18.

GF Revenue Reserves - Other - £326k

Swavesey Byeways Fund - £6k

Built up from the under-utilisation of the money paid through the ratepayers charge. Essentially not owned by SCDC and should be spent on future investment in maintaining the Byeways.

South Cambs Crime & Disorder Partnership - £33k

Partnership reserve held on behalf of the South Cambridgeshire Crime & Disorder Reduction Partnership. Any decision to utilise spend from this is made at Board level.

Community Chest Grants - £1k

Commitment made at the end of the financial year which hasn't yet been paid – this has now been paid.

Taxi Licensing Reserve - £67k

Fund has been built up due to an increase in taxi licence applications. Plans are in-place to draw-down from this fund by employing additional resource to cope with the high demand whilst keeping the licensing fee within current levels in the short term.

RCV (Refuse Collection Vehicle) Sinking Fund - £41k

This is a revenue fund which we make contributions to as an insurance against heavy maintenance and repair costs that may be incurred on RCV's beyond their warranty period e.g. new engine or gearbox which aren't budgeted for within the running maintenance budget. Previously, these heavy costs would be covered under the contract lease agreement but SCDC are moving away from this policy to one of asset ownership.

Street Cleansing Vehicles Sinking Fund - £24k

Ditto the above but in respect to Street Cleansing vehicles.

Air Quality Monitoring x2 - £29k + £6k

These are in respect of two separate s106 agreements, one at Northstowe (£29k) and one on the Cambridge NW development site (£6k). These s106 will have conditions attached to them ensuring that the funds are spent in accordance with the purpose set out in the agreement.

Health & Environmental Services - £24k

Council was successful in securing funding from Improvement East towards a new systems thinking process design. Funds from this are earmarked towards the facilitation of better mobile working strategy within the H&ES department.

Travellers Site Reserve - £50k

This fund has built-up in the last two years from the excess rental income generated from the two Council owned sites at Milton and Whaddon. Both sites have had capital injected in them recently and as such are relatively newly developed with low maintenance costs, meaning rental income has out-stripped the costs of running the sites. The money on this fund could be used for future capital improvements in the sites or used to counter-balance unexpected and therefore unbudgeted day-to-day running costs.

Waterbeach Depot - £5k

There is an annual £5k appropriation into this fund (jointly funded with Cambridge City Council) as an insurance against any unexpected maintenance costs which as tenants, we'd be expected to cover. It is proposed that a ceiling level be set for this so that when it reaches this point e.g. £20k, no more extra money is put in, only replenishments up to the £20k.

Webbs Hole Sluice - £3k

It was decided last year to build up a £15k sinking fund to cover the costs of any major overhaul and servicing works required at the pumping station which it was felt would be needed every 5-years. Therefore the £3k represents the first year of the 5-year

Refer to the table below for the effect of the recommended withdrawals on the balance of Earmarked Reserves.

| Fund | Balance at 1 April 2017 £000 | Potential spend 17-18 £000 | Forecast Balance on 31 March 2018 £000 | Recommended withdrawal to fund 2018-19 bids £000 | Forecast Balance on 31 March 2019 £000 |
|--|---------------------------------|-------------------------------|---|---|---|
| Revenue reserves | | | | | |
| New Homes Bonus Infrastructure Reserve | (7,637) | 517 | (7,120) | 58 | (7,061) |
| Business Rates Growth and Renewables Reserve | (5,744) | | (5,744) | 1,200 | (4,544) |
| Pension Deficit Reserve | (702) | 346 | (356) | | (356) |
| Planning Enforcement Reserve | (500) | | (500) | | (500) |
| Business Efficiency Reserve | (340) | 100 | (240) | | (240) |
| Sustainability - climate change reserve | (117) | | (117) | 40 | (77) |
| Business accommodation reserves | (98) | | (98) | 98 | (0) |
| Private Stock Condition Survey | (75) | | (75) | | (75) |
| Children & Young People | (75) | | (75) | | (75) |
| Land Charges- appropriations | (19) | | (19) | | (19) |
| Subtotal | (15,373) | 963 | (14,410) | 1,396 | (13,014) |
| Planning reserves (revenue) | | | | | |
| Major Developments and Parish Liaison Fees Reserve | (472) | 150 | (322) | 322 | (0) |
| Northstowe Reserve | (128) | | (128) | 128 | (0) |
| Planning Fee Reserve excl Northstowe - growth agenda | (179) | | (179) | 179 | (0) |
| Service Contingency- Planning | (100) | | (100) | 100 | (0) |
| Planning other | (95) | | (95) | 95 | 0 |
| Subtotal | (974) | 150 | (824) | 708 | (0) |
| Other | (326) | | (326) | | (326) |
| Total General Fund Revenue Earmarked reserves | (16,673) | 1,113 | (15,560) | 2,171 | (13,340) |
| Capital reserves | | | | | |
| Refuse Collection sink fund | (407) | | (407) | | (407) |

| | | | | | |
|--|-----------------|--------------|-----------------|--------------|-----------------|
| Supervisors' vehicles sink fund | (46) | | (46) | | (46) |
| Street Cleansing sink fund | (229) | | (229) | | (229) |
| Air Quality Monitoring | (119) | | (119) | | (119) |
| Footway Lighting | (87) | | (87) | | (87) |
| Cambourne Office | (83) | | (83) | 83 | 0 |
| Heritage Initiatives and historic buildings | (40) | | (40) | 40 | 0 |
| Community Development - Capital | (35) | 35 | 0 | | 0 |
| Other | (39) | | (39) | | (39) |
| Total General Fund Capital Earmarked reserves | (1,084) | 35 | (1,049) | 123 | (926) |
| Total General Fund Earmarked reserves | (17,757) | 1,148 | (16,609) | 2,227 | (14,266) |
| Shared Waste Service | (45) | | (45) | | (45) |
| Breakdown of "Other" in GF Revenue | | | | | |
| Swavesey Byways Fund | (6) | | (6) | | (6) |
| South Cambs Crime & Disorder Partnership | (33) | | (33) | | (33) |
| 2012/13 | (3) | | (3) | | (3) |
| Land Charges- new burdens grant | (9) | | (9) | | (9) |
| Economic Development Portfolio Reserve | (13) | | (13) | | (13) |
| Community Chest Grants | (1) | | (1) | | (1) |
| Taxi Licencing Reserve | (67) | | (67) | | (67) |
| RCV's Sinking Fund | (41) | | (41) | | (41) |
| Street Cleansing Vehicles Sinking Fund | (24) | | (24) | | (24) |
| Air Quality Monitoring | (29) | | (29) | | (29) |
| Air Quality Monitoring | (6) | | (6) | | (6) |
| Health & Environmental Services | (24) | | (24) | | (24) |
| Travellers Site Reserve | (50) | | (50) | | (50) |
| Waterbeach Depot | (5) | | (5) | | (5) |
| Webb's Hole Sluice | (3) | | (3) | | (3) |
| Contributions-Cambridge Sports Lake Trust | (6) | | (6) | | (6) |
| Insurance All Risks | (6) | | (6) | | (6) |
| Total General Fund Revenue Earmarked reserves "Other" | (326) | | (326) | | (326) |