CABINET	AGENDA ITEM No. 5
25 OCTOBER 2021	PUBLIC REPORT

Report of:	Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Corporate Director of Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2024/25 - PHASE ONE

RECOMMENDATIONS	
FROM: Cabinet Member for Finance	**Deadline date: N/A**

It is recommended that Cabinet approves:

1. The Phase One budget proposals as outlined in Appendix B as the basis for public consultation.
2. The updated budget assumptions, to be incorporated within the Medium-Term Financial Strategy 2022/23 – 2024/25. These are outlined in sections 5.
3. The revised capital programme outlined in section 5 and referencing Appendix C.
4. The Medium-Term Financial Strategy 2022/23 to 2024/25 - Phase One, as set out in the body of the report and the following appendices:
   - Appendix A – 2022/23-2024/25 MTFS Detailed Budget Position Phase One
   - Appendix B – Phase One Budget Consultation Document
   - Appendix C – Capital Programme Schemes 2022/23-2024/25
   - Appendix D – Financial Risk Register
   - Appendix E – Equality Impact Assessments
   - Appendix F – Carbon Impact Assessments

It is recommended that Cabinet notes:

5. The strategic financial approach taken by the Council outlined in section 4 of this report.
6. The forecast reserves position, and the provisional statutory advice of the Chief Finance Officer outlined in section 6, The Robustness Statement for Phase One.

1.0 **ORIGIN OF REPORT**

1.1 This report comes to Cabinet as part of the Council's formal budget setting process as set out within the constitution and as per legislative requirements to set a balanced and sustainable budget for 2022/23-2024/25.

2.0 **PURPOSE AND REASON FOR REPORT**

2.1 **Purpose**

The report to Cabinet forms part of the Council's formal Budget and Policy Framework. This requires Cabinet to initiate and make proposals and update assumptions to set a balanced budget for the financial years 2022/23 - 2024/25. There is a legal requirement to set a balanced budget for 2022/23. The purpose of this report is to:

- Recommend that Cabinet approve the Phase One budget proposals;
- Recommend that Cabinet approve the budget assumptions to update the Medium-Term Financial Strategy (MTFS), to ensure estimates reflect the most up to date information available;
- Outline the financial challenges facing the Council, in setting balanced budget for the MTFS 2022/23-2024/25;
- Outline the strategic approach and actions taken by the Council to deliver a balanced budget in 2022/23;

Proposals will be agreed by Cabinet, following consideration of the feedback received to the consultation, on 29 November 2021 with a recommendation to Council on 8 December 2021 for approval.

This report is submitted for Cabinet to consider under its Terms of Reference No. 3.2.1, "To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to delivery excellent services."

2.2 **Executive Summary**

At Council held on 3 March 2021, the MTFS 2021/22-2023/34 was approved, setting a balanced budget for 2021/22. This budget was set with reliance placed on the receipt of £13.7m of Exceptional Financial Support (EFS) from government. The offer of exceptional support was in the form of an agreement in principle to a Capitalisation Direction (borrowing to fund revenue expenditure) that is conditional on a series of actions. These actions include the development of a budget which secures the Council's financial sustainability and two government procured assurance reviews being completed. CIPFA was appointed by the Department for Levelling Up, Housing and Communities (DLUHC) for the financial assurance review and Andrew Flockhart for the governance assurance review with both reviews to be completed over Summer and final reports expected to be published in October 2021.

The MTFS 2021/22-2023/34 also outlined budget gaps of £26.8m in 2022/23, rising to £28.9m from 2023/24 onwards. With the scale of the financial challenge in future years remaining, the Council must make further savings and service reductions to balance the budget in future years.

This report outlines the Phase One MTFS plans to reduce the budget gap by £9m, £6.5m of savings proposals and £3.2m of funding changes with £0.7m of newly identified budget pressures. This leaves a remaining gap of £17.8m in 2022/23, rising to £21.1m by 2023/24.

Although this report outlines proposals that reduce the Council's budget gap, more challenging decisions will be required to deliver financial sustainability. The Council will review its key corporate strategy with a view to refocusing priorities. This will provide greater clarity and a framework to inform the allocation of the Council's resource envelope. Alongside a refocused strategy, action plans are being developed in key saving opportunity areas. Officers, Cabinet and the Financial Sustainability Working Group will be progressing the development of proposals in these key areas over the coming months. The specific areas include:

- **Asset sales**
- **Capital programme reduction**
- **Forensic review of all service expenditure**
- **Contract review**

These are expanded on within section 4.9, with outcomes and an overarching strategy to be reported within the Phase Two MTFS report, which will be published in January 2022.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	**YES**	If yes, date for Cabinet meeting	**25 OCTOBER 2021**
Date for relevant Council meeting	**08 DECEMBER 2021**	Date for submission to Government Dept.	**N/A**

This process is to deliver a three-year Revenue Budget and Capital Programme for the Council. The MTFS process will be delivered over two Phases, with the following table setting out the budget timetable:

Budget Timetable

Meeting	Phase One	Phase Two
Cabinet	15/10/2021	31/01/2022
Joint Scrutiny	17/11/2021	09/02/2022
Cabinet	29/11/2021	21/02/2022
Council	08/12/2021	02/03/2022

4.0 STRATEGIC FINANCIAL APPROACH

4.1 **Financial Operating Context**

The Council has and is still facing, challenges with supporting rising service demand and increasing costs at a time when the Council's funding envelope is restricted. The Council's financial position creates an acute challenge to meet the requirement to set a balanced budget. The following diagram summarises the factors that influence the Council's financial operating context:

The Councils Financial Challenges are characterised by =

- **Low Council Tax Base,** restricting the Councils ability to raise income from local taxes.
- **Fast growing population teamed with an increase in demand for services** and the complexity of care and support required
- Already providing many **services at a low unit cost,** demonstrating that the Council already delivers efficiency and value for money services.
- **Low government funding** in comparison to service need and the population of Peterborough. The Council's funding position is outlined in within this section and further in section 5.3.
- **Low resilience, with low levels of usable reserves** forecast by the end of the financial year, as outlined in section 6 the robustness statement.

4.2 To date the Council has successfully set a balanced budget by being proactive in applying a range of financial measures available, including:

- continued development of innovative solutions to service delivery leading to savings and budget reductions
- proactively managing additional demand and increase pressures in the cost of service brought about from contract inflation and national pay awards
- thoroughly reviewing the income generation with regards to the Council Tax base, the Business Rates base and provisions, and contracting an external review of the Local Council Tax Support Scheme
- being an active key member championing the setting up of the business rates pool with other Cambridgeshire local authorities to reduce the levy for its participating members
- actively managing its asset base to secure efficiencies within its built environment and realise capital receipts
- a detailed and comprehensive review of its minimum revenue provision (MRP)
- since 2018 the Council has been working with external bodies including the Local Government Association, its auditors, the Department for Levelling Up, Housing and Communities (DLUHC), formally known as the Ministry of Housing, Communities and Local Government (MHCLG) and external financial specialists to develop and deliver a sustainable financial strategy.

The difference between the resource envelope (funding) and the cost of providing services has increased. In the absence of additional funding and with the restricted ability to raise local taxes, the Council has applied other funding solutions. The following table shows the use of reserves and non-repeatable savings to balance the budget. This financial strategy was adopted for the Council to take a strategic and measured approach to transformational change which would lead to service efficiencies and savings. This strategy helped to mitigate and minimise the impact on services and customers over time, whilst creating the opportunity to develop and deliver a sustainable financial future.

4.3 **One Off Strategic Funding Solutions**

	Previous Years				Current Year	Future MTFS years		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
Re-deeming Debt with Capital Receipts	12,738	6,220	10,874	6,357	2,433	2,603	233	234
MRP Re-provision	-	3,700	-	-	-	-	-	-
Capitalisation direction*	-	-	5,564	1,217	3,234	-	-	-
Reserves	7,194	6,350	3,084	1,510	10,500	-	-	-
One Off Funding	-	-	-	-	8,944	-	-	-
Total	**19,932**	**16,270**	**19,522**	**9,084**	**25,111**	**2,603**	**233**	**234**

** The budgeted £13.7m Capitalisation Direction in 2021/22 by has been reduced by £10.5m to £3.2m, as £10.5m of reserves is utilised to fund revenue expenditure. The final drawdown of the Capitalisation Direction will be predicated by the decision from DLUHC and final outturn position.*

4.4 **Proactive Management, Expenditure Controls, External Expert Review and Verification**

In the Council's pursuit to achieve financial sustainability, it has been open to and welcomed external challenge and scrutiny. In 2018 the budget was reviewed by the Local Government Association (LGA), in 2019 the Council commissioned Grant Thornton to undertake a financial review and work collaboratively with the Council on the delivery of a savings programme and in July 2021 a Corporate Peer Challenge was facilitated by the LGA, with the full report being made available on the Council's website recently.

The Council has always responded constructively to challenge and has taken decisive action to manage its finances. Below are examples of how the Council's approach has developed and strengthened to meet its current financial challenges:

- ✓ It has transformed its Children's and Adult Social Care Services, by the using prevention and early intervention strategies e.g., Family Safeguarding and Adult Positive Challenge Programme. These programmes have seen a continuation of lower levels of expenditure and good outcomes in comparison to the Council's statistical neighbours.
- ✓ It has worked with health and care partners to reduce costs, increase efficiencies and increased purchasing power through joint commissioning and delivery opportunities.
- ✓ It has transformed its Housing Needs service to reduce homelessness within the City.
- ✓ It has generated over £77.5m of external income (non-Government grant or tax), equating to almost 18% of the Council's gross income.
- ✓ It has actively managed several key contracts and worked closely with partners to deliver Council services.
- ✓ It has worked to maximise the use of its assets.
- ✓ It has regularly reviewed its capital programme and associated project management of scheme delivery.
- ✓ It has applied technology and ICT solutions to streamline the Council's processes and increase automation.
- ✓ It has reviewed its workforce and successfully implemented agile working across its organisation.
- ✓ Used external benchmarking to pursue value for money and low costs. The most recent benchmarking report demonstrated that the Council's unit costs, in comparison to other authorities across England, were 11.4% lower than average, and ranked 92nd highest out of 123 comparable authorities.

Additionally, the Council has put in place a series of financial controls designed to scrutinise and closely manage expenditure, ensuring that only essential expenditure is being incurred. These enhanced scrutiny measures were introduced as a short-term measure but due to their importance and successful operation they remain in place. These controls include:

- A panel to review all recruitment and agency requests.
- Business case requirement for all expenditure in excess of £10k - providing additional scrutiny and challenge with regular review from the Chief Finance Officer (CFO).
- Implementation of the 'review of the effectiveness and operation of financial and human resource controls' across the organisation.
- Departmental Management Teams, together with the Corporate Management Team (CMT), review the financial position monthly including the position in respect of revenue and capital budget performance, debt management, and budget risks. Appropriate action is taken, including plans to address budget issues, and reported in monthly Budgetary Control Reports taken to Cabinet.
- Enhanced officer budget governance, with dedicated Boards overseeing the delivery of the budget setting process and monitoring of savings delivery. This includes the Rapid Implementation Team (RIT), Executive Corporate Management Team and Budget Corporate Management Team.
- Enhanced member governance structure, with the introduction of the Financial Sustainability Working Group (FSWG) to ensure involvement and engagement from all political parties, with a common goal of achieving financial sustainability for the Council.

4.5 **Financial Implications of the C-19 Pandemic**

Before the pandemic started in March 2020, the Council had recognised the significant financial challenges it was faced with and was taking measures to address the financial position, including inviting expert external challenge to provide support and an additional layer of scrutiny to processes and decision making. The

Council's response to the unprecedented challenges of C-19 have dominated the activities of the Council and that of its communities for the last 18 months and, like most Councils across the country, it has not been able to implement all measures and savings plans in full as originally planned.

The C-19 pandemic has had a significant impact on the Council's financial position. It effected most Council services, but most notably a rise in Adults and Children's Social Care and rough sleeper costs, losses of business rates and council tax income, and losses of income from other sources such as parking (outlined in full in the Final Outturn 2020/21 Cabinet Report).

The Council budgeted for known financial challenges such as the non-delivery of savings plans totalling £5.7m and the £8.1m of additional Children's and Adults Social Care by rebasing them within the 2021/22 budget (MTFS 2021/22-2023/24). However, the pandemic introduced additional layers of financial complexity and uncertainty, and this unpredictability has continued to make financial and operational planning problematic. The Council continues to closely review its budget assumptions and the treatment and application of the following uncertainties in:

- long-term increases in demand for council services
- the market sustainability of key service providers
- the inability to forecast with any certainty the future profile for the recovery of income generators such as car parking
- how to profile business rate income given the reduction in government support, appeals, non-collection of rates and associated closures of businesses due to the impact C-19 restrictions
- the increase to Local Council Tax Support scheme with the ending of furlough and unknown timing for economic recovery

4.6 **Exceptional Financial Support**

The Council has been in ongoing discussions with the DLUHC in respect of its challenging financial environment since October 2020. In February 2021 the Council received conditional approval for Exceptional Financial Support (EFS) in the form of a £20m Capitalisation Direction for use in 2022/23.

The Council assumed the use of £13.7m of the EFS to set a balanced and legal budget for 2020/21. However, the EFS was conditional on the results of the financial assurance and governance reviews, together with a plan to deliver financial sustainability in the future. Over the summer period, CIPFA and Andrew Flockhart have been conducting these reviews on behalf of the DLUHC.

The Council has revised its budgeted funding strategy for 2021/22 through a reduced reliance on the funding from Capitalisation Direction by at least £10.5m through the application of funding from the Covid-19 Funding Reserve. This reserve was created at the end of 2020/21 to ensure that additional costs anticipated from the additional demand and the longer-lasting impact of C-19 could be funded in 2021/22. This follows a review of the position as reported within the latest Budgetary Control Report as outlined below.

4.7 **August Budgetary Control Report (BCR)**

At the end of August the Council's forecast outturn position has improved in comparison to the start of the year forecast with a forecast underspend of £3.8m being reported.

The Council is still experiencing pressures in service areas such as Adults and Children's social care because of additional costs, and losses of income from Parking and Culture and Leisure services. However, this is being fully offset with favourable budget performance driven by the continuation of the additional income from the Business Rates Pool, additional grant in respect of lost Sales Fees and Charges compensation, and a reduction in the cost of borrowing for the Council. As a result of this the Council has incorporated a reduction in the amount of Capitalisation Direction (borrowing to fund revenue costs) that would be required, bringing the final forecast variance to a breakeven position.

The following table outlined the directorate budgetary performance and the £3.8m reduction in borrowing:

Directorate	Budget £000	Forecast Spend £000	Variance £000	Overall Status
Chief Executives	1,219	1,282	63	Overspend
Governance	4,169	4,049	(120)	Underspend
Place & Economy	24,021	23,307	(715)	Underspend
People & Communities	99,537	104,963	5,426	Overspend
Public Health	(188)	(239)	(51)	Underspend
Resources	22,763	20,955	(1,807)	Underspend
Customer & Digital Services	7,356	7,100	(256)	Underspend
Business Improvement	722	702	(20)	Underspend
Capital Financing	27,994	25,328	(2,666)	Underspend
Total Expenditure	**187,593**	**187,447**	**(146)**	Underspend
Financing	(173,859)	(177,549)	(3,690)	Underspend
Exceptional Financial Support (Capitalisation Direction - borrowing)	(13,734)	(9,898)	3,836	Reduction in Borrowing
Net	**(0)**	**0**	**0**	Breakeven

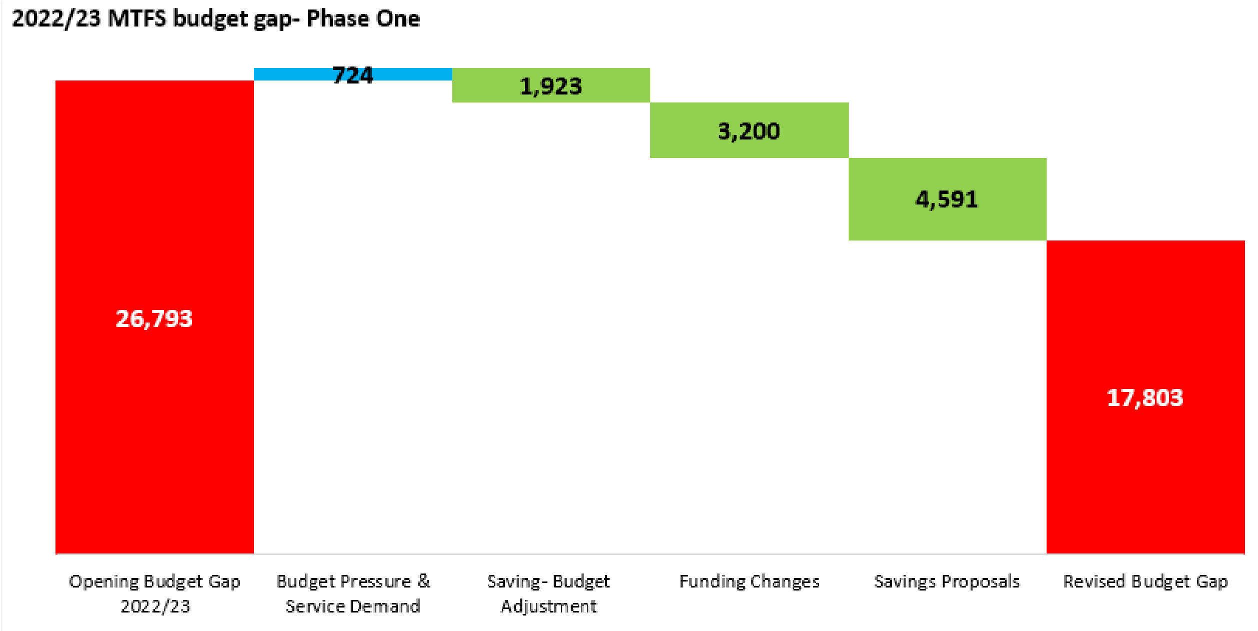
Although August's financial performance identifies some areas of financial pressure resulting from the pandemic, these are being mitigated by other service delivery budgets performing favourably. The scale of the additional demand and budgetary pressures, have so far, been lower than the Council originally anticipated. This enables the Council to reduce the amount of Capitalisation Direction it is anticipates to apply to fund the revenue budget in 2021/22 from the original budget value of £13.7m, by at least £10.5m. This is to be replaced with the application of funding from the Covid-19 Funding Reserve.

The August Budgetary Control report is reported to Cabinet on 25 October and provides further analysis of the directorate financial performance.

4.8 **Budget position**

The Council has started the budget setting process for 2022/23 with an opening gap of £26.8m. This Phase One MTFS plans to reduce the budget gap by £9m, £6.5m of savings proposals and £3.2m of funding changes with £0.7m of newly identified budget pressures. This leaves a remaining gap of £17.8m in 2022/23 rising to £21.1m by 2023/24.

4.9



The proposals are outlined in further detail in section 5.2 and Appendix B - The Budget Consultation document.

Strategic Budget Approach

Initial feedback from the external reviews that have been undertaken conclude that the Council can and must do more to deliver financial sustainability. The 2022/23 budget requires a renewed focus on the strategies available to the Council to close the budget gap and achieve financial sustainability. As part of this approach the Council will be issuing revised corporate priorities and a recalibrated risk profile for the levels of service to be provided.

Risk

Given the magnitude of the financial challenge and the requirement for more fundamental and radical change, the strategic options to be considered will have an influence on the level of risk the Council is exposed to. To become sustainable the Council will need to reduce its expenditure or generate additional income. The options available to the Council may create additional risks such as the ability to fulfil statutory duties within a smaller resource envelope. The Council will need to implement transformational change to deliver the level of reduction in expenditure required and associated reductions in service delivery.

Careful consideration will be given to the types and level of risk the Council is willing to accept to deliver a balanced budget in 2022/23 and financial sustainability for the future. A revised risk profile should provide clarity to officers and members and a suitable framework to support decision making in developing proposals for reductions to services.

Priorities

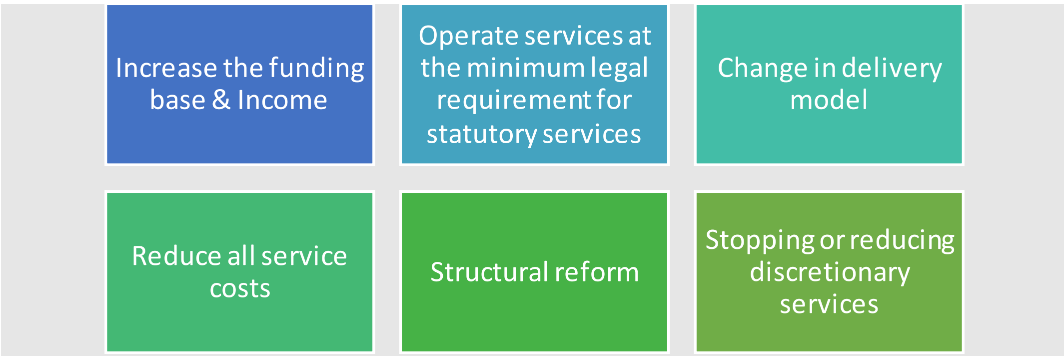
In addition to considering a recalibrated risk profile the Council will be refocussing its Corporate Strategy and key strategic priorities. Complex decisions will be required to deliver financial sustainability and having refocussed priorities will provide greater clarity to inform the allocation of resources and development of transformational change and implementation of a savings programme.

Strategic Options

The Council has considered the outputs of the draft reviews from CIPFA (on behalf of DLUHC) and the final LGA Peer challenge which has the view that more can be done and no one service is protected. Specific areas of the work are already underway and officers, Cabinet and the FSWG will be progressing the development of proposals in these key areas over the coming months, alongside the programme of work identified above. The specific areas include:

- **Capital programme**: The Council has been scrutinising the capital programme with a view to reducing it to £80m, which reflects historic performance and capacity for delivery of schemes. However, this review will continue with a view of reducing the programme further focusing on continuing with only 'essential' schemes. The criterion for this assessment is to be determined, but priority will be given to statutory schemes and those schemes which are all or mostly grant-funded and do not incur future revenue pressures for asset maintenance and running costs.
- **Sale of assets**: The Council will undertake a thorough review of its asset base with a view to selling assets that are surplus or do not generate sufficient revenue benefit. Incorporated within this review will be the consideration of the Council's future working practices to establish whether office space can be further rationalised to deliver more efficiencies.
- **Contracts**: Review of the Council's key contracts and partnerships, such as Milestone, Serco, Aragon Direct Services, NPS and social care providers. This review will ensure that the Council's contracts reflect value for money, performance is effectively managed and where contracts can be de-specified or further efficiencies unlocked.
- **Service expenditure:** Forensic review of budgets at service level including an evaluation of the key cost drivers, resource requirement, the outcome delivered to the realigned of service levels that meet the new refocussed priorities.

Other available strategies to be explored include by the Council include:



The Council recognises this is a substantial challenge and it is the Council's responsibility to meet this head on. It is clear that **if the Council is unable to develop a plan to deliver a sustainable financial strategy government intervention is likely in early 2022.**

5.0 BUDGET DETAIL

5.1 **Previous 2021/22-2023/24 MTFS Summary Position**

The table below outlines the position, detailing the amounts the Council expects to receive from the key funding streams. It highlights the departmental budgets and the budget gap for each of the three years following the 2021/22 MTFS.

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
NNDR	(50,566)	(51,776)	(53,091)	(53,779)
Revenue Support Grant	(10,471)	(10,471)	(10,471)	(10,471)
Council Tax	(88,259)	(91,545)	(95,494)	(100,155)
New Homes Bonus	(3,054)	(1,461)	-	-
Improved Better Care Fund	(7,260)	(7,260)	(7,260)	(7,260)
Social Care Grant	(5,673)	(5,673)	(5,673)	(5,673)
Lower-Level Services Grant	(281)	(281)	(281)	(281)
C-19 Response Fund	(6,366)	-	-	-
Local Council Tax Support Grant	(1,590)	-	-	-
Capitalisation Direction*	(13,734)	-	-	-
TOTAL CORPORATE FUNDING	**(187,255)**	**(168,468)**	**(172,270)**	**(177,620)**
PLANNED EXPENDITURE				
Chief Executives	1,219	1,219	1,219	1,219
Governance	4,167	4,167	4,167	4,167
Place & Economy	23,912	24,310	24,787	25, 416
People & Communities	99,537	102,866	105,372	107,626
Public Health	(188)	(188)	(188)	(188)
Resources	17,246	17,724	19,099	20,180
Customer & Digital Services	7,356	7,525	7,696	7,867
Business Improvement	722	722	722	722
NET SERVICE EXPENDITURE	**153,972**	**158,346**	**162,875**	**167,010**
Corporate Expenditure	5,289	5,325	5,362	5,402
Capital Financing Costs	27,994	31,589	32,943	32,943
TOTAL PLANNED EXPENDITURE	**187,255**	**195,260**	**201,180**	**205,355**
REVISED DEFICIT/(SURPLUS)	**(0)**	**26,793**	**28,910**	**27,735**

**it is proposed within this report that the Capitalisation Direction is reduced by £10.5m and the funding replaced through the application of reserve balances.*

5.2 **Phase One Budget Position**

The following tables summarise the budget position and detail of all proposals included within this Phase One, and the financial implications for the three years covering 2022/23-2024/25

Budget Summary Position- Phase One

	2022/23	2023/24	2024/25
	£000	£000	£000
Budget Gap from 2021/22 MTFS	**26,793**	**28,910**	**27,735**
Budget Pressure & Service Demand	724	915	979
Revised Budget Gap	**27,517**	**29,825**	**28,714**
Saving- Budget Adjustment	(1,923)	(1,923)	(1,923)

Funding Changes	(3,200)	(2,700)	(2,450)
Savings- Outline Business Case	(4,591)	(4,128)	(3,891)
Budget Gap	**17,803**	**21,074**	**20,450**

Phase One budget proposals

	2022/23 £000	2023/24 £000	2024/25 £000
Budget Pressure & Service Demand	**724**	**915**	**979**
Chief Executive Position (Single Authority not shared)	115	115	115
Coroners- Rising Demand	100	100	100
Insurance Premiums	100	100	100
Sandmartin House Inflation	-	191	255
Social Care Levy - 1.25% increase	409	409	409
Funding Changes	**(3,200)**	**(2,700)**	**(2,450)**
Business Rates Pool (estimate)	(2,200)	(2,200)	(2,200)
NNDR Income Base (estimate)	(1,000)	(500)	(250)
Savings	**(4,591)**	**(4,128)**	**(3,891)**
Bad Debt Provision Review	(500)	-	-
Hydrotherapy pool	(50)	(50)	(50)
Reduce the Capital Programme	(2,245)	(2,017)	(1,780)
Aragon Service Reduction	(221)	(221)	(221)
Aragon- Income Generation	(130)	(130)	(130)
Review the NPS and Property Contract	(300)	(300)	(300)
Serco- Business Support	(651)	(651)	(651)
Serco- Automation of Revenues and Benefits	(100)	(100)	(100)
Serco- Customer Services	(200)	(200)	(200)
Serco- Inflation and Current year recurring saving	(129)	(129)	(129)
Corporate Capacity Review	-	(190)	(190)
Review of Economic Development	(65)	(140)	(140)
Saving- Budget Adjustment	**(1,923)**	**(1,923)**	**(1,923)**
Archiving	(18)	(18)	(18)
Better Care Fund Uplift - 2021/22	(420)	(420)	(420)
Energy Recovery Facility- Improved Energy Pricing	(500)	(500)	(500)
ICT Service Savings	(175)	(175)	(175)
Reduction in stray dog contract	(10)	(10)	(10)
Review Mental Health Management Fees	(50)	(50)	(50)
Aragon- Budget Adjustment	(750)	(750)	(750)
Total	**(8,990)**	**(7,836)**	**(7,285)**

Further detail in respect of the proposals following appendices:

- Appendix A – 2022/23-2024/25 Phase One MTFS Detailed Budget Position.
- Appendix B – Phase One Budget Consultation Document

5.3 **Core Funding Assumptions**

The following table outlines the Council's forecast core funding for the period 2022/23-2024/25, as confirmed within the final local government settlement in February. Further details of the assumptions used are outline within this section.

Funding Summary Position 2022/23-2024/25

	2022/23	2023/24	2024/25
	£000	£000	£000
NNDR	(52,776)	(53,591)	(54,029)
Revenue Support Grant	(10,471)	(10,471)	(10,471)
Council Tax	(91,545)	(95,494)	(100,155)
New Homes Bonus	(1,461)	-	-
Business Rates Pool	(2,200)	(2,200)	(2,200)
Improved Better Care Fund	(7,260)	(7,260)	(7,260)
Social Care Grant	(5,673)	(5,673)	(5,673)
Lower Level Services Grant	(281)	(281)	(281)
TOTAL CORE FUNDING	**(171,668)**	**(174,970)**	**(180,070)**

Council Tax

The forecast funding includes an assumption based on 2.99% general Council Tax increase. However, at this point the 2022/23 referendum limits are to be confirmed, and speculation in the media and other sources suggest that Councils may be given then ability to raise Council Tax income via an ASC Precept. This is expected to be confirmed within the Spending Review 2021 on 27 October.

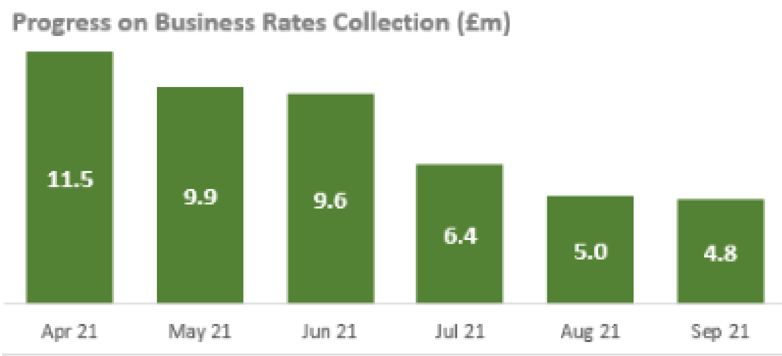
The Council tax base is forecast to steadily increase by 1,000 homes each year, which equates to 780 Band D equivalents. This forecast is in line with the housing growth experienced within the City which has averaged at 1,100 new homes over the past five years.

The following table summarises the Council's current Council Tax income assumptions:

	Actual	Forecast	Forecast	Forecast
	2021/22	2022/23	2023/24	2024/25
Council Tax increase	1.99%	2.99%	2.99%	2.99%
ASC precept increase	3.00%	0.00%	0.00%	0.00%
Council Tax Band D	**£1,467.76**	**£1,511.64**	**£1,556.84**	**£1,603.39**
Council Tax Base	59,714.72	60,494.72	61,274.72	62,054.72
Council Tax Income (Band D x Tax Base)	**£87,646,791**	**£91,446,512**	**£95,395,100**	**£99,498,060**
Parish Precept	**£657,300**	**£657,300**	**£657,300**	**£657,300**
Council Tax Deficit (spread over 3 years)	**£44,782**	**£558,727**	**£558,727**	**-**
Total	**£88,259,309**	**£91,545,085**	**£95,493,673**	**£100,155,360**

Business Rates (NNDR) and the Cambridgeshire and Peterborough Business Rates Pool

Business Rates is a major source of income for the council providing some £52.8m, with additional income of £2.2m expected in 2022/23 as a result of the forecast continuation of the Business Rates pool arrangement with the other Cambridgeshire Local Authorities. The pool takes into account the business rates levy owed by each of the authorities, pooling them together, which produces a lower percentage levy calculation for the councils included within the pool. The Business Rates Pool originally started in 2020/21 and has been a success with the Council receiving a £1.6m pool gain share in 2020/21, with £2.5m forecast in the current year, as reported within the August BCR.



The Council has also been closely reviewing its Business Rates collection rates. At the end of 2020/21 the Council held £11.5m of uncollected business rates balances. The Council commenced active recovery in February, and since the 1 April 2021 these actions have reduced the outstanding balance by 58% to £4.8m, as shown in the chart. Due to the level of outstanding debt held when setting the budget, the bad debt provision contributions had been increased to ensure the Council has sufficient mitigation to cover the risk on non-collection, however given the improvement in position the Council is able to reduce these forecast contributions, which in turn improve the overall business rates income forecast.

Both the Business Rates Pool and Business Rates income are estimates at this stage and will be formalised in the coming months in advance of the Phase Two report. The Business Rates Pool application has been submitted to DLUHC on 8 October, with confirmation expected to form part of the Local Government Provisional Finance Settlement. The Business Rates forecasts will be formalised once the multiplier and inflationary details are also confirmed in Local Government Provisional Finance Settlement, and then formally confirmed within the NNDR1 form submission to DLUCH in January 2022.

The Council expected the Business Rates forecast to remain steady, although there are some empty units across the city such as the John Lewis store and the Debenhams distribution centre. There are new businesses coming into the city, such as the new restaurants planned at Maskew Avenue, the Hilton hotel and offices at Fletton Quays and continued development at the Roxhill Gateway.

Grants

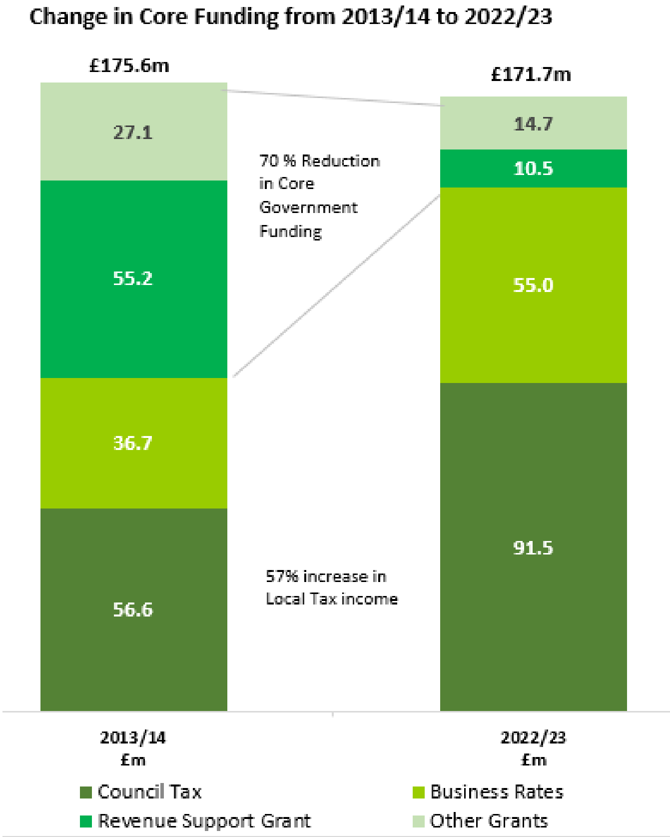
The Councils has kept its forecast funding levels consistent with that received in 2021/22 for the following grants:

- **Revenue Support Grant (RSG)**
- **Lower Tier Services Grant**
- **Social Care Grant**
- **Improved Better Care Fund (IBCF)**

This approach comes after years of one-year settlements, speculation around further tightening of the public purse and a recent change in approach whereby unused New Homes Bonus was used to fund other 'new' grants instead of returning it back to local government like in previous years. These actions create turbulence in the funding system, making it difficult for Councils to financially plan due to unpredictability in approaches applied and reducing confidence in the system. It is expected that the Spending Review 2021 and the Local Government Provisional Finance Settlement will provide clarity to the level of grant the Council can expect.

New Homes Bonus (NHB) – the current scheme which incentivised and rewarded Councils for housing growth within their area, is being phased out with the last payment expected in 2022/23, and a new scheme expected to replace it. Proposals for a new scheme were consulted on in Spring 2021, with a new scheme expected to be announced in advance of Local Government Provisional Finance Settlement. The Council's current forecast is in line with the current scheme and therefore, the Council expects to receive no further funding from 2023/24 onwards. If a new scheme is announced the funding will contribute to delivering a sustainable financial position for the Council.

Change in Core Funding



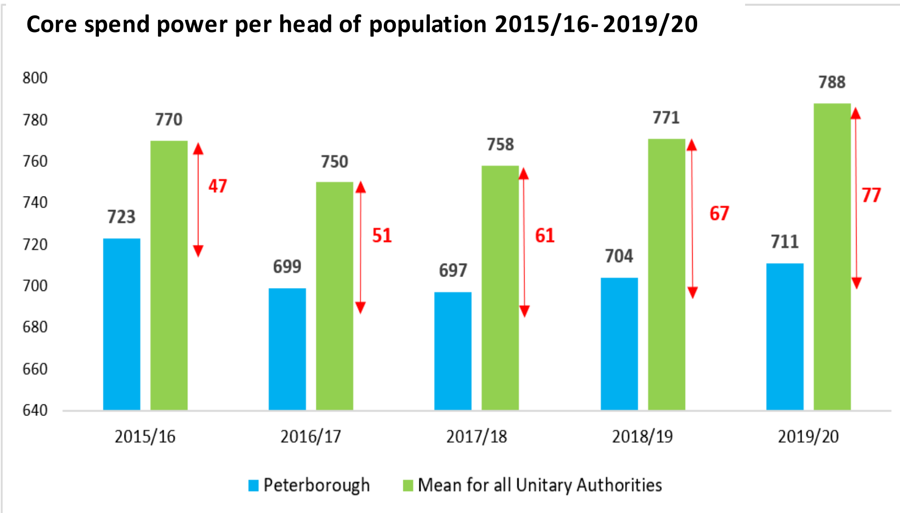
Since 2013/14 the Council has experienced a 69% reduction in the level of core grant funding and over the same period has relied on council tax increases and business rates growth to bridge the resultant funding gap. This chart illustrates the shift in core funding and the increased reliance on two funding streams more exposed to economic fluctuations: Business Rates and Council Tax.

The reliance now placed on council tax and business rates as the Council's core resource exposes the Council to greater levels of risk inherent in these funding streams. This was demonstrated over the pandemic when these income sources suffered because of greater levels of non-collection, lower income growth and a rise in Local Council Tax Support claimants. The change in risk profile for funding is also evident in the Council's core spend power in comparison to other unitary authorities.

Core Spending Power

Core Spending Power (CSP) per head of population is shown in the following chart. CSP is a measure of total council revenue funding from all sources, with the exception of ringfenced grants and often contains assumptions on funding Councils may or may not approve. In 2019/20 the Council had a CSP of £144m, £34m less than the average unitary authority.

The Council's CSP per head, £711, compares to the average across other unitary authorities £788, a notably greater proportion. The chart illustrates how that difference has increased over the five-year period, from £47 rising to £77 per head by 2019/20.

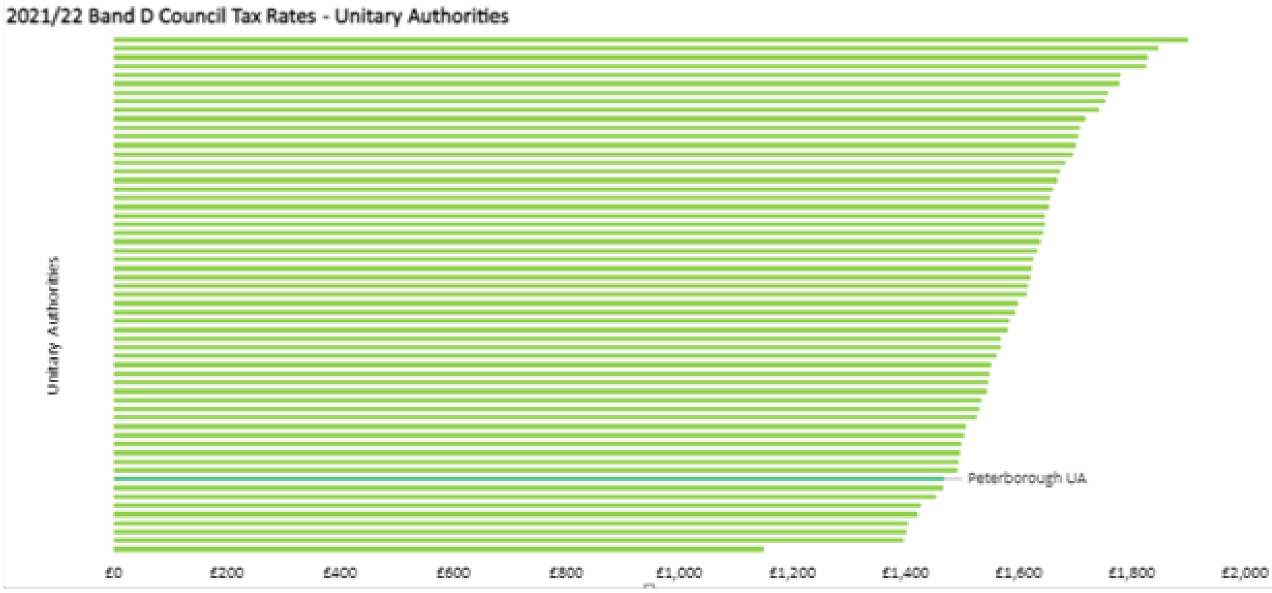


This gap has widened due a couple of contributary factors.

Firstly due to the limitations which affect the Council's ability to raise Council Tax income. These include:

- The Council Tax referendum limit restricts the Council's ability to raise the level of its total resources. Since the local tax lock, introduced in 2012/13, Councils have been encouraged to receive a Council Tax Freeze Grant or apply a minimal increase to council tax.
- Having a low council tax base, resulting from a large proportion (65%) of properties that fall within Bands A and B.

- Having the 9th lowest average Band D council tax rates when compared to other unitary authorities. The current Band D rate is £1,476.76 and if Peterborough was able to move to the average unitary council tax rate of £1,599.35 **(a difference of £131.59 – 8.9%)** and applied to the tax base of 59,714.7 band D equivalents, this would generate an additional **£7.2m per year**. If Peterborough was at the same level as the **highest rate (£1,898.55), this would generate an additional £25m per year.**



The second factor driving this gap is the absence of a revised relative needs and resources formula, which determines the distribution of funding to local authorities. This has not been reviewed since 2013/14, and therefore has not taken account of changes to the local demographics, needs or council funding levels. Over this period service demand pressures have increased the Council's net revenue expenditure, and with limited additional funding and council tax restrictions in place, the Council has applied other funding solutions, such as reserves and the sale of assets to ensure the delivery of a balanced budget.

5.4 Empower

In December 2014 the Council entered into a strategic partnership with Empower Community Management LLP to deliver solar panels on residential properties. As part of this arrangement and subsequent additions to the original scheme the Council invested capital funds totalling £23m which resulted in over 7,700 rooftop installations which have been providing free electricity for the householder. The loan was fully secured over the solar rooftop assets of ECSP1 and was returning a commercial rate of return to the Council. This return contributed towards the Budget position of the Council and helped to support the delivery of services.

The original loan was a construction facility and was contracted to terminate in October 2017, but a series of extensions were made enabling the completion of installations up to March 2018. The facility was then extended by a series of Cabinet Member Decisions to enable the refinancing of the facility, the last of which in September 2020 giving authority for the construction facility to be amended to a long-term loan facility with the Council.

In March 2021, the Council sought advice from its advisors Deloitte and Pinsent Mason and concluded, in order to protect its interests, it was left with no option but to serve notice of repayment of the loan.

At the end of the notice period in May 2021 ECSP1 were unable to repay the loan and Insolvency Advisors, Teneo Restructuring Ltd, were jointly appointed by ECSP1 and the Council. Their advice was presented to Cabinet in June 2021 and at that meeting the recommendation for the Council to take over the assets of ECSP1 was approved.

The process of transferring the assets is currently underway and is being managed to reduce any risk of disruption to the operation of the portfolio on the date of the transfer.

An interim asset manager has been appointed to manage the solar rooftop assets for the next year, during which a review of contracts and performance will be undertaken to increase the performance of the portfolio. During this time a full procurement process will be run for an asset manager to manage the portfolio for a three-to-five-year term.

5.6 Capital Programme

An officer-led Capital Review Group oversees the Council's capital requirements. The Capital Programme is viewed over a three-year period to ensure correct stewardship of assets and efficient use of budgets, it includes estimated project costs and profiling of expenditure whilst detailed business cases and due diligence is completed on individual schemes. The Council is proactive in attracting external funding for as many schemes as possible.

The Capital Programme contains funding for Invest to Save schemes. This budget is included on the basis that any projects funded via this budget will deliver savings to the Council. Business cases for future proposals are required to demonstrate how the cost of borrowing will be covered, e.g. through income generation, and reduction in service costs. Invest to save is shown separately due to the projects only proceeding where they lead to savings which cover the associated capital financing costs in the year they occur, and the capital financing costs are recharged to service budgets. Further information on the Invest to Save programme is included with the Council's Capital Strategy.

The £22m for IFRS16 transition is excluded as this is not new capital spend, but a change in accounting treatment. Under the previous accounting rules leases that did not account for substantially all of an assets useful economic life were treated as off balance sheet and charged to revenue. The new accounting rule brings these leases (unless under a year in duration or for assets below a de minimum value) onto the balance sheet as capital expenditure. On transition, the remaining value of these existing leases is treated as capital expenditure incurred on 1 April 2023.

Phase Two will reflect a further review of the programme to reduce costs as well as some further investments in line with Council priorities. Additional investment schemes that have been added to the previous MTFS for approval are summarised in Table 11.

Table 11: New Capital budgets for approval within Phase One

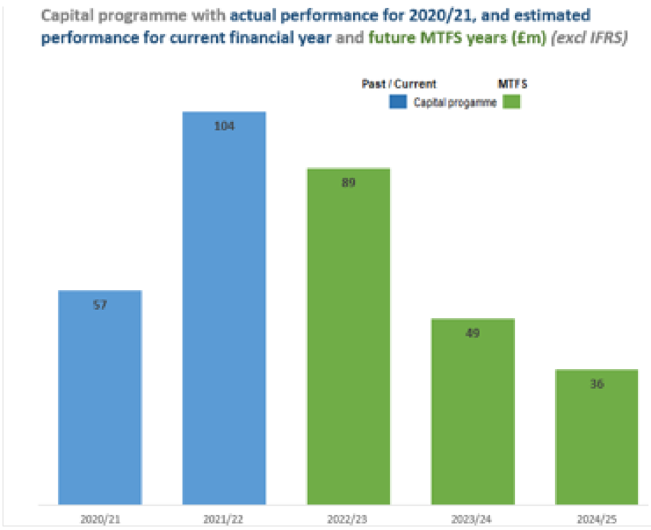
Directorate	Project and Funding Source	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
People & Communities	Clare Lodge Refurbishment and Safety works (Third Party Funding)*	1,406	171	-	-
Place & Economy	Westcombe Engineering Machinery Investment (Funded by Invest to Save)	34	-	-	-
Place & Economy	Contribution to the Highways Agency for the A14 improvement scheme (Third Party Funding)	120	60	60	60
Resources	Capital Funding to build Mausoleum at Fletton and Eastfield Cemeteries (Funded by Invest to Save)	178	-	-	-

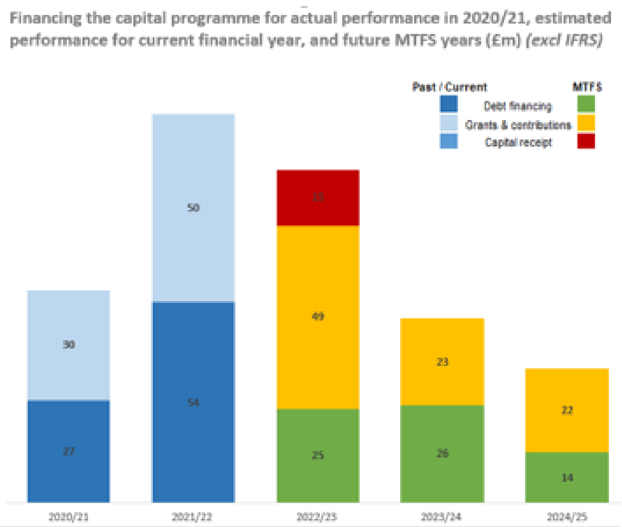
**Based on detailed business case - awaiting outcome of bid for funding, will only proceed if successful.*

Table 12 provides a summary of the capital programme over the MTFS period. The full list of schemes is detailed in Appendix C - Capital Programme Schemes 2022/23-2024/25. The tables include the changes to the programme listed above.

Table 12: The Capital Programme 2022/23- 2024/25 Summary

Capital Programme	2022/23 £000	2023/24 £000	2024/25 £000
Customer & Digital Services	3,000	3,000	3,000
People & Communities	20,985	7,670	16,395
Place & Economy	46,180	34,400	14,326
Resources	8,983	4,024	2,090
Total Capital Programme	**79,148**	**49,094**	**35,811**
Grants & Third-Party Contributions	48,837	23,061	22,333
Capital Receipts repayment of loans	15,000	-	-
Borrowing	15,311	26,033	13,478
Total Capital Financing	**79,148**	**49,094**	**35,811**
Invest to Save	9,776	-	-
IFRS16 Transition (estimated)	22,000	-	-
Total Capital Programme (Including Invest to Save & IFRS16)	**110,924**	**49,094**	**35,811**





6.0 ROBUSTNESS (SECTION 25) STATEMENT

6.1 Requirement

Section 25 of The Local Government Act 2003 includes the following statutory duty in respect of the budget report to Council:

"the Chief Financial Officer (CFO) of the authority must report to it on the following matters:

a. *the robustness of the estimates made for the purpose of the calculations and*
b. *the adequacy of the proposed financial reserves."*

The Council is required to take this report into account when making that decision.

Section 26 of the same Act places an onus on the CFO to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

This report has been prepared by the CFO as part of fulfilling this duty and gives the required advice relating to the Council's current and future years financial position, including a consideration of the proposed budget as a whole and all the financial risks facing the Council. It identifies the Council's approach to budget risk management and assesses the risks associated with the current year and 2022/23 budget to inform the advice on robustness.

At Peterborough City Council this statement is usually completed in Phase Two of the budget setting process, as all budgetary information including the latest estimates and developments are considered. However, given the ongoing challenging financial environment in which the Council operates the Council deems it prudent and appropriate for the CFO to provide this assessment in this first Phase as well as in the final and overall Phase Two.

6.2 **Overall Financial Position**

The Council is operating in a challenging financial environment, with additional uncertainties and significant risk factors featuring from the impact of the C-19 pandemic, as well as supporting the City in its recovery efforts. Previous MTFS's have highlighted the fragility of the Council's financial resilience through a reducing reserves position leaving little recourse if savings were not delivered as planned or unforeseen events materialised.

In the 2021/22 - 2023/24 MTFS the Council, in accordance with the CIPFA modifications, contacted MHCLG in October 2020 to further explore the alternatives to issuing a s114 notice. MHCLG acknowledged that the Council was in requirement of exceptional support for it to set a legal balanced budget for 2021/22 and to protect the existing low level of reserve balances to maintain some financial resilience in 2020/21. The offer of exceptional support was in the form of an agreement in principle to a capitalisation direction that is conditional on a series of assurance actions from MHCLG for 2021/22 as follows:

- a detailed assessment of the Council's financial position and financial management with a view to making recommendations where the council can take action to improve. The financial assurance review was conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA)
- an external assurance review that looked closely at the financial position and governance arrangements, focusing on the Council's ability to deliver a plan for financial sustainability with policies and procedures in place to ensure robust decision making and accountability.

These assurance reviews were undertaken over the summer with the reports due imminently.

This Phase One MTFS plans to reduce the budget gap by £9m, £6.5m of savings proposals and £3.2m of funding changes with £0.7m of newly identified budget pressures. This leaves a remaining gap of £17.8m in 2022/23, which rising to £21.1m by 2023/24.

The opinion of the CFO is that the 2022/23 budget requires a renewed focus on the strategies available to the Council to close the budget gap and achieve budget sustainability, along with a renewed acceptable risk profile for the levels of service to be provided. The Council needs to take on board the outcomes of the reviews from DHULC (formerly MHCLG) and from the LGA Peer challenge with a view that more can be done and no one service is protected. Available strategies include:

- Increase the funding base
- Increase income
- Change in delivery model
- Structural reform
- Reduce all service costs
- Stopping or reducing discretionary services
- Operate services at the minimum legal requirement for statutory services

Given the magnitude of the budget challenge and the more radical options that are now required to close the gap, all the strategic options listed above would have an impact on our risk profile. The Council will need to adjust and manage its risk profile to reflect impacts of reducing spend.

6.3 **Robustness of the 2021/22 budget estimates - phase one**

The revenue budget and capital programme have been formulated having regard to several factors including:

- **Funding availability**
- **Risks and uncertainties**
- **Inflation**
- **Priorities**
- **Demography**
- **Service pressures**
- **Emerging opportunities**
- **Response to C-19 pandemic**
- **Recovery from the C-19 pandemic**
- **Conditional capitalisation direction**

Additional grant funding has been received in 2021/22 to mitigate some of the ongoing C-19 pressures, and it is anticipated that this additional funding will be discontinued for this MTFS period. For Phase One it has remained problematic to find surety in the development of realistic assumptions due to the uncertainty inherent in the Council's operating environment. These uncertainties include:

- long-term increases in demand for council services
- market sustainability of key service providers
- the inability to forecast with any certainty the future profile of recovery for income generators such as car parking
- uncertainty with how to profile business rate income given the reduction in government support, appeals, non-collection of rates and associated closures of businesses due to C-19
- uncertainty with the increase to Local Council Tax Support scheme with the ending of furlough and unknown timing for economic recovery
- continued uncertainty from the overall impact in funding of the local government sector from central government
- unknown indirect impacts from any future global economic recovery
- limited resources to implement any transformational activity

Given the uncertainty the assumptions have been based on the best available information to the Council at this time.

6.4 Adequacy of Reserves

Reserves are set aside to fund risks and one-off pressures over several years. Where reserve balances are low, future financial planning and financial resilience is hampered. It should be noted that reserves can only be spent once and the possibility of creating new reserves is currently unlikely.

The Council broadly categorises reserves as follows – in line with Local Government accounting practice:

- A working balance to manage in year risks – the General Fund Balance
- Usable Reserves– these are reserves for available for future commitments such as transformational investments and have been used to balance the budget
- Ring Fenced Reserves – to meet known or predicted requirements.

The Council's General Fund working balance is forecast to be £6.0m, usable reserves at £18.5m and ring-fenced reserves at £4.4m. The latter reserve type includes the actuarial assessed £3.3m insurance reserve and £0.7m of reserves held on behalf of schools for future capital expenditure.

The General Fund

The General Fund is usually held at a balance of £6.0m. In the opinion of the CFO, given

- the current economic uncertainty
- the lack of multi-year settlements in order to facilitate adequate financial planning
- any unknown emergent risks
- heavily reliant on an alternative financial strategy for Phase Two saving proposals

The balance of funds within the General Fund is at inadequate level as it does not reflect the level of financial risk the Council is inherently exposed to and is unlikely to mitigate and fund a significant emergent risk. This amount would equate to less than 3.2% of the Council's current net service expenditure.

Usable Reserves

Reserves are the only source of financing to which the Council has access to fund risks and one-off pressures. Reserves can only be spent once and the possibility of creating new reserves, in an era where budgets are tight and can become overspent, is currently highly unlikely.

Capacity Building Reserve- includes an element for investment required to enable transformational change and implementation of the service saving proposals. This balance is insufficient for the investment which would be required to deliver the magnitude of savings required in the future.

Departmental Reserves are amounts set aside by departments, during the closure of the accounts and is in accordance with financial guidance to minimise risk exposure to the Council in the following financial year. These reserves are currently anticipated to reduce significantly during 2021/22 due to several specific grants being used to fund expenditure. These funds have been received for specific projects covering multiple years, and include:

- Family Safeguarding Innovation Programme
- Integration Area Programme (Integrated communities)
- Controlled Migration Fund (CMF)

At the end of 2022/23 the departmental reserves balance is forecast £1.8m which relates to balances being held on behalf of Peterborough City College.

COVID-19 Funding Reserve- at the end of 2020/21 the Council contributed £12.8m to a Covid-19 Funding Reserve, to ensure that additional costs resulting from anticipated additional demand, and long-lasting impact of C-19 would be covered in 2021/22. The £12.8m Covid-19 Funding Reserve, was established based on the most up to date available at the time. The complexity and uncertainty of the pandemic has made forecasting future income and demand in some areas difficult.

As highlighted in section 4, Augusts BCR position identifies an initial underspend of £3.8m. Although there are some areas of financial pressure resulting from the pandemic, these are being mitigated by areas performing favourably. Overall the scale of the additional demand and budgetary pressures, has so far, been lower than the Council originally anticipated. This has meant that the Council is now able to reduce the amount of capitalisation direction it is expecting to use in 2021/22 by £10.5m, with a remaining balance of £2.3m being committed to mitigating any unforeseen C-19 pressure arising over the winter period. The use of the remaining reserve balance will be considered as part of the Phase Two MTFS report.

COVID-19 Tax Income Reserve – this reserve includes two elements outlined in the following points, both relating to local taxation, and result from grant received in respect of C-19:

- **Business Rates (NNDR) section 31 grants (£20.2m):** this reflects the grant received in 2020/21 to compensate the Council for the additional cost of providing 100% business rates relief to businesses in retail, leisure, hospitality and nurseries. Section 31 grants are accounted for through the General Fund, whereas business rates income is accounted for through the Collection Fund. The estimated balance on Collection Fund at the end of 2020/21 was exceptionally low as a result of the additional discounts applied to business rate payers, and this balance has carried forward as a deficit in to 2021/22. This grant has been put into reserves and has already been drawn down in 2021/22 to smooth the budgetary effect of this deficit and the Collection Fund accounting, as planned within the 2021/22 MTFS.
- **Tax Income Guarantee (TIG) scheme (£2.3m):** The TIG scheme compensated Local Authorities for 75% of lost Business Rates and Council Tax income in 2020/21, in comparison to budget. The Council expects to receive £2.3m, and in accordance with accounting policies this grant was included within the 2020/21 final position and form part of the contribution to reserves to mitigate future reductions in Council Tax and Business Rates.

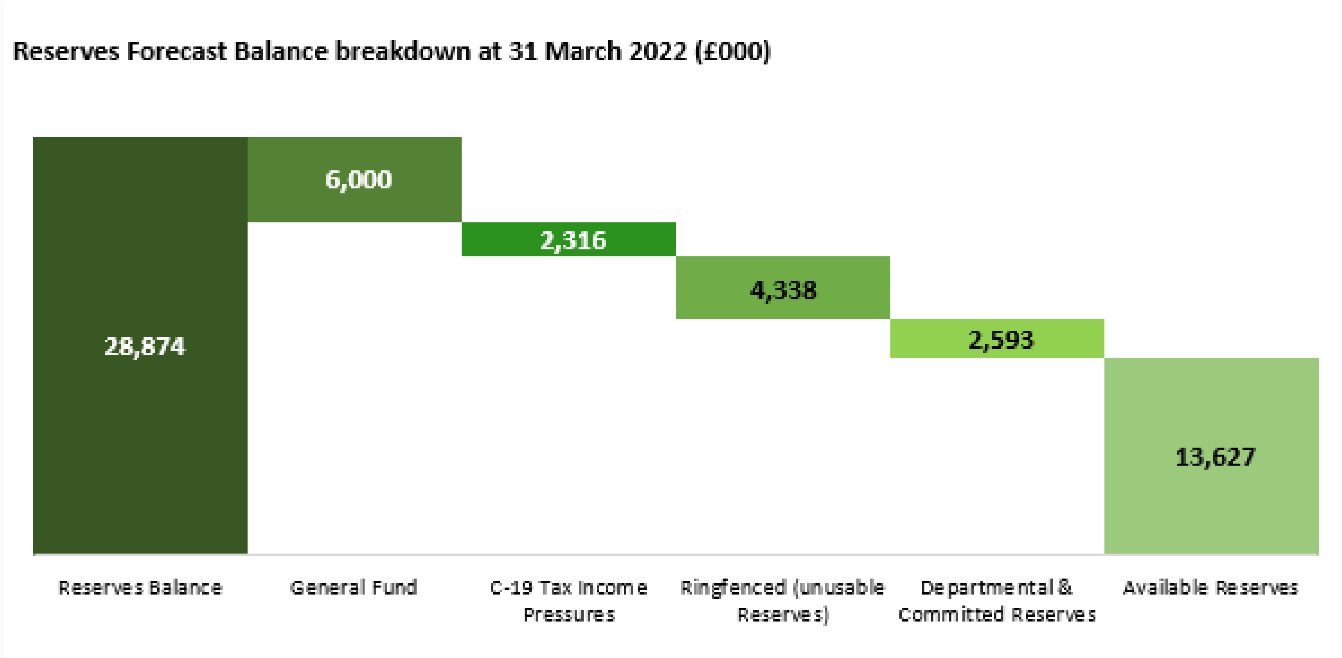
The following table outlines the forecast position on the General Fund (unallocated reserve), the usable and ring-fenced reserves (earmarked reserves).

The Reserves Position 2019/20 to 2023/24

Summary of Reserves	2020/21	2021/22	2022/23	2023/24	2024/25
	Bal at 31.03.21	Est Bal at 31.03.22	Est Bal at 31.03.23	Est Bal at 31.03.24	Est Bal at 31.03.25
	£000	£000	£000	£000	£000
General Fund	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**
Usable Reserves :					
Capacity Building Reserve	15,035	13,627	13,627	13,627	13,627
Departmental Reserve	5,380	2,593	1,805	1,805	1,805
COVID-19 Tax Income Reserve	22,521	2,316	-	-	-
COVID-19 Funding Reserve*	12,841	2,341	-	-	-
Usable Reserves	**55,778**	**18,536**	**15,431**	**15,431**	**15,431**
Ring-Fenced Reserves:					
Insurance Reserve	3,315	3,315	3,315	3,315	3,315
Schools Capital Expenditure Reserve	658	658	658	658	658
Parish Council Burial Ground Reserve	57	62	62	62	62
Hackney Carriage Reserve	173	173	173	173	173
Public Health Reserve	131	131	131	131	131
Ring-Fenced Reserves	**4,333**	**4,338**	**4,338**	**4,338**	**4,338**
TOTAL Earmarked and General Fund Balance	**66,110**	**28,874**	**25,769**	**25,769**	**25,769**

**This forecast includes the assumption that this reserve will be reduced by £10.5m to reduce the use of Capitalisation Direction in 2021/22. Within August BCR, the reserves are reported as per the current position until this change in strategy and budget virement is approved by Council in line with the Council's Budget Policy framework.*

The following chart shows a breakdown of the reserves balance forecast at 31 March 2022. Of these reserves balances only **£13.6m is uncommitted, un-ringfenced and available for use**, which would only partially cover the £17.8m budget gap remaining in 2022/23, or any further service pressures arising as a result of C-19. It is important that the continuing underlying financial challenge is understood and has not gone away. It is characterised by low usable reserves and considerable risk of rising demand.



7.0 FINANCIAL RISK

7.1 Local government has become increasingly exposed to risk and instability within the system. It has become financially stretched following a decade of funding cuts and austerity measures, and the uncertainty around future funding and wider public sector reforms causes' added difficulty for strategic planning. The Council assesses financial risks as part of its budget setting process and regular Budgetary Control Review.

The Council also has a Risk Management Board, led by the Corporate Director of Resources, which is set up to challenge and support risk management across the Council and partner organisations. The output from this Board is considered regularly at Audit Committee. The last meeting of this board was held on 29 September 2021.

The Board ensures that risk management is aligned with the overall organisational approach and that the identification of key issues is managed, reported and escalated appropriately and in a timely manner. Officer awareness of risk and capacity to manage risk is maintained, with a regular monitoring and reporting process to provide assurance in relation to the Council's overall governance and control environment.

Most of the financial risks identified are inherent, including the requirement to deliver savings plans, management of budgets, which relate to demand led services and assumptions in respect of the level of resources receivable through Council Tax, Business Rates and Government grants. However, some risks have been exacerbated as a result of the pandemic, including the assumptions around the levels of income and collections rates in respect of Council Tax and Business Rates and the levels of short term and ongoing Government grant received to support the additional costs and new responsibilities taken on by the Council. In addition to this estimating the levels of sales, fees and charges, income and expenditure levels, remains incredibly difficult.

Reasonable mitigating actions have been made where possible to the identified and managed risks. Appendix D details the budget risks and identifies how C-19 has increased these risks. Cabinet and Council should consider when reviewing the Phase One budget proposals.

8.0 LOCAL GOVERNMENT REFORMS

8.1 Spending Review 2021 and the Autumn Budget 2021

The Chancellor has confirmed the Spending Review 2021 (SR21) will conclude on 27 October 2021, alongside the Autumn Budget. It's expected the SR21 will be multiyear, covering the years 2022/23-2024/25. The fiscal envelope for SR21 will then be set out in 'Autumn Budget 2021'. In March 2021 the Chancellor had assumed £17bn of unallocated cuts in public spending from April 2022 onwards. However, the economic forecasts predict the position is improving with GDP now growing strongly (4.8% April - June 2021) and government borrowing is lower than the office of budget responsibility had forecast in March 2021. The improvement in the public finances mean that the Chancellor might not have to find these cuts in public spending, but the Spending Review is still likely to be tight.

The SR21 launch letter set out the following priorities to support the delivery of the 'Build Back Better' agenda:

- **Ensuring strong and innovative public services** – making people's lives better across the country by investing in the NHS, education, the criminal justice system and housing.
- **Levelling up a**cross the UK to increase and spread opportunity; unleash the potential of places by improving outcomes UK-wide where they lag and working closely with local leaders, and strengthen the private sector where it is weak.
- Leading the transition to **Net Zero** across the country and more globally.
- **Advancing Global Britain and seizing the opportunities** of EU Exit.
- **Delivering our Plan for Growth** – delivering on the UK's ambitious plans for an infrastructure and innovation revolution and cementing the UK as a scientific superpower, working in close partnership with the private sector

8.2 Social Care Reform

On 7 September 2021, the Prime Minister gave a statement announcing the government's proposals, set out within the whitepaper '[Build Back Better: Our plan for health and social care'](). The announcement included the following headlines:

- £86,**000 "cap" on lifetime care costs** (excludes accommodation costs) and increase capital limits from £23,250 to £100,000 (taper from £20,000 to £100,000). The net effect is that service users will pay less for their care and local authority will be paying a bigger amount towards the care.
- **harmonisation of rates between self-funders and local authority**; (self-funders able to secure care packages through local authority). Self-funder rates can be 50% higher than for local authority. Self-funders will pay less for their care over their lifetimes (maximum cap, able to have more assets, able to get lower price for care) – leaving more cost for local authorities to fund. Changes will be introduced from October 2023 and will have an impact on the income that the Council will receive from social care clients.
- The additional costs of these reforms are to be met by the **Health and Social Levy**. This will be from increased National Insurance contributions and dividend tax, which will take effect from 6 April 2022. This will increase the costs of the Council's workforce, with an estimated cost of £0.409m being included within the phase one budget proposals. However, this could also impact the cost of the Council's key contracts.
- Additional funding raised from the tax increases will be used for the NHS (£25bn over 3 years in England) and to fund the costs of social care reform (£5.4bn over 3 years).

Being made available over the next 3 years is £5.4bn, of which £0.5m will be allocated for workforce reform, leaving £4.9bn for the reforms, which will take affect from October 2023. There is a major risk that this funding is not adequate to cover the additional costs, and for some local authorities the distribution model for the funding will be crucial. The proposal stated that the distribution model will be communicated by DLUHC through the Local Government Finance Settlement process, however it is unclear if the government is referring to the settlement in December 2021 or 2022.

There was no confirmation of additional funding for existing social care services. There was suggestion that demographic and unit cost growth in social care will have to be funded by council tax and long-term efficiencies, a strong indication that there is likely to be further Adult Social Care Precept flexibility for 2022/23, which may require some additional funding to provide a mechanism of funding equalisation.

The Social Care Reform proposal will potentially introduce additional financial costs and further risk to the market. The next section provides an overview of the current position in respect of the Council's Social Care Services, highlighting the financial pressures already apparent as a result of market instability. The further risks arising from the Social Care Reforms are:

- **That the funding for the NHS will increase their activity levels in the short term – and place more pressure on social care, without the additional resources to cope.**
- **The funding allocation for the Council is inadequate to cover the additional costs of the reforms.**
- **The Council has limited resources to continue supporting a stable market, meaning a reduction in care providers.**

The Council will be awaiting the detailed proposal before it is able to determine the full financial and operational implications of the reforms.

The Council's Current Social Care Position

8.3 The Council is experiencing varying patterns of service impact resulting from C-19, which is hard to extrapolate into a longer-term trend. This is making long term planning uncertain and proving problematic to accurately forecast demand and pressures. This is further compounded by the constantly changing landscape, for example the Council had late notification of national grants such as Infection Control Funding and NHS Discharge Funding, alongside changing government legislation associated with lockdowns and lifting of restrictions.

The Council has been successful in limiting inflationary rises on adult social care provider contracts, with the market absorbing significant increases in cost across several areas. However, this is no longer a sustainable approach and investment in the market is required to address inflationary pressures if the market is going to work with the Council to proactively, and creatively, manage growth in demand along with increasing complexity of need. This is particularly important within the context of the significant increases year on year to the National Living Wage and the financial impact the C-19 pandemic has had and continues to have. In recognition of this a significant level of investment was made in 2020/21 and 2021/22 to support the market to manage cost pressures associated with contract inflation, national living wage, workforce pressures and C-19 related costs. The Council now has minimal levels of market sustainability built into the budget for 2022/23 but recognises that there is likely to be ongoing cost pressures for providers that will require support to ensure the market remains stable and there is appropriate service provision for adult social care. These will be considered within the Phase Two MTFS report.

Many pressures faced by providers are imposed by changes in legislation or economic and political circumstances outside of their control, including:

- The impact of National Living Wage on payroll costs
- The impact of CPI inflation on non-payroll costs
- Pension auto-enrolment and subsequent employer contributions have also added to the inflationary pressures staffing costs faced by providers
- The growing concern of the impact of Brexit upon workforce recruitment and retention

In addition, the C-19 pandemic has structurally changed the care market. These changes have been seen locally, regionally, and nationally and include:

- Infection control measures now part of the cost base and the ongoing pressure when national funding for infection control ends at the end of March 2022.
- reduced alternative income streams of group-based services such as self-funders,
- Increased needs of people accessing care and therefore costs to meet those needs.
- The economic effect of Covid-19 may have a lasting impact on the jobs, pay rates and work-life balance. This has also affected the cost of finance, fuel and consumables.
- The impact of COVID-19 on market forces in the care sector is only beginning to emerge.
- Impact of mandatory vaccination legislation for care home staff commencing in November 2021 – the effect on workforce and capacity is not yet fully understood

8.4 **Longer Term Local Government Funding Reform**

For a number of years, the Local Government sector has been anticipating the implementation of major structural changes within the funding system, to reflect changes in relative need, resources and the continuing pressures, such as those most noticeable within Adults and Children's Social Care budgets. As a result of the scale of the changes required, the C-19 pandemic, and a recent ministerial change, the Fairer Funding Review (FFR) has been postponed and is likely not to be implemented until 2023/24 at the earliest.

Local Authorities have more recently received one-year funding settlements, leaving them to operate under increased levels of uncertainty, experience difficulties setting a strategic financial plan due to nature of short-term budgeting. This makes it difficult for the Council to plan how best to allocate resources and provide services. For the Council to become financially sustainable, certain long-term funding, reflective of the needs within Peterborough is required, and it is hoped that multi-year settlements will be provided to local government in line with the SR2021.

The following timeline summarises the key announcements and reforms expected in the future:

High Level Funding Reform Timeline

27 October 2021
The Spending Review 2021 and The Autumn Budget

Autumn 2021
Levelling up and Devolution white paper

December 2021
LG Provisional Finance Settlement & New Homes Bonus

2022/23 Social Care Reforms implementation

2023/24
Fairer Funding Review & Business Rates Reforms

9.0 OTHER FINANCIAL REPORTING REQUIREMENTS

9.1 Value for Money – Qualified Conclusion

The Council's external auditors, Ernst and Young (EY) carried out an in-depth assessment of the Council's arrangements to secure economy, efficiency and effectiveness, commonly known as Value for Money (VFM) during the 2019/20 audit, and will continue to do so for the 2020/21 audit, including a further enhanced review to take account of the guidance issued by the National Audit Office (NOA). The assessment includes reviewing and stress testing the Council's budget assumptions, the financial strategy, and savings plans.

At Audit Committee held on 21 June 2021 the Audit results report for the year to 31 March 2020 was presented by EY. The report outlines a qualified conclusion in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources. The modelling undertaken by EY concluded the Council's budget assumptions over the MTFS were both reasonable and appropriate, however recognising that the financial challenges facing the authority could be more severe, with the Council's current levels of reserves and financial resilience hindering the Council's ability to overcome these challenges.

The following paragraphs are an extract from this report:

*"**Whilst we have found that the Authority has responded appropriately to its deteriorating financial position**, we have **serious concerns about the Authority's current and future financial resilience** and ability to remain viable following the C-19 outbreak. **Without a comprehensive package of additional government funding support or a significant unplanned reduction in services**, the Authority's weak financial resilience has a pervasive and fundamental impact on the Council's ability to put in place the appropriate arrangements to secure VFM in its use of resources."*

EY will continue to work with the Council's finance team on the assessment of the VFM position for the year to 31 March 2021.

9.2 Going Concern – Statement of Accounts

In response to the strain C-19 has put on Local Government finances, external auditors have requested Local Authorities to incorporate a 'going concern' statement within their Statement of Accounts (SoA). The Council included this disclosure within the final SoA for 2019/20 reflecting the Council's challenging financial position, and have revised this statement within the draft SoA for 2020/21, which was published July 2021.

The concept of 'going concern' assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of 'going concern' reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a 'going concern' basis of accounting. However, if an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a 'going concern' basis.

Providing a statement on the 'going concern' status of the authority is made challenging due to the material uncertainty over the availability of funding beyond 2022/23, which may cast significant doubt over the Council's ability to continue to operate at the current level of services, including the planned capital maintenance programme.

9.3 **Financial Management Code**

The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively. The FM Code introduces a framework of assurance, which is built on existing successful practices and sets explicit standards of financial management.

Complying with the FM Code will help strengthen the framework that surrounds financial decision making. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance (section 151) officer and their professional colleagues in the leadership team. The first full year of compliance will be 2021/22. The FM Code establishes an approach based on six principles of good financial management, which are:

1. **Organisational Leadership** demonstrating a **clear strategic direction** based on a vision in which financial management is embedded into organisational culture.
2. **Accountability** based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.
3. **Transparency** at the core of financial management, using consistent, meaningful and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.
4. **Professional Standards** promoted by the leadership team, with adherence evidenced.
5. **Assurance** recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit and inspection.
6. **Long-Term Sustainability** at the heart of all local services' financial management processes, evidenced by the prudent use of public resources.

The Council's Finance Team is in the process of reviewing processes, procedures and governance arrangements, to understand where the Council is compliant with the FM Code and to identify any areas of improvement and enhancement. A register has been established to monitor and report on the Council's compliance and actions

10.0 CONSULTATION

10.1 Hard copies of the budget consultation document (Appendix B) will be available on request. The budget consultation document has been published on the website and on the internal intranet site 'InSite' for residents, businesses and staff to view and provide responses via an online survey. The Council will also seek to raise awareness of the budget proposals via use of social media.

The stakeholder groups outlined in the following table have been contacted and offered a virtual briefing on the budget position during the consultation period, to enable residents, partner organisations, businesses and other interested parties to feedback on budget.

Stakeholder groups and events

Groups and Stakeholders we are consulting with	Officer Lead
Trade Unions Joint Consultative Forum (JCF)	Peter Carpenter and Mandy Pullen
Joint Scrutiny of Budget meeting	Peter Carpenter
Members of Parliament- Shailesh Vara and Paul Bristow	Cllr Wayne Fitzgerald and Pete Carpenter
Parish councils	Adrian Chapman
Connect Group – Churches Together	Adrian Chapman and Gillian Beasley
Cambridgeshire and Peterborough Combined Authority	Cllr Wayne Fitzgerald
Opportunity Peterborough Bondholders	Steve Cox and Cllr Wayne Fitzgerald
Greater Peterborough City Leaders Forum	Gillian Beasley
Peterborough Disability Forum	Adrian Chapman
Age Concern UK	Adrian Chapman
Cambridgeshire Police	Wendi Ogle-Welbourn
Peterborough Civic Society	Steve Cox
Cohesion and Diversity Forum	Adrian Chapman
Joint Mosques Group	Adrian Chapman and Gillian Beasley
Interfaith Council	Adrian Chapman and Gillian Beasley
Peterborough Youth Council	Cllr Wayne Fitzgerald and Gillian Beasley
Peterborough Living Well Partnership	Jyoti Atri
Health Care Executive	Jyoti Atri and Wendi Ogle-Welbourn
School unions	Jon Lewis
Schools Forum	Jon Lewis
Peterborough Pensioners Forum	Debbie McQuade and Oliver Hayward

11.0 ANTICIPATED OUTCOMES OR IMPACT

11.1 The release of MTFS Phase One 2022/23-2024/25 report, outlines budget proposals and strategic approach to addressing the financial gap and the financial challenges facing the Council.

Cabinet will seek the opinions of all residents, partner organisations, businesses and other interested parties to understand which Council services matter most. The Council must set a balanced budget for 2022/23 within the financial resources it will have next year, and the feedback received will help inform Cabinet in considering budget proposals.

Cabinet will review the consultation feedback on the proposals and the MTFS at the meeting on 29 November 2021, before making a final recommendation to Council on 8 December 2021.

12.0 REASON FOR THE RECOMMENDATION

12.1 The Council must set a lawful and balanced budget. The approach outlined in this report work towards this requirement.

13 ALTERNATIVE OPTIONS CONSIDERED

13.1 No alternative option has been considered as the Cabinet is responsible under the constitution for initiating budget proposals and the Council is statutorily obliged to set a lawful and balanced budget by 11 March annually.

14.0 IMPLICATIONS

Elected Members

14.1 Members must have regard to the advice of the Chief Financial (Section 151) Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

14.2 Section 106 of the Local Government Finance Act 1992 applies whereby it is an offence for any Members with arrears of council tax which have been outstanding for two months or more to attend any meeting of the Council or its committees at which a decision affecting the budget is made, unless the Members concerned declare at the outset of the meeting they are in arrears and will not be voting on the decision for that reason.

Legal Implications

14.3 In terms of the Council's executive arrangements, the adoption of the Council's Budget is a role shared between the Cabinet and the Council, whereby the Cabinet (Leader) is responsible for formulating the budget proposals and full Council is responsible for then approving (or not) those proposals and setting the budget and council tax requirement.

14.4 For the remainder of the year, the principal purpose of the Budget is to set the upper limits of what the executive (Leader, Cabinet or officer under delegated executive authority) may decide to spend the Council's resources on. The Council cannot through the budget overrule an executive decision as to how to spend money, but the Budget will require the Cabinet to exercise their responsibilities for decision making so as not to make a decision where they are 'minded to determine the matter contrary to, or not wholly in accordance with the authorities' budget'. This means that a decision that leads to excess expenditure, a virement from one budget heading to another over the amount allowed by Council in the Budget Book or expenditure of unexpected new money outside the Budget is required to have approval of the Council before the Leader and the Cabinet can make that decision.

14.5 When it comes to making its decision on 2 March 2022, the Council is under a legal duty to meet the full requirements of Section 31A of the Local Government Finance Act 1992 which includes the obligation to produce a balanced budget.

14.6 The principle of fairness applies to consultation on the budget proposals, both consultations required under s65 of the Local Government Finance Act 1992 and more generally as proposed here, which operates as a set of rules of law. These rules are that:

- Consultation must be at a time when proposals are still at a formative stage
- The proposer must give sufficient reasons for any proposal to permit intelligent consideration and response
- Adequate time must be given for consideration and response and
- The product of consultation must be conscientiously considered in finalising any statutory proposals.

14.7 Added to which are two further principles that allow for variation in the form of consultation which are:

- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting and
- The demands of fairness are likely to be somewhat higher when an authority contemplates depriving someone of an existing benefit or advantage than when the claimant is a bare application for a future benefit.

14.8 It should be noted that the consultation to be undertaken as a result of this report is on the Budget proposals, and consequently the Cabinet's general approach to balancing the budget, and not on the various decisions to take whatever actions that may be implicit in the proposals and later adoption of that budget, each of which may or may not require their own consultation process.

14.9 By virtue of section 25, Local Government Act 2003, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (CFO), as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

Where the CFO makes a judgement that the council is unable to set or achieve a balanced budget, or there is an imminent prospect of this they have a responsibility to issue a section 114 notice (s114) of the Local Government Act 1988.

Once a s114 notice has been served the council has 21 days to meet and consider the report. During these 21 days the council must not incur any new expenditure unless the CFO has specifically authorised the spend.

This suspension of spending will trigger external scrutiny from the council's auditors. However, failure to act when necessary could result in the council losing its financial independence with its powers potentially passed to commissioners appointed by government.

Modifications to the Guidance

In June 2020, the Chartered Institute of Public Finance and Accountancy (CIPFA) confirmed amendments to the guidelines in wake of the C-19 pandemic to allow Councils under budgetary pressure as a result of the pandemic time and space to explore alternatives to freezing spending via issuing a s114 notice.

The temporary modifications to guidance proposed by CIPFA would mean that it should not normally be necessary for a s114 notice to be issued while informal discussions with government are in progress. The modifications include the following two additional steps:

- At the earliest possible stage, a CFO should make informal confidential contact with MHCLG to advise of financial concerns and a possible forthcoming s114 requirement.
- The CFO should communicate the potential unbalanced budget position due to C-19 to MHCLG at the same time as providing a potential a s114 scenario report to the Cabinet and the external auditor.

14.10 **Human Resources**

The savings set out in this Phase One of the budget are expected to have minimal impact on headcount reduction for the Council at this stage. As with any staffing implications, it is the aim of the council to try and minimise any compulsory redundancies and the impact on our service delivery. In the first instance there are a number of elements which the council considers first which are looking for redeployment opportunities, deleting vacant posts, restricting recruitment (considering our service delivery), natural wastage / turnover and reducing or eliminating overtime (providing service delivery is not compromised). Where staff are affected, the Council will seek voluntary redundancies as appropriate to minimise compulsory redundancies and where this is unavoidable, appropriate outplacement support will be considered.

14.11 **Equality Impact Assessments**

All budget proposals published in Phase One of the budget process have been considered with regards to equalities issues, and where an Equality Impact Assessment (EIA), has been required these have been completed and compiled within Appendix E- Equality Impact Assessments

14.12 **Carbon Impact Assessments**

All budget proposals published in Phase One of the budget process have been considered with regards to the carbon impact and where appropriate carbon impact assessments have been completed. These have been included within Appendix F – Carbon Impact Assessments

15.0 BACKGROUND DOCUMENTS

15.1 Medium Term Financial Strategy Phase Two- 2021/22- 2023/24: Budget Cabinet 23 February 2021, item 5
Budgetary Control Report – May 2021: 12 July 2021 Cabinet, item 9
Budget Monitoring Repot Final Outturn Report – 2020/21: 21 June 2021Cabinet, item 10

16.0 APPENDICES

16.1
- Appendix A – 2022/23-2024/25 MTFS Detailed Budget Position Phase One
- Appendix B – Phase One Budget Consultation Document
- Appendix C – Capital Programme Schemes 2022/23-2024/25
- Appendix D – Financial Risk Register
- Appendix E – Equality Impact Assessments
- Appendix F – Carbon Impact Assessments

Appendix A – 2022/23-2024/25 MTFS Detailed Budget Position Phase One

	2022/23	2023/24	2024/25
	£000	**£000**	**£000**
NNDR	(52,776)	(53,591)	(54,029)
Revenue Support Grant	(10,471)	(10,471)	(10,471)
Council Tax	(91,545)	(95,494)	(100,155)
New Homes Bonus	(1,461)	-	-
Business Rates Pool	(2,200)	(2,200)	(2,200)
Improved Better Care Fund	(7,260)	(7,260)	(7,260)
Social Care Grant	(5,673)	(5,673)	(5,673)
Lower Level Services Grant	(281)	(281)	(281)
TOTAL CORPORATE FUNDING	**(171,668)**	**(174,970)**	**(180,070)**
Chief Executives			
Chief Executive	277	277	277
Human Resources	1,057	1,057	1,057
Total Chief Executives	**1,334**	**1,334**	**1,334**
Governance			
Director of Governance	140	140	140
Constitutional Services	2,039	2,039	2,039
Legal Services	1,807	1,807	1,807
Performance & Information	181	181	181
Total Governance	**4,167**	**4,167**	**4,167**
Place & Economy			
Development and Construction	(76)	(85)	(94)
Director Place & Economy	158	158	158
Peterborough Highway Services	4,545	4,795	5,007
Sustainable Growth Strategy	1,519	1,519	1,519
Waste, Cleansing and Open Spaces	14,363	14,596	15,023
Westcombe Engineering	26	26	27
Growth & Regeneration	(65)	(139)	(140)
Service Director Environment & Economy	499	499	499
Director of Housing	1,675	1,677	1,676
Total Place & Economy	**22,644**	**23,046**	**23,675**
People & Communities			
Director	2,220	2,278	2,232
Education	6,836	6,636	6,636
Adults - Commissioning	47,921	50,570	52,836
Adults - Operations	9,822	9,792	9,792
Children's & Safeguarding	-	-	-
Children's - Operations	12,248	12,248	12,248
Children's Commissioning	18,009	18,009	18,009
Commissioning Team & Commercial Operations	485	485	485
Communities - City Centre Management	345	345	345
Communities - Cohesion and Integration	18	18	18
Communities - Community Safety	(113)	(135)	(154)
Communities - Think Communities	2,800	2,852	2,905
Communities - Regulatory Services	1,827	1,827	1,827
DSG	0	0	0

	2022/23	2023/24	2024/25
	£000	**£000**	**£000**
Total People & Communities	**102,418**	**104,924**	**107,178**
Public Health			
Children 0-5 Health Visitors	3,974	3,974	3,974
Children 5-19 Health Programmes	942	942	942
Sexual Health	1,999	1,999	1,999
Substance Misuse	2,308	2,308	2,308
Smoking and Tobacco	286	286	286
Miscellaneous Public Health Services	1,428	1,428	1,428
Public Health Grant	(11,124)	(11,124)	(11,124)
Total Public Health**	**(188)**	**(188)**	**(188)**
Resources			
Director's Office	269	269	269
Financial Services	2,802	3,302	3,302
Corporate Items*	5,475	6,486	7,235
Peterborough Serco Strategic Partnership	7,302	7,835	8,241
Energy	478	478	478
Cemeteries, Cremation & Registrars	(1,533)	(1,540)	(1,556)
Corporate Property	1,560	1,589	1,595
Total Resources	**16,353**	**18,419**	**19,564**
Customer & Digital Services			
Director Customer & Digital Services	79	79	79
ICT	6,596	6,767	6,938
Marketing & Communications	409	409	409
Resilience & Health & Safety	266	266	266
Total Customer & Digital Services	**7,350**	**7,521**	**7,692**
Business Improvement			
Programme Management Office	722	532	532
Total Business Improvement	**722**	**532**	**532**
NET SERVICE EXPENDITURE	**154,801**	**159,756**	**163,955**
Corporate Expenditure	5,325	5,362	5,402
Capital Financing Costs	29,344	30,926	31,163
TOTAL PLANNED EXPENDITURE	**189,470**	**196,044**	**200,520**
REVISED DEFICIT/(SURPLUS)	**17,803**	**21,074**	**20,450**

***Includes the additional salary cost of the Social Care Levy (national insurance), corporate capacity review saving and Pay award budget assumptions, which are yet to be allocated across directorates.**

**** Public Health budget does not include consideration of support service costs**

Medium Term Financial Strategy 2022/23 Phase One Budget Consultation Document

Embargoed until 5pm 15 October 2021

PETERBOROUGH CITY COUNCIL

CONTENTS

OVERVIEW

The unprecedented challenges of Covid-19 have dominated the council's response and that of its communities for the last 18 months.

The council's response was described as exemplary by a team of local government peers who came in to conduct a Peer Challenge in July of this year and whilst we are pleased with this, we now have to approach the clear challenges emerging from the pandemic with the same kind of response. Undoubtedly one of our most serious challenges is balancing our books going forward as the council is required by law to set a balanced budget each year.

Before the pandemic we recognised the significant challenges we were facing, and we invited expert external challenge to help us. We were open and transparent in the way we reported on our financial situation which has been commended by our external auditors and with the hard work of our staff, our members and those who we brought in to challenge us we identified £11m worth of measures and savings to close a £14m gap by February 2020 to help balance our budget for the financial year 2020/21.

Unfortunately, soon after this the pandemic hit and, like most councils across the country, we were not able to implement the measures and savings plans in full as we concentrated on the hard work we had to do to respond to the pandemic.

We are now planning for the financial year 2022/23 and with the impact of the pandemic and the inability to carry through all of our financial plans, we have a budget gap of around £26m. This is a substantial challenge, and it is the council's responsibility to meet this challenge head on.

Therefore, we are renewing our efforts and putting in place strong and focussed plans. We have a new Leader of the Council and Cabinet who are setting an energetic tone and direction to solving our financial issues and a new cross party working group has been set up so that the political groups can work together to tackle these challenges. We also recognise that, whilst sharing our Chief Executive with Cambridgeshire County Council has worked well, the landscape has changed significantly over the last 18 months so with the retirement of our Chief Executive we are investing in a Chief Executive solely for the council to give greater capacity and focus in this changed landscape.

The proposals in Phase 1 of this budget deliver measures and savings of about £10m and this is a good first step to closing the gap for next year. Officers and Members are now working at pace on Phase 2 of the budget which will be published for further consultation in the new year.

The proposals in Phase 1 are difficult, but they are vital to ensuring we set a balanced budget as required by law and demonstrate our absolute determination to do this. The budget consultation that we are launching is designed to explain our financial position and seek the views of our residents and partners on the measures and savings we are proposing so that those views can be considered finally by all of our Members at Full Council on 8 December 2021.

THE BUDGET PROCESS

The Councils budget position will be delivered over two phases, in line with the Councils Constitution.

The following table outlines the key meeting dates:

MTFS Phase One	Date
Consultation start date	15/10/2021
Cabinet	25/10/2021
Joint Scrutiny Committee Meeting - budget	17/11/2021
Cabinet	29/11/2021
Consultation close date	06/12/2021
Council	08/12/2021
MTFS Phase Two	**Date**
Consultation start date	21/01/2022
Cabinet	31/01/2022
Joint Scrutiny Committee Meeting- budget	09/02/2022
Cabinet	21/02/2022
Consultation close date	28/02/2022
Council	02/03/2022

COUNCIL DIRECTORATES

Governance

This department includes legal and democratic services, support for members and the mayor, management of elections and the electoral register, data protection and oversees information governance and coordinates information requests.

Place and Economy

This department is responsible for the Peterborough Highways Service, planning, regeneration, waste treatment, energy, climate change and the management of Aragon Direct Services, who provide services relating to waste, cleaning and open spaces.
It leads on the promotion of the city to attract business and investment by working with Opportunity Peterborough and the Peterborough Investment Partnership.
It also leads of delivering support to individuals and families requiring housing through the housing needs team, and works with Medesham Homes, the council's partnership with Cross Keys Homes to provide more affordable housing within the city to reduce the risk of homelessness.

People and Communities

This department is responsible for ensuring the needs of our residents are met, particularly those that are most vulnerable. It works with adults, children, families and communities, including schools, health services and the police. It leads on keeping children and adults safe, ensuring sufficient quality education placements, including early years settings, supporting children with special educational needs & Disabilities and commissioning function, often with our partners.
It takes the lead on services that help people feel safe and supported in their communities, improving community relationships and working with communities to support and help each other. Services include regulatory and enforcement, domestic abuse.
And also leads on leisure, culture and city services including libraries , CCTV, car parks, events and the City Market.
In the current year it has also led on the work to support people who are more at risk from Covid-19 and those who need support to remain safe and well. This has been through the Countywide Coordination Hub and the local Peterborough Support Hub. It has also supported with outbreak management, to contain outbreaks when they occur and to encourage people to follow national guidance.

Public Health

This department works to improve the health and wellbeing of residents. Services include local health visiting and school nursing services, services to treat people with drug and alcohol misuse and addiction issues, sexual health and contraception services and services to support people to give up smoking, lose weight and achieve health goals.
In the current year it has led on the council's response to Covid-19, both in terms of managing outbreaks when they occur and working intensively with our communities to make sure as many people as possible are following national guidance to reduce the spread of the virus.

Resources

This department includes financial services encompassing financial planning and accounting, internal audit, fraud and insurance, and responsibility for the city's cemeteries, cremation and registrars.
It also oversees strategic Property services and the Peterborough Serco Strategic Partnership (PSSP), which covers business support, shared transactional services including revenues and benefits, business transformation, procurement, customer services and finance systems.

Customer services and digital

This department includes IT and digital services to manage and support most of the council's business systems, emergency planning, communications, including design and print and ICT services and the drive to improve technological options for the council and its services.

Business improvement and development

This department takes the lead on transforming council services so that they are able to meet the needs of residents with the funding that we have available. It is also responsible for delivering commercial opportunities for the Council.

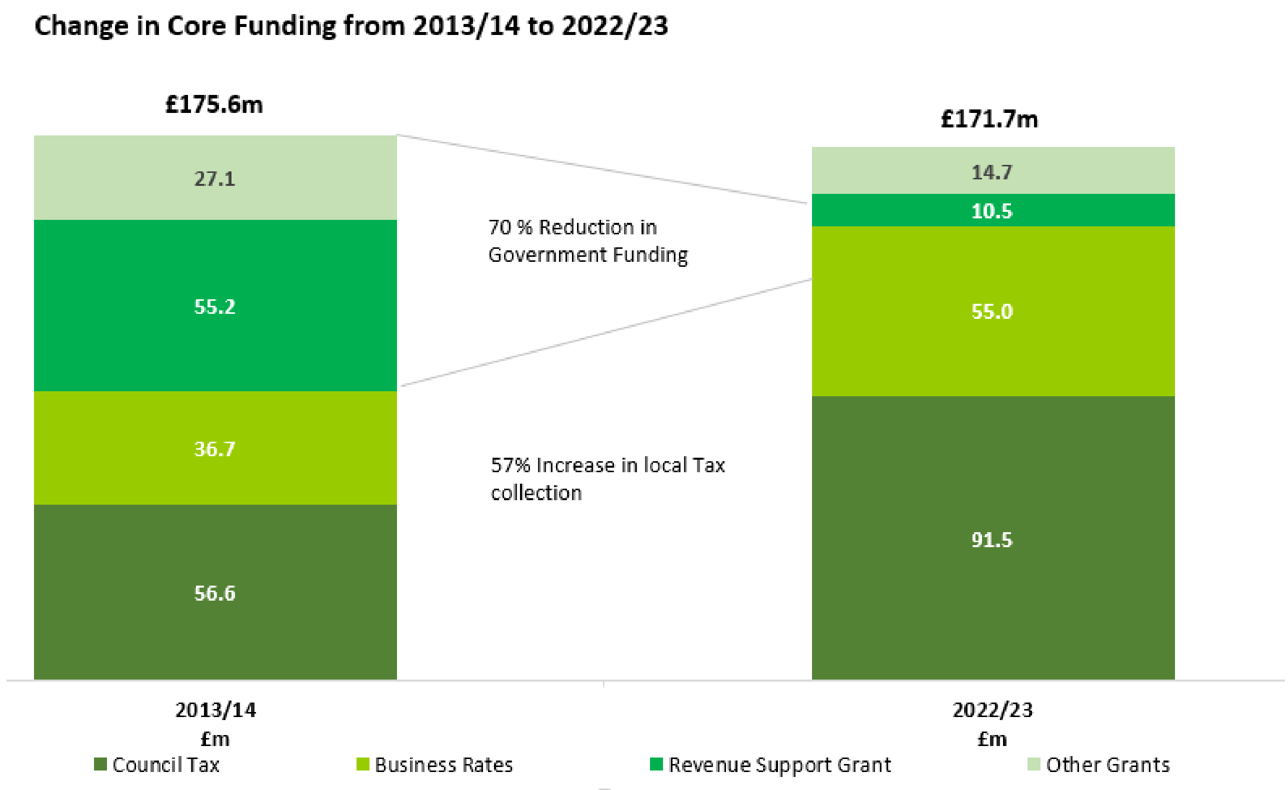
Chief Executive

The Chief Executive is the head of the paid service. This directorate contains human resources and organisational development.

FUNDING AND COUNCIL SERVICE EXPENDITURE

Funding 2022/23

The Council's forecast core funding for 2022/23 is £171.7m, comprising of council tax, business rates, its Revenue Support Grant (RSG) and other un-ringfenced grants. The council has seen a 69% reduction in the level of grant funding received since 2013/14, and over this period has relied on Council Tax increases and Business Rates growth as its key income sources, as demonstrated in the following chart.



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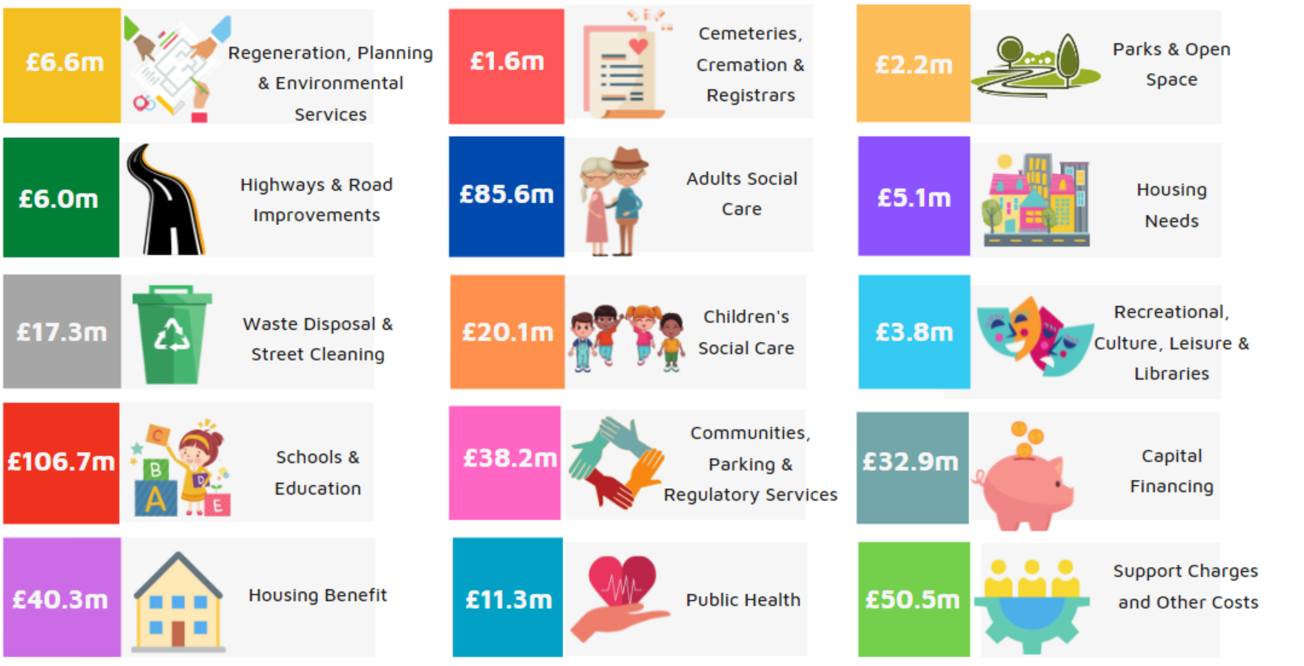
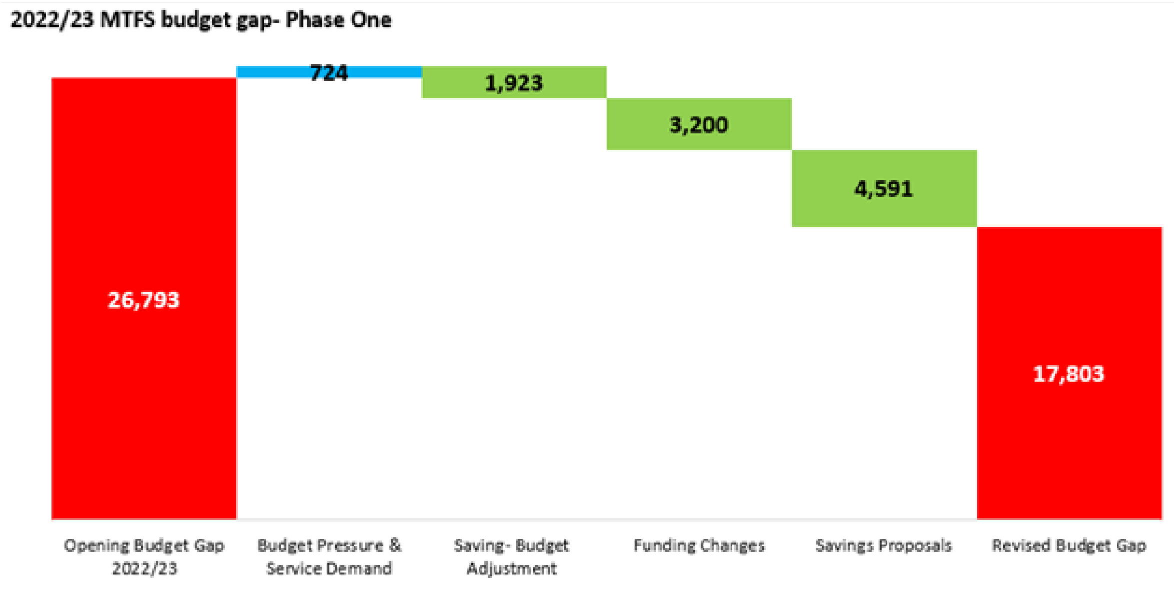
The Councils Expenditure Budget 2022/23

The following graphic outlines some of the Councils key service areas, and the gross expenditure budget for these areas for 2022/23. These budgets reflect the proposals outlined within this document, but at this stage this is an estimated position, based on the best and most up to date information available to the Council. The Councils will finalise the budget within Phase Two of the MTFS and balanced budget setting process.



OVERALL BUDGET POSITION

Phase one contains the first of two rounds of budget proposals, which outline £0.7m of additional pressures, £6.5m of savings, and £3.2m of funding changes, bringing the remaining budget gap down to £17.8m.



	2022/23	2023/24	2024/25
	£000	**£000**	**£000**
Budget Gap from 2021/22 MTFS	**26,793**	**28,910**	**27,735**
Budget Pressure & Service Demand	724	915	979
Revised Budget Gap	**27,517**	**29,825**	**28,714**
Saving- Budget Adjustment	(1,923)	(1,923)	(1,923)
Funding Changes	(3,200)	(2,700)	(2,450)
Savings Proposals	(4,591)	(4,128)	(3,891)
Budget Gap	**17,803**	**21,074**	**20,450**

FUNDING CHANGES

Business Rates Pool (estimate)
The council has, with other Cambridgeshire local authorities, been part of the Cambridgeshire and Peterborough Business Rates Pool since 2020/21 following a successful application to the Department of Levelling Up, Housing and Communities (DLUHC). The pool provided the council with £1.6m of additional benefit in 2020/21 and is forecast to provide in excess of £2m in 2021/22. This takes into account the business rates levy owed by each of the authorities, pooling them together, which produces a lower percentage levy calculation for member councils.

DLUHC has written to local authorities to invite applications for pooling arrangements in 2022/23. All of the local authorities currently within the pool have provisionally agreed to apply, with some external verification of the benefit to be undertaken by financial advisors PIXEL. It is expected to still be a generous and advantageous scheme for all involved and at this stage an estimate based on the current year figures has been proposed for inclusion within Phase One of the MTFS

	2022/23	2023/24	2024/25
Funding Change	**(2,200,000)**	**(2,200,000)**	**(2,200,000)**

NNDR Income Base (estimate)
During the pandemic, the council's collection rates for National Non-Domestic Rates (NNDR) suffered significantly, and as a result the bad debt provision was increased to mitigate the risk of non-payment. A forecast increase in the bad debt provisions was also built in to the MTFS on a reducing scale to cover the risk and uncertainty surrounding economic recovery following the pandemic.

Due to the recovery action taken by the council, the outstanding balances have been reduced by over 60%, and together with continuing growth, within the city (such as the three new restaurants announced at Maskew Avenue) and promising signs of recovery the council is able to revise its forecasts to reflect this.

The NNDR forecast will be finalised and reported within Phase Two of the budget, in line with the Government's timeline for submitting the NNDR1 form to DLUHC.

	2022/23	2023/24	2024/25
Funding Change	**(1,000,000)**	**(500,000)**	**(250,000)**

SAVINGS PROPOSALS

Bad Debt Provision Review

The council's debt position has improved by £8.8 million (35%) over the past six months which reflects the hard work and increased emphasis on debt management across the organisation.

This includes £4.1 million from trade customers.

We anticipate collecting more debt over the next 12 months than previously forecast.

	2022/23	2023/24	2024/25
Saving	**(500,000)**	**0**	**0**

Hydrotherapy Pool

St George's Hydrotherapy Pool has benefitted many residents since the council bought the facility and secured its future ten years ago. We are now exploring the opportunity to sell the hydrotherapy pool to a private physiotherapy provider, to ensure it can continue offering services for the many residents who benefit from it. The sale would provide a one off saving as well as ongoing yearly savings.

If the sale goes ahead, the pool will continue to operate with the benefit of users in mind and members of the community will still be able to access the pool.

	2022/23	2023/24	2024/25
Saving	**(50,000)**	**(50,000)**	**(50,000)**

Reduce the Capital Programme

The council is proposing to reduce the investment in its capital programme activity for 2022/23 to more accurately reflect the level of work it has capacity to deliver.
Historically, the council only has capacity to deliver a programme no greater than £80m.
Last year the budget allocated to the programme was £147m.
A more accurate capital programme profile will ensure that the budget required to finance the capital (interest & debt repayment) will reflect the council's performance rather than an aspirational delivery position.

	2022/23	2023/24	2024/25
Saving	**(2,245,000)**	**(2,017,000)**	**(1,780,000)**

Economic Development

Economic development remains a key priority for the council, in order to generate greater levels of wealth within the private sector and increase income for the council from business rates. It also helps to reduce demand on public sector services by improving each individual's economic circumstances, financial stability and resilience, life chances, and overall health and wellbeing.

The city's economic development agenda is currently being driven by Opportunity Peterborough (OP), to which the council contributes £140,000 each year. Due to the ongoing financial pressures being faced by the council, we are proposing to explore alternative delivery model options and their associated costs.

A number of potential options to strike the balance between council funding and economic development outcomes have been explored, with an initial proposal put forward which reduces the council's financial contribution by £65,000 in 2022/23, and by a further £75,000 to £0 by 2023/24.

This phased approach would allow time for OP, with the support of the council, to develop other sources of income such as sponsorship and grant funding. By adopting this approach, this will provide time to conduct a forward review of the economic development functions that Peterborough needs and the most effective and efficient mechanisms and structures to deliver them.

	2022/23	2023/24	2024/25
Saving	**(65,000)**	**(140,000)**	**(140,000)**

Aragon Service Reduction
The council is proposing to reduce the specification of some of the non-statutory services delivered under the contract with Aragon Direct Services (ADS).

This would include:

- The removal of the dedicated cleansing hit squad; instead all flytipping and litter accumulations will be collected by ADS street cleaning crews as part of their rounds.
- Stopping the Annual Spring Clean which provides additional cleansing of targeted areas of the city.
- Reducing the frequency of pavement washing in the city centre to once a year from the current rolling programme of cleaning.
- No longer carrying out spring and summer planting in the council's parks and open spaces. Applications for Green Flag status for city parks will no longer be made.

All services which are statutory requirements, such as waste and recycling collections, will continue to be delivered.

	2022/23	2023/24	2024/25
Saving	**(221,000)**	**(221,000)**	**(221,000)**

Aragon – Income Generation
The council is proposing to generate additional income for Aragon Direct Services (ADS) by introducing a charge to residents for replacing lost, stolen or damaged bins (except where

the bin has been damaged by ADS). The proposal also includes a charge to developers for the provision of bins for new housing developments, a cost which is currently borne by the council.

	2022/23	2023/24	2024/25
Saving	**(130,000)**	**(130,000)**	**(130,000)**

Review the NPS and Property Contract
Property delivery is fragmented across the council, with several roles and responsibilities currently carried out. It is recommended that these roles and responsibilities are clarified and simplified, by bringing the function under one directorate responsibility. This move will also help to deliver better value for money.

The total annual savings which will be achieved by these changes are as follows:
Revenue £297,108 to £347,748
Capital £77,168

	2022/23	2023/24	2024/25
Saving	**(300,000)**	**(300,000)**	**(300,000)**

Serco – Business Support
This is made up of two main elements. At the moment, reflected in the 2021/22 monitoring, is a credit of £297,000 from not recruiting to advertised vacancies.

This will continue to be taken as a saving in future years.

The remainder of the savings will come from transforming how the service is delivered.

	2022/23	2023/24	2024/25
Saving	**(651,000)**	**(651,000)**	**(651,000)**

Serco – Automation of Revenues and Benefits
The revenues and benefits IT infrastructure is currently being upgraded to the Cloud to give greater resilience. In parallel to this, process improvements will be made to deliver savings prior to a review and analysis of what IT help is available to automate existing application processes that are currently manually based. This will reduce the need for human intervention.
The first applications expected to be implemented, depending on the analysis under way, will be modules for benefits/ Universal Credit claims handling and tax collection.

	2022/23	2023/24	2024/25
Saving	**(100,000)**	**(100,000)**	**(100,000)**

Serco – Customer Services
Due to a reduction from in-person demand (around 30-40 contacts a day), the customer services unit in Bridge Street will be re-located into the Town Hall, with the existing office space leased out.

	2022/23	2023/24	2024/25
Saving	**(200,000)**	**(200,000)**	**(200,000)**

Serco – Inflation and Current year recurring saving
The Serco contract increases annually based on the Consumer Price Index (CPI) rate each July. We expect this to be lower than previously forecast as the number of services it was originally based on has reduced. This includes savings that are already being delivered in this financial year.

	2022/23	2023/24	2024/25
Saving	**(129,000)**	**(129,000)**	**(129,000)**

Corporate Capacity Review
As part of the Lean Cost Structure Review, a proposal has been put forward to reshape the council's Corporate Services.

Many of these services had been redesigned and reduced in headcount during the previous year as part of the Financial Improvement Programme. Following changes in how some functions were delivered, the corporate centre has become fractured with some responsibilities spilt across directorates. Reductions in headcount has also left a top-heavy management structure which could be leaner and more efficient as well as removing cost.

A corporate capacity review of all corporate services and a reduction in leadership roles is now proposed.

Whilst the financial benefits of this review are relatively small, it will help the service deliver further improvements.

	2022/23	2023/24	2024/25
Saving	**0**	**(190,000)**	**(190,000**

Archiving
Following a review, the archiving contract is now managed corporately, and the local children's service budget can be removed, as this contribution is not required. This represents an annual saving of £18,000 per annum.

	2022/23	2023/24	2024/25
Saving	**(18,000)**	**(18,000)**	**(18,000)**

Better Care Fund Uplift – 2021/22

There is an expected annual uplift to the Better Care Fund 2021/22 for adult social care. It is proposed that this will be utilised to offset the additional Adult Social Care pressures already built into the MTFS.

	2022/23	2023/24	2024/25
Saving	**(420,000)**	**(420,000)**	**(420,000)**

Energy Recovery Facility – Improved Energy Pricing
The Energy Recovery Facility (ERF) produces electricity from the treatment of the city's waste, and the electricity sold provides income to pay towards the operation of the plant. Rising energy prices have meant that future income is expected to be higher than currently budgeted.

	2022/23	2023/24	2024/25
Saving	**(500,000)**	**(500,000)**	**(500,000)**

ICT Service Savings
This £175,000 budget reduction is due to a realignment of the budget for the ICT service following the repatriation of the contract with Serco back into the council in October 2020.

Since the service was brought back in-house, the council has been able to review what was being delivered and the budget required. Minor adjustments to the way the service is delivered, such as bringing the maintenance of the server in-house, have also reduced the level of budget required to deliver the service.

	2022/23	2023/24	2024/25
Saving	**(175,000)**	**(175,000)**	**(175,000)**

Reduction in Stray Dog Contract
There was an opportunity to review the stray dog contract specification to reduce spend by £10,000 per annum. The new contract took effect from the 1st April 2021 and the new specification has been fully implemented.

	2022/23	2023/24	2024/25
Saving	**(10,000)**	**(10,000)**	**(10,000)**

Review Mental Health Management Fees
A review of commissioning mental health budgets has identified an opportunity to reduce the management fee for the delivery of mental health services.

	2022/23	2023/24	2024/25
Saving	**(50,000)**	**(50,000)**	**(50,000)**

Aragon

Following previous investment in Aragon Direct Services due to the impact of Covid-19 on service provision, a budget reduction has been identified as services have now fully resumed.

An additional saving has been identified due to the investment in a new vehicle fleet, which will result in reduced maintenance costs.

	2022/23	2023/24	2024/25
Saving	**(750,000)**	**(750,000)**	**(750,000)**

BUDGET PRESSURE & SERVICE DEMAND

Chief Executive Position (Single Authority not shared)

Following the retirement of the Council's current Chief Executive, the arrangement to share the role with Cambridgeshire County Council comes to an end in December 2021, along with the funding from the Cambridgeshire for this sharing agreement. The Council's Employment Committee has agreed to seek the appointment of a separate Chief Executive to lead Peterborough City Council, which will be responsible for the full costs of employment.

	2022/23	2023/24	2024/25
Budget Pressure & Service Demand	115,000	115,000	115,000

Coroners – Rising Demand

Demand within the Coroners service has risen due to in the number of inquests.

	2022/23	2023/24	2024/25
Budget Pressure & Service Demand	100,000	100,000	100,000

Insurance Premiums

The Council's insurers have advised that the inflationary rate for insurance premiums is rising. The estimate for the increase in premiums also takes in to account any changes in the properties and services which the Council is responsible for insuring.

	2022/23	2023/24	2024/25
Budget Pressures & Service Demand	100,000	100,000	100,000

Sand Martin House Inflation

At the five-year anniversary of the start of the lease for Sand Martin House in July 2023, an increase in rent will become due, linked to the rate of inflation. An estimate has been made of the additional sum that will fall due.

	2022/23	2023/24	2024/25
Budget Pressure & Service Demand	**0**	**191,000**	**255,000**

Social Care Levy – 1.25% increase

The Social Care reform announcement made by the Government on 7 September outlined plans to increase National Insurance Contributions (NICs) for employees and employers by 1.25%, becoming a new "Health and Social Care Levy". An assessment of the council's direct salary costs has identified a budgetary pressure of £409,000.

This does not consider the impact of the costs of external organisations or contractors.

	2022/23	2023/24	2024/25
Budget Pressure & Service Demand	**409,000**	**409,000**	**409,000**

HUMAN RESOURCES IMPLICATIONS

The savings set out in this Phase One of the budget are expected to have minimal impact on headcount reduction for the Council at this stage. As with any staffing implications, it is the aim of the council to try and minimise any compulsory redundancies and the impact on our service delivery. In the first instance there are a number of elements which the council considers first which are looking for redeployment opportunities, deleting vacant posts, restricting recruitment (considering our service delivery), natural wastage / turnover and reducing or eliminating overtime (providing service delivery is not compromised). Where staff are affected, the Council will seek voluntary redundancies as appropriate to minimise compulsory redundancies and where this is unavoidable, appropriate outplacement support will be considered.

BUDGET CONSULTATION FORM

We want to hear the opinions of all residents, partner organisations, businesses and other interested parties as part of the budget setting process.

People will be able to give their opinions by completing an online survey on the city council website - www.peterborough.gov.uk/budget. Hard copies can be requested by emailing communications@peterborough.gov.uk

The consultation will close on 6 December 2021 at 5pm. Cabinet will consider comments on Monday 29 November 2021 and Full Council will debate the phase one proposals on Wednesday 8 December 2021.

The consultation will ask the following questions:

1. Do you have any comments to make about the phase one budget proposals?

....
....
....

2. Having read the phase one proposals document, how much do you now feel you understand about why the council must make total savings of almost £27.6million in 2022/23 and over £28.7million by 2024/25? Tick the answer you agree with.

- A great deal
- A fair amount
- Not very much
- Nothing at all

3. If you have any specific ideas about how the council can save money or generate additional income to protect services, please state these here:
....
....

So that we can check this survey is representative of Peterborough overall, please complete the following questions.

Are you?

- Male
- Female

Please tick which of the following best describes who you are:

- Resident
- Business person
- Member of council staff
- City councillor
- Work, but don't live in Peterborough
- Member of community or voluntary organisation
- Regular visitor
- Other (please state)………………..

Which of these age groups do you fall into?

- Under 16
- 16 to 24 years
- 25 to 34 years
- 35 to 44 years
- 45 to 54 years
- 55 to 64 years
- 65 to 74 years
- 75 years or over
- Prefer not to say

What is your ethnic group?

A White
English/ Welsh/ Scottish/ Northern Irish/ British
Gypsy or Irish Traveller
Any other white background

B Mixed/ multiple ethnic groups

White and Black Caribbean
White and Black African
White and Asian
Any other mixed/ multiple ethnic background

C Asian/ Asian British

Indian
Pakistani
Bangladeshi
Chinese
Any other Asian background, write in

D Black/ African/ Caribbean/ Black British

African
Caribbean
Any other Black/ African/ Caribbean background

E Other ethnic group

Any other ethnic group

Do you consider yourself to have a disability?

Yes......................................
No ....

Thank you for taking the time to complete this survey

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Appendix C – Capital Programme Schemes 2022/23-2024/25

Project	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2022/23 Funding Corp. Res. £000	2022/23 Funding 3rd Party Inc. £000	2023/24 Funding Corp. Res. £000	2023/24 Funding 3rd Party Inc. £000	2024/25 Funding Corp. Res. £000	2024/25 Funding 3rd Party Inc. £000
Strategic Plans									
New School Provision in Great Haddon	100	900	10,000	-	100	-	900	-	10,000
New Primary Provision	100	100	100	100	-	100	-	100	-
People & Communities Total	**200**	**1,000**	**10,100**	**100**	**100**	**100**	**900**	**100**	**10,000**
Rail Station Western Access	-	3,000	-	-	-	1,000	2,000	-	-
Place & Economy Total	**-**	**3,000**	**-**	**-**	**-**	**1,000**	**2,000**	**-**	**-**
North Westgate Development	300	1,779	-	300	-	1,779	-	-	-
Resources Total	**300**	**1,779**	**-**	**300**	**-**	**1,779**	**-**	**-**	**-**
Total Strategic Plans	**500**	**5,779**	**10,100**	**400**	**100**	**2,879**	**2,900**	**100**	**10,000**
Business Cases in Development									
Heltwate - expansion and refurbishment	4,925	375	-	3,684	1,241	375	-	-	-
Greater Peterborough University Technical College sports facilities	200	-	-	200	-	-	-	-	-
Clare Lodge Refurbishment and Safety Works	171	-	-	-	171	-	-	-	-
People & Communities Total	**5,296**	**375**	**-**	**3,884**	**1,412**	**375**	**-**	**-**	**-**
Apv Baker Footbridge	750	-	-	750	-	-	-	-	-
Eastern Industries Access Phase 1 - Parnwell Way	4,479	828	-	-	4,479	-	828	-	-
A1260 Nene Parkway Improvement Jn 32 to Jn 3 (Fletton Parkway)	5,200	1,800	-	-	5,200	-	1,800	-	-
A1260 Nene Parkway Junction 15 improvements	4,232	-	-	-	4,232	-	-	-	-

Project	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2022/23 Funding Corp. Res. £000	2022/23 Funding 3rd Party Inc. £000	2023/24 Funding Corp. Res. £000	2023/24 Funding 3rd Party Inc. £000	2024/25 Funding Corp. Res. £000	2024/25 Funding 3rd Party Inc. £000
A16 Norwood Dualling	500	500	3,700	-	500	-	500	-	3,700
Peterborough University Access	2,260	1,500	-	500	1,760	1,500	-	-	-
Towns Fund Investment	14,400	4,700	-	1,700	12,700	-	4,700	-	-
Place & Economy Total	**31,821**	**9,328**	**3,700**	**2,950**	**28,871**	**1,500**	**7,828**	**-**	**3,700**
IFRS 16 Transition	22,000	-	-	22,000	-	-	-	-	-
Resources Total	**22,000**	**-**	**-**	**22,000**	**-**	**-**	**-**	**-**	**-**
Total Business Cases in Development	**59,117**	**9,703**	**3,700**	**28,834**	**30,283**	**1,875**	**7,828**	**-**	**3,700**
Rolling Programmes									
ICT Projects	3,000	3,000	3,000	3,000	-	3,000	-	3,000	-
Customer & Digital Services Total	**3,000**	**3,000**	**3,000**	**3,000**	**-**	**3,000**	**-**	**3,000**	**-**
School capital maintenance, minor works and programme costs	2,600	2,110	2,110	900	1,700	910	1,200	910	1,200
Off Street Car Parks - Structural Works and Resurfacing	100	100	100	100	-	100	-	100	-
Capital expenditure incurred by Peterborough Schools	400	400	400	-	400	-	400	-	400
Social Care property adaptations and equipment	4,350	3,685	3,685	1,900	2,450	1,485	2,200	1,485	2,200
People & Communities Total	**7,450**	**6,295**	**6,295**	**2,900**	**4,550**	**2,495**	**3,800**	**2,495**	**3,800**
Wheelie Bins	160	160	160	160	-	160	-	160	-
Footway Slab Replacement Programme	230	230	230	230	-	230	-	230	-
Play Areas Improvement Programme	217	185	185	185	32	185	-	185	-
Roads And Bridges	150	150	150	150	-	150	-	150	-
Highways	4,881	4,881	4,881	1,515	3,366	1,515	3,366	1,515	3,366
Surface Treatments	250	250	250	250	-	250	-	250	-

Project	2022/23	2023/24	2024/25	2022/23 Funding		2023/24 Funding		2024/25 Funding	
	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Integrated Transport Programme	1,407	1,407	1,407	-	1,407	-	1,407	-	1,407
Refurbishment of Traffic Signal Sites Nearing End of Life	120	120	120	120	-	120	-	120	-
Parkways Five Year Maintenance programme	1,000	500	500	1,000	-	500	-	500	-
Street Signage	30	30	30	30	-	30	-	30	-
Extreme Weather Network Improvements	500	500	500	500	-	500	-	500	-
Street Lighting Cables and Feeder Pillar Upgrade	500	500	500	500	-	500	-	500	-
Safety Fencing Network	1,400	1,400	1,400	1,400	-	1,400	-	1,400	-
Place & Economy Total	**10,845**	**10,313**	**10,313**	**6,040**	**4,805**	**5,540**	**4,773**	**5,540**	**4,773**
Cost Of Disposals	200	200	200	200	-	200	-	200	-
Strategic Property Portfolio capital maintenance and minor works	1,906	1,695	1,540	1,906	-	1,695	-	1,540	-
Leisure Trust Property capital maintenance and minor works	425	350	350	425	-	350	-	350	-
Resources Total	**2,531**	**2,245**	**2,090**	**2,531**	**-**	**2,245**	**-**	**2,090**	**-**
Total Rolling Programmes	**23,826**	**21,853**	**21,698**	**14,471**	**9,355**	**13,280**	**8,573**	**13,125**	**8,573**
Active Schemes									
Manor Drive (Paston Reserve) Secondary - new 6FE secondary	5,839	-	-	-	5,839	-	-	-	-
St John Henry Newman Catholic School	2,200	-	-	-	2,200	-	-	-	-
People & Communities Total	**8,039**	**-**	**-**	**-**	**8,039**	**-**	**-**	**-**	**-**
Towns Fund Investment	1,000	10,935	-	-	1,000	7,235	3,700	-	-
Strategic Network Review	100	-	-	100	-	-	-	-	-
ADS Fleet Renewal	2,354	264	253	2,354	-	264	-	253	-
Crescent Bridge Refurbishment	-	500	-	-	-	500	-	-	-

Project	2022/23	2023/24	2024/25	2022/23 Funding		2023/24 Funding		2024/25 Funding	
	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
A14 Improvement Scheme	60	60	60	-	60	-	60	-	60
Place & Economy Total	**3,514**	**11,759**	**313**	**2,454**	**1,060**	**7,999**	**3,760**	**253**	**60**
Housing Joint Venture	6,152	-	-	6,152	-	-	-	-	-
Resources Total	**6,152**	**-**	**-**	**6,152**	**-**	**-**	**-**	**-**	**-**
Total Active Schemes	**17,705**	**11,759**	**313**	**8,606**	**9,099**	**7,999**	**3,760**	**253**	**60**
Total Capital Programme	**101,148**	**49,094**	**35,811**	**52,311**	**48,837**	**26,033**	**23,061**	**13,478**	**22,333**
Invest to Save									
Active Schemes									
Hilton Hotel - Fletton Quays	3,201	-	-	3,201	-	-	-	-	-
Total Active Schemes	**3,201**	**-**	**-**	**3,201**	**-**	**-**	**-**	**-**	**-**
Strategic Plans									
Provision of Housing	6,575	-	-	6,575	-	-	-	-	-
Total Strategic Plans	**6,575**	**-**	**-**	**6,575**	**-**	**-**	**-**	**-**	**-**
Total Invest to Save	**9,776**	**-**	**-**	**9,776**	**-**	**-**	**-**	**-**	**-**

Appendix D – Financial Risk Register

Risk Area	Detail	Action
Level of Reserves	As set out in this report (Section 6) the Provisional Robustness Statement, sets out that the Council has limited recourse in reserves and balances. This presents a risk to the financial sustainability of the organisation over the medium term. . The council has little recourse available if savings are not delivered as planned, pressures resulting from a the longer lasting impacts C-19 increase, or unforeseen events occur. A risk assessment of the general fund level is outlined within Section 6, the robustness statement.	Robust financial control within 2021/22 and future years will continue to be exercised through regular budget monitoring, tracking of the delivery of approved savings plans through the Corporate Programmes and Finance Board and the development of further savings proposals, which will be progressed through CMT. The use of available specified reserves will be closely managed and controlled to ensure that only required and approved use of these funds takes place, to ensure that the council maintains a level of resilience. Reserves and balances will be reviewed regularly, within the monthly Budgetary Control Reporting (BCR), and reported weekly within a budget update to CMT, to ensure that they remain adequate in light of the Council's overall financial position. They will also be reviewed to ensured that any commitments are: • Essential and necessary to deliver future financial benefit • Represent value for money As outlined within the report. The Council received conditional approval from MHCLG for a capitalisation direction in 2021/22, however the Council is proposing to replace this by using £10.5m of reserves to balance the budget, in order to minimise the cost of increased borrowing. This will ensure the council is able to balance its budget in 2021/22, but it does reduce the Council available reserve to mitigate the impact of potential service need as a result of the longer lasting impacts of C-19 or fund transformational change needed to deliver the scale of the savings required.
Level of one-off (non-	The Council has relied upon non-repeatable budget savings and income items in order to balance the	Although the Council has been aiming to reduce the use one-off budget savings in recent years, the table in section 4 of the report sets out that the Council plans to

Risk Area	Detail	Action
repeatable) savings	budget, in previous years and within the proposed 2022/23-2024/25 MTFS. The Council is aware this is not a sustainable approach, but it has enabled Council to set legal and balanced budget.	use £25.1m on one off-resources from various sources in the 2021/22 Budget, and plans to use one off options in future years. The table also outlines that this has been practice for a number of years now, which has temporarily resolved the financial position creating a cliff edge in future years. The Council has been in discussions with the DLUHC and has received conditional approval for a capitalisation direction, to balance its budget in 2021/22. The Council will now be reducing reliance on the Capitalisation Direction and using reserves balances, but is aware that both of these options are one off, and not sustainable. A plan to deliver financial sustainability is in progress and is expected to be to be reported within the Phase Two MTFS report in January, however it is likely that the Council will need to rely on further one-offs such as asset sales, in order to become sustainable in the longer term.
Service Delivery-Demand Led Services	The Council provides services in a number of areas where the need for support lies outside the Council's direct control, for example in children's, adult social care and homelessness. Demographic growth and demand pressures present significant financial risk for the Council over the medium term. Demand for Council services in particular adults and children's social care and housing have been significantly impacted by C-19, and continue to be at risk due to the longer lasting effects.	The Council will continue to take measures to review and modify its service provision to respond to increasing demand for services, through more cost effective operating models and working with client groups and partners to manage demand for services. Regular monitoring, forecasting and reporting of financial and service performance and anticipated pressures will be undertaken to ensure that corrective management action is taken to control expenditure within the approved budget. Savings plans are based on intervention and prevention, aiming to reduce need and service demand.

Risk Area	Detail	Action
		Regular reporting to the Rapid Implementation Team (RIT) and budget CMT will continue to take place throughout the course of the year, with all MTFS assumptions being revised within Phase 2.
Savings Delivery (current and new proposals)	The achievement of a balanced budget and sustainable MTFS is reliant upon the successful delivery of agreed savings plans and the identification of new plans. The delivery of some savings plans had been made more challenging, and in some cases unachievable due to C-19, due to the prioritisation of the council's response to the pandemic.	The RIT monitor and report on the delivery of programmes and savings. This group meets on a weekly basis to report, monitor and challenge the delivery of savings to ensure are on track as per the original plan. If, within this group, savings are being reported as not deliverable or as high risk and remedial action is not effective, those items are escalated to CMT where final debates and future actions are agreed. Delivery of savings are also monitored on a regular basis within the monthly BCR, this is also reported to the RIT, CMT and Cabinet. These savings plans were reviewed within the 2021/22 MTFS and where savings plans were deemed out of reach due to the change is operating environment, these were removed with a view to being reviewed during future budget setting processes. Examples of these include savings within Adult Social Care and potential office rental income, which were both effected over the pandemic due to rising care costs and social distancing measures.
Income	Cost of provision of service outstrips returns or a reduced level of sales. Some areas of income such as parking, culture and leisure remain problematic for the Council as a result of C-19.	Delivery of planned income generation (and savings) is tracked through monthly BCR, and reported to CMT and Cabinet. Programme and project governance will require recovery plans to be prepared where projects are identified as varying adversely from plan. These areas remain under close review, within the BCR, by the RIT, CMT and Cabinet. Additionally the Council is undertaking a full review of its parking strategy

Risk Area	Detail	Action
	Debt There is a risk from the non-payment of invoices from our suppliers. The Council currently has £15.7m of total sundry debt The Clinical Commissioning Group (CCG) currently accounts for 40.8% of the Councils general debtor.	and reviewing its Culture and Leisure services now they have been embedded within Aragon and Peterborough City College. The C-19 pandemic had increased the risk around debt, and an assessment of the Councils current debt levels has identified the need to increase the bad debt provision by £0.7m in 2020/21 and £0.7m in 2021/22 to mitigate the risk of the Council being unable to recover this debt in full in the future. The Council has closely monitor the debt position and taken required action to ensure payment of invoices are received, and within phase one has been able to release some of the bad debt provision due to an improved position Additionally the Council has taken steps to review its debt management processes including a full review undertaken by internal audit identifying the strengths, weaknesses and recommendations for improvement, which are also being put in place. The Council continues to work closely with senior officers at the CCG to resolve any issues and manage the payments to allow the effective management of the Councils cashflow and debt levels. This is monitored regularly to CMT and separately within the Statement of accounts due to the significant value of the outstanding balance. This level of debt also provides a cash flow risk to the Council.
Business Rates	Forecasts - the Council will benefit from any growth in business rates but will also have to share the risk of volatility of collecting business rates, changes to business rates during the financial year and	The finance team will align forecasts using a detailed approach with planning and revenue and benefit colleagues to monitor business growth as part of the budget setting process and at regular intervals during the financial year. On a monthly basis dashboard reports are made available to the s151 officer and the corporate finance team to monitor business rates income.

Risk Area	Detail	Action
	administration costs associated with collecting business rates. Appeals – The new government 'Check, challenge and appeal' system seems to have reduced the level of open appeals however there is a provision set aside for appeals by the council, and there is a risk that this may not be sufficient	The Council has reviewed the level of Business Rates provision it holds to mitigate the financial impact of valuation change and appeals. From this review the Council has been able to release some of this, due to: o An element being held in respect of the 2010 revaluation list, where a number of appeals have been withdrawn reducing the overall risk o A reduction in the overall % held in respect of the 2017 list. The national average was set at 4.7%, and the Council has been contributing at a rate of 4%, but on review this has been able to be reduced to 3.09% which is appropriate at this stage to the level of activity. This will continue to be monitored by officers.
	Appeals- Material Change in Circumstance appeals have been raised by businesses nationally	The government announced that it would legislate "to rule-out C-19 related MCC appeals". Instead, Local Authorities would be allocated a share of a new £1.5bn grant that can be used to provide business rates relief to support those local businesses most affected by the pandemic. Changes to legislation for both of these proposals is still due to go through parliament and it is expected this will now take place in Winter
	Business Rates Collection Rates	Business Rates collection rates have been dramatically effected by C-19 with the Council having £11.5m of outstanding balances in respect of 2020/21, only achieving a collection rate of 81.83% in comparison to the average rate of 97.86%. A recovery action plan commenced in February and since then has been able to reduce this balance by 58% down to £4.8m. So far the 2021/22 collection rate is marginally behind target, but recovery action is taking place and this is being closely monitored by officers.

Risk Area	Detail	Action
	Business Rates reforms have been further postponed. During 2020/21 a 'Business Rates Review call for evidence' consultation was issued by the treasury. At present it is not clear how this could impact on the Councils funding levels.	Officers will feedback to all consultations, to ensure all concerns are communicated and considered. As information becomes available officers will model the financial impacts, and ensure the budget reflects the appropriate funding levels.
Fairer Funding Review (FFR)	The Fairer Funding Review presents a risk for the Council as it means there is significant uncertainty surrounding its future funding levels. The impact of this could be significant for the Council as it could mean additional savings would need to be achieved. At present the DLUHC has issued two of three consultations, however the implementation has now been postponed further due to C-19 and the recent ministerial/departmental changes.	Officers are continuing to monitor all announcements, publications and consultations from DLUHC and from Local Government advisors. This will include networking and attending events to keep abreast of the latest information. Officers will feedback to all consultations, to ensure all concerns are communicated and considered. As information becomes available officers will model the financial impacts, and ensure the budget reflects the appropriate funding levels. This will include using the modelling tools which are available to us from PIXEL and the LGA.
Council Tax and Local Council Tax Support	Non-collection rates increase beyond the budget assumptions An increase in the levels of Local Council Tax Support (LCTS) claim levels, beyond budget assumptions. C-19 has increased the level of LCTS claims the Council has	Officer monitor the collection rate monthly and monthly basis dashboard reports are made available to the s151 officer and the corporate finance team to monitor council tax income collection and tax base growth. The Council will take necessary action to ensure payment of bills, and has been mindful of challenges facing households over the height of the C-19 pandemic by adopting a softer approach temporarily. The Council will revise future year forecasts of council tax income accordingly.

Risk Area	Detail	Action
	received, due to an increase in the levels of unemployment. As the furloughing scheme ends, it is anticipated that this could increase further putting additional strain on the Council Tax budget	The LCTS case loads are being monitored monthly by officers and reported to DLUHC as part of the C-19 Financial Monitoring returns, in addition to the collection rate monitoring which already takes place.
Partnership Working/ Contractual Commitments	The council now outsources or contracts out a large proportion of services, on a long-term basis to third party organisations, such as Serco, Aragon, and Milestone. There is a risk that the council could be subject to increased costs from these contracts due to: • General Inflation • Social Care Levy (increasing salary costs) • Fuel/energy price rises • Care Market sustainability • HGV driver shortage or alternatively have little flexibility to generate savings within the current budget due to the level accounted for via these contracts. The terms of the contracts may also restrict this.	The Council is reviewing all contracts, with a view to achieving improved value for money through strengthened contract management arrangements and negotiation of variation to services to be delivered. The Council will continue to work closely with its partner organisations to deliver the best services to its residents in the most effective and efficient manner.
Capital	**Capital Receipts** The agreed Minimum Revenue Provision (MRP) policy allows the Council to repay its debt through the application of receipts from asset disposal to	This is monitored monthly through Budgetary Control Reporting to Capital Review Group (CRG), CMT and Cabinet. The Finance team also receive the latest forecasts

Risk Area	Detail	Action
	repay debt. This represent a risk to the final outturn position if those receipts are not achieved. Due to social distancing restrictions and the C-19 pandemic commercial property sales have slowed increasing that targets won’t be achieved. This will put additional strain on the budget.	for sale completion, estimated receipt level and market environment operating under on a bi-weekly basis from out property partners NPS.
	If the legislation was to be changed to prevent the Councils current use of capital receipts, the council would look to use capital receipted flexibly to fund redundancy and transformation expenditure.	The Council has included a Flexible use of Capital Receipts Policy within the Capital strategy 2021/22, and in the instance of the legislation changing will look to use this for redundancy and transformation expenditure, in line with the policy, in order to maintain a level of resilience in the reserves balances.
	Capital Programme The proposed Capital Programme is partially reliant on third party contributions and grant allocations. These funding streams are not always guaranteed, such that they could be impacted by a downturn in development or reduced opportunity for central government funding.	The capital programme is closely monitored and reported by officers within the monthly budgetary control reporting. The council operates an officer led Capital Review Group (CRG), which meets regularly to review the progress of schemes contained in the capital programme and evaluate new proposals or opportunities available to the Council All capital investment proposals require a business case which assesses funding options and associated risks and mitigating actions.
	The council has been successful in obtaining funding via grants for development in the school infrastructure. There is a risk that the council may not receive grants in the future to fund new school buildings, despite increasing demand for school places.	Developer contributions, such as that within a section 106 agreement, are to be realised in line with approved policy and legal agreement. Grant bids to be worked up by the budget/project managers in partnership with the finance team, in line with previous successful approach.

Risk Area	Detail	Action
Economic (Treasury) Risk	Inflation - increases above forecasts assumed within the budget. Interest rates - a change in interest rates could impact on borrowing costs which may in part be offset by increased investment interest receipts.	Monitor inflation position and forecasts, and review impact on budget through budget control monitoring and reporting process. Capital financing estimates developed using latest forecasts of interest rates for MTFS (which allow for a level of increase) via the Council's treasury advisors. Existing borrowing has been undertaken at fixed rates in order to minimize the exposure of this risk. A review and assessment will be undertaken to try to achieve the optimum time to enter into new borrowing in light of advice on future rate rises, taking into account 'cost to carry' in relation to any early borrowing. The Council will review the level and timing of the capital programme and debt portfolio if rates increase beyond forecast levels.
Loss of Key Personnel	Earlier in the year the Chief Executive and the deputy Chief Executive have both announced plans to retire in December 2021 and January 2022. There is a risk resulting from reduced organisational knowledge, at a critical time of change.	Recruitment process for the new chief executive is already well underway, with the role being appointed on a single organisation basis (as apposed to the current shared arrangement with Cambridgeshire County Council) this will allow for greater capacity and focus in this changed landscape. Plans for a detailed handover and integration process for the newly appointed chief executive have already been considered.
Financial Resilience	There is a risk that the Councils financial resilience is insufficient to further withstand the combined pressures of reducing grant funding and the increased cost and demand pressures.	The MTFS report sets out that the Council still has a significant challenge ahead of it in order to achieve financial sustainability in the future. The council will continue to work closely with DLUHC, following its recent assurance review and is in the process of developing a financial sustainability plan, which it expects to report within the Phase Two MTFS in January 2022. However, there is a risk that the Council is unable to achieve this without government support, and there is uncertainty surrounding the level and type of support which could be available to the Council in the future.

Risk Area	Detail	Action
	Any weaknesses in the delivery of the strategy to strengthen financial resilience may exacerbate this risk. The consequence is an unsustainable and financially unviable organisation beyond the short term.	The Council's financial position is reviewed regularly by CMT and regularly reported to Cabinet (as outlined within the supporting documents). Adverse variances are clearly identified and actions, discussed at these forums and put in place to mitigate the financial impact as far as possible.
Brexit	Brexit carries a number of risks which could have a financial or operational impact the on services the Council provides. This is likely to be the result of changes in the funding and regulatory frameworks including the following: Procurement Regulatory services European Union (EU) funding Loss of staff, where staff are from the EU There is a wider risk to the economy, through importation/export delays and tariffs, price pressure on key commodities e.g. fuel and labour market which could place more demand on services or budgets.	High level impact assessment have been completed by officers within the Council Officers from Cambridgeshire County Council and Peterborough City Council are on a joint risk group assessing the impact from Brexit, this has included officers attending MHCLG events and participating in teleconferences by the Home Office. As the UK has now left the EU on 31 January 2020, with the withdrawal agreement becoming fully operational from 1 January 2021. Some immediate changes have meant the Councils Contract Procedure Rule have been updated, but it is now expected there will be reform to public sector procurement with the Transforming Public Procurement green paper being published by the cabinet office in December 2020. The Procurement and Commercial Teams are monitoring these changes and working together to ensure CMT and Cabinet well informed and ready to implement any procurement policy updates.
Public Sector Reform (change in the public	Public Sector Reform has been mentioned in previous years, but more so this year, as in many cases the public sector has pulled together in its response to C-19 and it has demonstrated where there are	At present there is no set direction or plan laid out by government, however it is becoming more of a common topic, due to this it is difficult to pinpoint and put mitigating actions in place at this stage.

Risk Area	Detail	Action
sector infrastructure)	strengths, weaknesses and opportunities within the system. There are a number of differing potential options which include minimising the number of tiers in local government and implementing a structure of larger unitary authorities, reforming the NHS and social care, reviewing local and national tax systems such as Council tax and Stamp duty and reforms to business rates. Due to the uncertain nature and the scale of these changes this could present financial and operational risks for the Councils.	Officers are continuing to monitor all announcements, publications and consultations from the government and will feedback to any consultations, to ensure all concerns are communicated and considered.
Climate Change to the City	That Climate Change, as has been seen over the winter period 2020/21, has shown increased risk of flooding to the City. The Council needs to do all it can to mitigate this risk to residents, businesses and stakeholders	The Council to liaise with the Local and Regional Drainage Boards to ensure roles and responsibilities are clearly set out to minimise the risk to Peterborough

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Appendix E – Equality Impact Assessments

Equality Impact Assessment: ADS Service Reductions

Initial assessment

What are the proposed outcomes of the policy?

1. Stop additional street cleansing undertaken annually as a 'Spring Clean' The annual spring clean is used to cleanse areas of the City that suffer from hit fly tipping but also areas such as shelterbelts that have historic waste to remove.
2. Remove dedicated Fly Tipping Hit Squad, The Hit Squad has a set route around the city to go to regular fly tip hot spot areas weekly to cleanse and also assists with removal on unregistered land
3. Stop trying to achieve Green Flag status in parks It is proposed to make various changes to our Open Spaces, reducing provision for Bedding planting, Green Flag status, and Infrastructure.
4. Stop spring and summer bedding It is proposed to make various changes to our Open Spaces, reducing provision for Bedding planting, Green Flag status, and Infrastructure
5. Reduce street washing to once per year This would be a reduction in City Centre pavement cleaning

Which individuals or groups are most likely to be affected?

No group should be disproportionality be affected by this policy.

Now consider whether any of the following groups will be disproportionately affected:

Equality Group	Note any positive or negative effects
Particular age groups	Neutral
Disabled people	Neutral
Married couples or those entered into a civil partnership	Neutral
Pregnant women or women on maternity leave	Neutral
Particular ethnic groups	Neutral
Those of a particular religion or who hold a particular belief	Neutral
Male/Female	Neutral
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	Neutral
Sexual orientation	Neutral

What information is available to help you understand the effect this will have on the groups identified above?

Who will be the beneficiaries of the policy?

The policy will be adopted across the city

Has the policy been explained to those it might affect directly or indirectly?

If the policy is adopted, it will be fully communicated to all residents in the City so they are aware of the reductions in service that they will see across the City.

Can any differences be justified as appropriate or necessary?

N/A

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

We will monitor the changes these service reductions have on the City through service requests

Policy review date	**Annually**
Assessment completed by	**James Collingridge**
Date Initial EqIA completed	**05/10/2021**
Signed by Head of Service	

Equality Impact Assessment: Economic Development

Full assessment

Name/title of the policy area/strand or programme with which this assessment is concerned

Economic Development

Description/summary of the policy area/strand or programme

Exploring delivery model options (currently being delivered by Opportunity Peterborough) and their associated costs. The current proposals to reduce funding to Opportunity Peterborough do not immediately represent a loss in headcount and therefore don't impact staff in protected groups at this point. With regards to the support that OP offers business, nothing specific relating to equality or protected groups applies.

The evidence base (list the principal sources of relevant evidence, both quantitative and qualitative.

N/A

What the evidence shows – keys facts

N/A

Challenges and opportunities
(indicate the policy's potential to reduce and remove existing inequalities)

N/A

Summary of Equality Impact Assessment

Options and any reductions in funding are likely to affect industry and businesses not those in protected groups specifically.

Next steps

The review, once commenced, will consider EIA.

Policy review date	Not yet undertaken
/Assessment completed by/	Emma Gee
Date Full EqIA completed	06/10/21
Signed by Head of Service	E Gee

Equality Impact Assessment: St George's Hydrotherapy Pool

Full assessment

Name/title of the policy area/strand or programme with which this assessment is concerned

Sale of St George's Hydrotherapy Pool

Description/summary of the policy area/strand or programme

St George's hydrotherapy pool was managed by the city council for a number of years before transferring to Vivacity's management in 2018. Following the ending of the contract between the council and Vivacity in 2020, the facility has been managed by Peterborough Ltd, although it has remained closed throughout the pandemic.

The pool caters for residents with both short- and long-term health conditions and also attracts visitors from outside the city due to the physiotherapy services it provides, overall supporting a few hundred clients a month. Whilst the pool is popular within its client base, it runs at a net loss of c.£50k per annum.

Given that the council is not obliged to provide a hydrotherapy pool, the ongoing costs of keeping this facility open can no longer be justified within the current financial climate.

Over the years, many attempts have been made to secure external funding to achieve a balanced budget, but aside from small grants and many contributions from various councillors' Community Leadership Fund allocations, these attempts have been unsuccessful.

Discussions have also taken place with NHS commissioners, but these too have not resulted in funding at the necessary scale to support the service.

During 2021 it was highlighted that the physiotherapist renting space at St Georges was looking for his own premises for his hydrotherapy business. As a result, negotiations have taken place to sell the pool to him, and, as part of the sale, to also guarantee some daytime sessions for community users. It is anticipated that the sale should be completed by the end of 2021.

The pool benefits from a very active friends group which have been kept informed throughout the process.

The evidence base (list the principal sources of relevant evidence, both quantitative and qualitative.

Historic council financial monitoring of income and expenses.

What the evidence shows – keys facts

The council provides a net budget of c.£50k to provide for the staffing, running costs and maintenance of the pool and building. Whilst pool users pay a fee for each session, this is not sufficient for the service to break even.

Peterborough City Council is one of a handful of areas nationally that offers a public hydrotherapy pool, but this does not form part of the statutory services which the council is obliged to provide.

Alongside discussions with health partners, the council has also engaged with local educational facilities that have hydrotherapy pools to explore options to join the services, but after initial conversations this was deemed not feasible for community sessions as the schools would not allow access before 4pm.

Challenges and opportunities

The council is developing a new leisure pool for Peterborough and will ensure that it fully explores all opportunities for re-providing hydrotherapy services if reasonably and financially viable. However, the scoping report for a new facility completed in 2020 highlighted that providing hydrotherapy at the city centre facility would have a negative effect on both capital and operational costs, and this model has not been completed anywhere else that does not have a health element associated with the business (Nuffield Health facilities for example).

Summary of Equality Impact Assessment

The disposal or closure of the pool would result in a £50k per annum saving to the council. However, it is acknowledged that there would be some negative impact for current pool users in managing their health conditions.

Next steps

The sale process is progressing as planned.
Engagement with the St Georges Friends Group has been undertaken throughout this period and is ongoing with developments of the sale of the facility.

Policy review date	
Assessment completed by	Jamie Fenton
Date Full EqIA completed	28 September 2021
Signed by Head of Service	Adrian Chapman

Equality Impact Assessment: ADS Income Generation

Initial assessment

What are the proposed outcomes of the policy?

Under the proposal it is proposed to generate income from non-statutory waste services in order to realise cash savings: · Charge developers for bins · Charge residents for lost stolen or damaged bins

Which individuals or groups are most likely to be affected?

No group should be disproportionality be affected by this policy.

Now consider whether any of the following groups will be disproportionately affected:

Equality Group	**Note any positive or negative effects**
Particular age groups	Neutral
Disabled people	Neutral
Married couples or those entered into a civil partnership	Neutral
Pregnant women or women on maternity leave	Neutral
Particular ethnic groups	Neutral
Those of a particular religion or who hold a particular belief	Neutral
Male/Female	Neutral
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	Neutral
Sexual orientation	Neutral

What information is available to help you understand the effect this will have on the groups identified above?

Who will be the beneficiaries of the policy?

The policy will be adopted across the city

Has the policy been explained to those it might affect directly or indirectly?

If the policy is adopted, it will be fully communicated to all effected parties

Can any differences be justified as appropriate or necessary?

N/A

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

We can monitor those requesting new bins to see if any groups are disproportionality effected.

Policy review date	
Assessment completed by	**James Collingridge**
Date Initial EqIA completed	**05/10/2021**
Signed by Head of Service	

Equality Impact Assessment: Serco Customer Services

Initial assessment

What are the proposed outcomes of the policy?

Serco – Customer Services

Movement of the present "customer facing" Customer Services Unit from the shop unit and re-provisioning of the service within the Town Hall. This ensures a "customer facing" Service will remain (only 30-40 contacts a day during a 3 hour opening) and that the Office Space can be re-let, and a re-provisioned service provided.

Which individuals or groups are most likely to be affected?

At the moment only circa 30-40 visits are being made a day during the 3 hour opening of the facility, and they could be from any age/ category group of our customers. Other Customers have already changed how they interact with the Customer Services Centre from "face to face" to other means.

The move is only circa 50 yards and although the Town Hall Service will be in the Town Hall Lobby, there is full accessibility to this point from either the front or the back of the Town Hall.

Now consider whether any of the following groups will be disproportionately affected:

Equality Group	Note any positive or negative effects
Particular age groups	Should be a neutral effect given above points
Disabled people	Should be a neutral effect given above points
Married couples or those entered into a civil partnership	Should be a neutral effect given above points
Pregnant women or women on maternity leave	Should be a neutral effect given above points
Particular ethnic groups	Should be a neutral effect given above points
Those of a particular religion or who hold a particular belief	Should be a neutral effect given above points
Male/Female	Should be a neutral effect given above points
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	Should be a neutral effect given above points
Sexual orientation	Should be a neutral effect given above points

What information is available to help you understand the effect this will have on the groups identified above?

Who will be the beneficiaries of the policy?

The move of the “face to face” customer centre reflects present usage and the move is to a location 50 yds from the existing location which is fully accessible

Has the policy been explained to those it might affect directly or indirectly?

Not yet – there will be a communications campaign once the option is agreed

Can any differences be justified as appropriate or necessary?

N/A

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

Through usage numbers and associated compliments and complaints in the Customer Service Centre.

Policy review date	11 October
Assessment completed by	P Carpenter
Date Initial EqIA completed	11 October 2021
Signed by Head of Service	P Carpenter

Equality Impact Assessment: Corporate Capacity Restructure

Initial assessment

What are the proposed outcomes of the policy?

Redesign and restructure of PCC's Corporate centre to align to current business priorities, ensure there is capacity to deliver sustainability and to reduce costs.

Which individuals or groups are most likely to be affected?

There is the possibility of a reduction in director roles with associated costs however it is the re-combination of different functions which potentially makes for more efficiency.

Now consider whether any of the following groups will be disproportionately affected:

Equality Group	Note any positive or negative effects
Particular age groups	All current corporate directors are in the same age group so there is no disproportionate impact
Disabled people	No disproportionate impact
Married couples or those entered into a civil partnership	No disproportionate impact
Pregnant women or women on maternity leave	No disproportionate impact
Particular ethnic groups	No disproportionate impact
Those of a particular religion or who hold a particular belief	No disproportionate impact
Male/Female	As the % of females / males in corporate director roles (75%/25%) follows workforce trends across council roles (71%/29%), there is no disproportionate impact
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No disproportionate impact
Sexual orientation	No disproportionate impact

What information is available to help you understand the effect this will have on the groups identified above?

Gender pay report https://www.peterborough.gov.uk/council/strategies-policies-and-plans/council-strategies/equality-and-diversity and HR information.

Who will be the beneficiaries of the policy?

A more efficient corporate centre will increase capacity to support across all front line services for the benefit of service users and communities.

Has the policy been explained to those it might affect directly or indirectly?

Yes – through discussion at the RIT and Budget CMT group

Can any differences be justified as appropriate or necessary?

n/a

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

Through line management, workforce pulse surveys and 'our conversations'.

Policy review date	5th October 2021
Assessment completed by	Amanda Askham
Date Initial EqIA completed	5th October 2021
Signed by Head of Service	Amanda Askham

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Appendix F – Carbon Impact Assessments

Corporate Capacity Restructure

Please provide a brief description of the policy/decision including the proposed outcomes?

Business case proposal of redesign and restructure of PCC's Corporate centre to align to current business priorities, ensure there is capacity to deliver sustainability and to reduce costs.

Now consider whether any of the following aspects will be affected:

Aspect	Likely climate effect:			Commentary
	+ve	-ve	neutr al	
The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.	X minima l			1-2 FTE reduction in roles and therefore reduced electricity use is likely
The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.	X minima l			1 -2 FTE reduction in roles and therefore reduced travel is likely
The councils water usage (especially hot water). Tick +ve if consumption will reduce.	X minima l			1-2 FTE reduction in roles and therefore reduced water use is likely
Creation of renewable energy. Tick +ve if it increases renewable energy production.			x	
Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.			x	
Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			x	
If the project involves			x	

the creation or acquisition of a building, has the energy rating been considered. Are / will measures be included to make the building energy efficient? Tick +ve if yes.				
Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			x	

What information is available to help the environmental impacts identified above to be quantified?

(e.g. this might be a estimation of energy consumption provided by a constructor, an estimate of distance travelled to a new site etc.)

The energy use within buildings is monitored, but the small reduction in staffing may not result in a noticeable change in energy use.

Can any differences be justified as appropriate or necessary?

Are any remedial or mitigation actions required?

Once implemented, how will you monitor the actual impact?

Energy use will be monitored centrally.

Overall summary to be included in your covering report.

The proposal includes a 1-2 FTE reduction in staffing. This is likely to result in a small reduction in the Council's carbon emissions.

Policy review date	
Assessment completed by	Amanda Askham
Date Initial CIA completed	10th October 2021
Signed by Head of Service	**Amanda Askham 10th October 2021**
Date approved by the Transport and Environment Team and supporting comments	**Hannah Swinburne 8th October 2021**

Economic Development

Please provide a brief description of the policy/decision including the proposed outcomes?

Exploring delivery model options (currently being delivered by Opportunity Peterborough) and their associated costs. It is currently unknown if there will be any impact to staffing numbers or the way that staff work, and so the carbon impact cannot be determined yet. Once a proposed delivery model is identified, a further carbon impact assessment will be carried out. There are no proposed capital works.

Now consider whether any of the following aspects will be affected:

Aspect	Likely climate effect:			Commentary
	+ve	-ve	neutral	
The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.			x	
The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.			x	
The councils water usage (especially hot water). Tick +ve if consumption will reduce.			x	
Creation of renewable energy. Tick +ve if it increases renewable energy production.			x	
Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.			x	
Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			x	
If the project involves the creation or acquisition of a building, has the energy rating been considered. Are / will measures be			x	

included to make the building energy efficient? Tick +ve if yes.				
Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			x	

What information is available to help the environmental impacts identified above to be quantified?

(e.g. this might be a estimation of energy consumption provided by a constructor, an estimate of distance travelled to a new site etc.)

This is currently unknown as the delivery model has not been identified.

Can any differences be justified as appropriate or necessary?

This is currently unknown as the delivery model has not been identified.

Are any remedial or mitigation actions required?

This is currently unknown as the delivery model has not been identified.

Once implemented, how will you monitor the actual impact?

This is currently unknown as the delivery model has not been identified.

Overall summary to be included in your covering report.

Work will be undertaken to identify and explore potential delivery models with Opportunity Peterborough. The impact on staffing levels and the way we work is currently unknown and therefore the impact to our carbon emissions is also unknown. Once a proposed delivery model is identified, a further carbon impact assessment will be carried out.

Policy review date	06/10/21
Assessment completed by	Emma Gee
Date Initial CIA completed	08.10.21

Signed by Head of Service	
Date approved by the Transport and Environment Team and supporting comments	

Aragon Direct Services Income Generation

Please complete all areas of this form and return to climatechange@peterborough.gov.uk for approval

1. Please indicate the type of decision this relates to:
Cabinet / Cabinet Member / Council / Scrutiny Committee, etc.

Council

2. Please provide a brief description of the policy/decision including the proposed outcomes:

Under the proposal it is proposed to generate income from non-statutory waste services in order to realise cash savings: · Charge developers for bins - £24,100 · Charge residents for lost stolen or damaged bins - £106,000

3. Now consider whether any of the following aspects will be affected:

Aspect	**Likely climate effect**			**Commentary** *Please explain why it is likely to have this effect*
	+ve	-ve	neutral	
Buildings Energy The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.			Yes	
Travel The council's energy consumption via travel (e.g. petrol). Tick +ve if consumption will reduce.			Yes	
Water Usage The councils water usage (especially hot water). Tick +ve if consumption will reduce.			Yes	
Renewable Energy Creation of renewable energy. Tick +ve if it increases renewable energy creation.			Yes	

Carbon Offsetting Will the proposal offset carbon emissions such as through tree planting? Tick +ve if yes.			Yes	
Other Reduces carbon emissions through amending ongoing activities not covered above e.g. management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			Yes	
Buildings Creation / Acquisition If the project involves the creation or acquisition of a building, has the energy rating been considered? Are / will measures be included to make the building energy efficient? Tick +ve if yes.			Yes	
Embodied Energy Does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			Yes	

4. What information is available to help the environmental impacts identified above to be quantified?

e.g. this might be a estimation of energy consumption provided by a constructor, an estimate of distance travelled to a new site etc.

If taken forwards this will see no increase in vehicle use, it may in time bring mileage down as it will leave the system un open to abuse to get new bins.

5. Can any differences be justified as appropriate or necessary?

n/a

6. Are any remedial or mitigation actions required?

N/A

7. Once implemented, how will you monitor the actual impact?

We will monitor diesel usage

8. Overall summary to be included in your covering report:

The income generation should not have a negative impact on CO_2 emissions. It is possible that introducing a cost to the replacement of bins will close the system to abuse, and therefore reduce travel to deliver unnecessary replacement bins.

9. Assessment approval:

Assessment completed by	James Collingridge
Date Initial Assessment completed	5/10/21
Signed by Head of Service	
Date approved by the Transport and Environment Team and supporting comments	

Aragon Direct Services Reductions

10. Please indicate the type of decision this relates to:
Cabinet / Cabinet Member / Council / Scrutiny Committee, etc.

Council

11. Please provide a brief description of the policy/decision including the proposed outcomes:

We have two savings options to look at the first would be specification changes to the ADS: -

1. Stop additional street cleansing undertaken annually as a 'Spring Clean' The annual spring clean is used to cleanse areas of the City that suffer from hit fly tipping but also areas such as shelterbelts that have historic waste to remove. -£80,000
2. Remove dedicated Fly Tipping Hit Squad, The Hit Squad has a set route around the city to go to regular fly tip hot spot areas weekly to cleanse and also assists with removal on unregistered land -£73,000
3. Stop trying to achieve Green Flag status in parks It is proposed to make various changes to our Open Spaces, reducing provision for Bedding planting, Green Flag status, and Infrastructure. -£8,000
4. Stop spring and summer bedding It is proposed to make various changes to our Open Spaces, reducing provision for Bedding planting, Green Flag status, and Infrastructure -£50,000
5. Reduce street washing to once per year This would be a reduction in City Centre pavement cleaning -£10,000

12. Now consider whether any of the following aspects will be affected:

Aspect	**Likely climate effect**			**Commentary** *Please explain why it is likely to have this effect*
	+ve	-ve	neutral	
Buildings Energy The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.			Yes	
Travel The council's energy consumption via travel (e.g. petrol). Tick +ve if consumption will reduce.	Yes			If some of the specification changes where taken forwards this would result in less vehicles being used to deliver the services.
Water Usage The councils water usage (especially hot water). Tick +ve if consumption will reduce.	Yes			If the option to reduce street washing was taken forwards less water will be needed to deliver this service however it may mean when it is done in the furture it takes longer so could negate this saving.

Renewable Energy Creation of renewable energy. Tick +ve if it increases renewable energy creation.			Yes	
Carbon Offsetting Will the proposal offset carbon emissions such as through tree planting? Tick +ve if yes.		Yes		The removal of seasonal bedding that in some parts is bee and wildlife friendly will have negative impacts on reducing carbon emissions. This will have minimal impact to carbon capture.
Other Reduces carbon emissions through amending ongoing activities not covered above e.g. management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			Yes	
Buildings Creation / Acquisition If the project involves the creation or acquisition of a building, has the energy rating been considered? Are / will measures be included to make the building energy efficient? Tick +ve if yes.			Yes	
Embodied Energy Does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			Yes	

13. What information is available to help the environmental impacts identified above to be

quantified?

e.g. this might be a estimation of energy consumption provided by a constructor, an estimate of distance travelled to a new site etc.

If taken forwards we would be able to quantify the reduction in vehicles used and what their previous diesel use was.

14. Can any differences be justified as appropriate or necessary?

The negative effect of removing seasonal bedding is proposed due to anticipated cost savings.

15. Are any remedial or mitigation actions required?

N/A

16. Once implemented, how will you monitor the actual impact?

We will monitor diesel usage

17. Overall summary to be included in your covering report:

The potential budget savings if taken forwards could see a reduction in vehicles used to deliver the ADS contract which would result in some CO_2 savings.

18. Assessment approval:

Assessment completed by	James Collingridge
Date Initial Assessment completed	5/10/21
Signed by Head of Service	
Date approved by the Transport and Environment Team and supporting comments	

NPS Property

Please provide a brief description of the policy/decision including the proposed outcomes?

Property

This has a number of elements

1) Renegotiation of NPS Core Contract
2) Improvement in Aragon procurements (property)
3) Review of service levels and innovation for cleaning

Overall – there might be a minor effect on all buildings as the specs are being turned down and non- essential work will not be completed but this should have no effect on the energy efficiency of the buildings.

Now consider whether any of the following aspects will be affected:

Aspect	Likely climate effect:			Commentary
	+ve	-ve	neutral	
The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.			X	Should be a neutral effect – not planning to close any of the buildings
The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.			X	Should be a neutral effect – not planning to close any of the buildings
The councils water usage (especially hot water). Tick +ve if consumption will reduce.			X	Should be a neutral effect – not planning to close any of the buildings
Creation of renewable energy. Tick +ve if it increases renewable energy production.			X	No effect on this
Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.			X	No change to now
Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			X	No change to now
If the project involves the creation or acquisition of a building, has the energy rating been considered. Are / will measures be included to make the building energy efficient? Tick +ve if yes.			X	No change to now
Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			X	No change to now

What information is available to help the environmental impacts identified above to be quantified?

Overall – there might be a minor effect on all buildings as the specs are being turned down and non- essential work will not be completed but this should have no effect on the energy efficiency of the buildings.

Can any differences be justified as appropriate or necessary?

Minimal impact as per initial clarification above

Are any remedial or mitigation actions required?

None – minimal impact as per initial clarification above

Once implemented, how will you monitor the actual impact?

Not applicable

Overall summary to be included in your covering report.

There will be minimal impact to the council's carbon emissions as any alterations to building improvements will not impact the energy efficiency of the buildings.

Policy review date	
Assessment completed by	Pete Carpenter
Date Initial CIA completed	5^{th} October 2021
Signed by Head of Service	**Pete Carpenter**
Date approved by the Transport and Environment Team and supporting comments	**Hannah Swinburne, 12.10.21**

Serco Business Support

Please provide a brief description of the policy/decision including the proposed outcomes?

Serco - Business Support

This is made up of two main elements. At the moment, reflected in the 2021/22 monitoring is a credit of £297,000 as a result of not fully utilising contracted business support levels. This will be taken as a saving in future years - with no staffing implications (as it results from holding vacancies). The remainder of the savings will come from transforming how the service is delivered, and rearranging the service into Hubs and/or specialist teams to deliver a more streamlined service to customers.

Now consider whether any of the following aspects will be affected:

Aspect	Likely climate effect:			Commentary
	+ve	-ve	neutral	
The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.	X minimal			The proposal includes service transformation and therefore reduced electricity use is likely
The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.	X minimal			The proposal includes service transformation and therefore reduced travel is likely
The councils water usage (especially hot water). Tick +ve if consumption will reduce.	X minimal			The proposal includes service transformation and therefore reduced water use is likely
Creation of renewable energy. Tick +ve if it increases renewable energy production.			X	No effect on this
Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.			X	No change to now
Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			X	No change to now
If the project involves the creation or acquisition of a building, has the energy rating been considered. Are / will measures be included to make the building energy efficient? Tick +ve if yes.			X	No change to now
Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			X	No change to now

What information is available to help the environmental impacts identified above to be quantified?

This is a people based contract. Presently in 2020/21 financial year it is underspending by circa £300k – but this is masked by so few people in the building. The additional Service transformation will again have a small impact on the Council's carbon emissions.

Can any differences be justified as appropriate or necessary?

Minimal impact as per initial clarification above

Are any remedial or mitigation actions required?

None – minimal impact as per initial clarification above

Once implemented, how will you monitor the actual impact?

Energy usage will be monitored centrally, however the impact of the small reduction in staff may not make a significant difference to data.	

Overall summary to be included in your covering report.

_The proposal includes service transformation. This is likely to result in a small reduction in the Council's carbon emissions.

Policy review date	
Assessment completed by	Pete Carpenter
Date Initial CIA completed	5th October 2021
Signed by Head of Service	**Pete Carpenter**
Date approved by the Transport and Environment Team and supporting comments	**Hannah Swinburne, 12/10/21**

Serco Customer Services

Please provide a brief description of the policy/decision including the proposed outcomes?

Serco – Customer Services

Movement of the present "customer facing" Customer Services Unit from the shop unit and re-provisioning of the service within the Town Hall. This ensures a "customer facing" Service will remain (only 30-40 contacts a day during a 3 hour period) and that the Office Space can be re-let, and staffing savings from the re-provisioned service.

Now consider whether any of the following aspects will be affected:

Aspect	Likely climate effect:			Commentary
	+ve	-ve	neutral	
The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.			X	As in the Council estate, premises will be re-let with a neutral CIA effect.
The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.			X	The service will be provided within the nearby Town Hall, and so there will be minimal impact to travel.
The councils water usage (especially hot water). Tick +ve if consumption will reduce.			X	As in the Council estate, premises will be re-let with a neutral CIA effect.
Creation of renewable energy. Tick +ve if it increases renewable energy production.			X	No effect on this
Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.			X	No change to now
Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			X	No change to now
If the project involves the creation or acquisition of a building, has the energy rating been considered. Are / will measures be included to make the building energy efficient? Tick +ve if yes.			X	No change to now
Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			X	No change to now

What information is available to help the environmental impacts identified above to be quantified?

This is a service move from the present Customer Centre back into the Town Hall. The existing Customer Interaction Centre will be re-let – therefore overall effect is neutral for the Council (as no further works are being undertaken)

Can any differences be justified as appropriate or necessary?

Minimal impact as per initial clarification above

Are any remedial or mitigation actions required?

None – minimal impact as per initial clarification above

Once implemented, how will you monitor the actual impact?

The energy usage from the building will be monitored.

Overall summary to be included in your covering report.

There is likely to be a minimal impact to the Council's carbon emissions as the service will be provided within the nearby Town Hall, so staff travel is likely to remain similar. The Council will re-let the shop unit, and may continue to be the energy customer, so emissions from energy use within the building are unlikely to be impacted.

Policy review date	
Assessment completed by	Pete Carpenter
Date Initial CIA completed	5th October 2021
Signed by Head of Service	**Pete Carpenter**
Date approved by the Transport and Environment Team and supporting comments	

Serco Revenues and Benefits

Please provide a brief description of the policy/decision including the proposed outcomes?

Serco – Revenues and Benefits The revenues and benefits IT infrastructure is currently being upgraded to the Cloud to give greater resilience. In parallel to this, process improvements will be made to deliver savings prior to a review and analysis of what IT help is available to automate existing application processes that are currently manually based. This will reduce the need for human intervention. The first applications expected to be implemented, depending on the analysis under way, will be modules for benefits/ Universal Credit claims handling and tax collection.

Now consider whether any of the following aspects will be affected:

Aspect	Likely climate effect:			Commentary
	+ve	-ve	neutral	
The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.	X minimal			The proposal includes process improvements and therefore reduced electricity use is likely.
The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.	X minimal			The proposal includes process improvements, and therefore travel is likely to reduce. This may be minimal as staff are largely working from home.
The councils water usage (especially hot water). Tick +ve if consumption will reduce.	X minimal			The proposal includes process improvements and therefore water usage is likely to decrease slightly.
Creation of renewable energy. Tick +ve if it increases renewable energy production.			X	No effect on this
Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.			X	No change to now
Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			X	No change to now
If the project involves the creation or acquisition of a building, has the energy rating been considered. Are / will measures be included to make the building energy efficient? Tick +ve if yes.			X	No change to now
Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			X	No change to now

What information is available to help the environmental impacts identified above to be quantified?

The process improvements will again have a minimal impact.

Can any differences be justified as appropriate or necessary?

Minimal impact as per initial clarification above

Are any remedial or mitigation actions required?

None – minimal impact as per initial clarification above

Once implemented, how will you monitor the actual impact?

Energy use within buildings will be monitored centrally.

Overall summary to be included in your covering report.

The proposal includes process improvements. This is likely to result in a small reduction in the Council's carbon emissions.

Policy review date	
Assessment completed by	Pete Carpenter
Date Initial CIA completed	5th October 2021
Signed by Head of Service	**Pete Carpenter**
Date approved by the Transport and Environment Team and supporting comments	**Hannah Swinburne, 12/10/21**

St George's Hydrotherapy Pool

19. Please indicate the type of decision this relates to:
Cabinet / Cabinet Member / Council / Scrutiny Committee, etc.

MTFS Budget Consultation Phase 1

20. Please provide a brief description of the policy/decision including the proposed outcomes:

St George's hydrotherapy pool was managed by the city council for a number of years before transferring to Vivacity's management in 2018. Following the ending of the contract between the council and Vivacity in 2020, the facility has been managed by Peterborough Ltd, although it has remained closed throughout the pandemic.

The pool caters for residents with both short- and long-term health conditions and also attracts visitors from outside the city due to the physiotherapy services it provides, overall supporting a few hundred clients a month. Whilst the pool is popular within its client base, it runs at a net loss of c.£50k per annum.

Given that the council is not obliged to provide a hydrotherapy pool, the ongoing costs of keeping this facility open can no longer be justified within the current financial climate.

The proposal is therefore to dispose of the facility to a private trader who will continue to operate (and expand) it for both his own client base and wider community use.

21. Now consider whether any of the following aspects will be affected:

Aspect	**Likely climate effect**			**Commentary** *Please explain why it is likely to have this effect*
	+ve	-ve	neutral	
Buildings Energy The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.	X			Selling the facility will reduce the overall energy consumption of the council.
Travel The council's energy consumption via travel (e.g. petrol). Tick +ve if consumption will reduce.			X	No impact at this stage, it is likely there will be no major changes as most users of this facility have long term health issues and need transport to access the facility for their health.
Water Usage The councils water usage (especially hot water). Tick +ve if consumption will reduce.	X			The council will reduce its need to consume hot water.

Renewable Energy Creation of renewable energy. Tick +ve if it increases renewable energy creation.			X	No impact at this stage, although the new buyer is looking to invest once the sale is completed, and this is outlined within the heads of terms. This will include new and improved boilers and energy systems when the current plant is at end of life.
Carbon Offsetting Will the proposal offset carbon emissions such as through tree planting? Tick +ve if yes.			X	Not applicable.
Other Reduces carbon emissions through amending ongoing activities not covered above e.g. management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.			X	No impact at this stage, although the facility could deliver carbon savings depending on outcomes longer-term following the sale of the facility and its future investment.
Buildings Creation / Acquisition If the project involves the creation or acquisition of a building, has the energy rating been considered? Are / will measures be included to make the building energy efficient? Tick +ve if yes.			X	Not applicable.
Embodied Energy Does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?			X	Not applicable.

22. What information is available to help the environmental impacts identified above to be

quantified?

e.g. this might be an estimation of energy consumption provided by a constructor, an estimate of distance travelled to a new site etc.

Current energy and water costs.

23. Can any differences be justified as appropriate or necessary?

The overall carbon impacts are deemed to be positive.

24. Are any remedial or mitigation actions required?

No.

25. Once implemented, how will you monitor the actual impact?

We will be quickly able to identify the reduced levels of usage of energy and water.

26. Overall summary to be included in your covering report:

The net effect of achieving a sale of this facility will be positive to the council. We will also monitor the future development of the facility when it moves into private ownership as there are plans by the proposed new owner to significantly improve its carbon footprint through replacement of existing plant.

27. Assessment approval:

Assessment completed by	Jamie Fenton
Date Initial Assessment completed	28/09/21
Signed by Head of Service	**Adrian Chapman**
Date approved by the Transport and Environment Team and supporting comments	*Hannah Swinburne, 08/10/21*