CABINET	AGENDA ITEM No. 5
21 FEBRUARY 2022	PUBLIC REPORT

Report of:	Interim Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance	
Contact Officer(s):	Cecilie Booth, Interim Corporate Director of Resources Kirsty Nutton, Acting Service Director: Financial Services & DS151	Tel. 452520 Tel. 384590

MEDIUM TERM FINANCIAL PLAN 2022/23 - PHASE TWO

RECOMMENDATIONS

FROM: Cabinet Member for Finance | **Deadline date: 11 February 2022**

It is recommended that Cabinet approves and recommends to Council:

1. This proposed budget includes a Council Tax increase of 2.99%, (1.99% general Council Tax and 1% Adult Social Care Precept), as outlined within section 5.2
2. The Phase Two budget proposals as outlined in Appendix B as the basis for public consultation.
3. The updated budget assumptions, to be incorporated within the Medium-Term Financial Plan 2022/23. These are outlined in section 5.
4. The revised capital programme outlined in section 5 and referencing Appendix C.
5. The establishment of a Budget Risk Reserve and the forecast reserve commitments to fund the cost of transformational investment and the implementation of the Improvement Plan. These are outlined in section 6 and Appendix F.
6. The Education budget as outlined in section 5.6 and within Appendix J.
7. The proposed approach to the development of an Asset Management Strategy, in line with that included within the improvement plan. This is outlined in section 5.5.
8. The Medium-Term Financial Plan 2022/23- Phase Two, as set out in the body of the report and the following appendices:
    - Appendix A – 2022/23 MTFP Budget Position Phase Two
    - Appendix B – Phase Two Budget Consultation Document
    - Appendix C – Capital Programme Schemes 2022/23-2024/25
    - Appendix D – Financial Risk Register
    - Appendix E – Fees and Charges
    - Appendix F – Reserves Commitments
    - Appendix G – Equality Impact Assessments
    - Appendix H– Carbon Impact Assessments
    - Appendix J – Dedicated Schools Grant and the Schools Budget 2022-23
    - Appendix K – Treasury Management Strategy
    - Appendix L – Capital Strategy
    - Appendix M – Budget Consultation Feedback

It is recommended that Cabinet and Council notes:

9. The strategic financial approach taken by the Council outlined in section 4 of this report.
10. The Council’s core funding position following the Local Government Final Finance Settlement published on 7 February 2022. This shows a £0.005m favourable change in comparison to the provisional settlement previously reported. This is outlined in section 5.
11. The forecast reserves position, and the statutory advice of the Chief Finance Officer outlined in section 6 ‘The

Robustness (Section 25) Statement'.
12. The Councils Improvement Plan within Appendix I, as agreed at Council on 16 December, from which this plan is outlined as a key deliverable within the financial sustainability theme.
13. The following changes which have been made since the 31 January Cabinet report:
    a. Confirmation of Final Settlement and grant allocations such as Public Health resulting in a £0.005m favourable change in budget position
    b. Inclusion of the final parish precepts in section 5.2- net nil budget impact
    c. Confirmation of no changes to the estimates/assumptions included within the budget proposals
    d. Inclusion of the approach to the asset strategy
    e. Inclusion of the budget consultation feedback received up to 10 February 2022.

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 legal requirements to set a balanced and sustainable budget for 2022/23.

2.0 PURPOSE AND REASON FOR REPORT

2.1 **Purpose**

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 Two budget proposals
- Ask Cabinet to agree that the Medium-Term Financial Strategy is necessarily delayed until September 2022, as proposed in the Improvement Plan that was approved by Council on 16 December 2021
- Outline the financial challenges facing the Council in setting a balanced budget over the medium term
- Outline the tactical approach and actions taken by the Council to deliver a balanced budget in 2022/23

Proposals agreed by Cabinet at this meeting, following consideration of the consultation feedback will be recommended to Council on 02 March 2022 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 8 December 2021, the Medium Term Financial Strategy (MTFS) 2022/23-2024/25 Phase One was approved, outlining a revised budget gap of £17.8m in 2022/23, rising to £20.5m at the end of 2024/25. This required the Council to make further savings in order to set a legally balanced budget in 2022/23.

The Council's financial challenge has developed over the years due to underfunding, exposure to greater levels of risk and low financial resilience, resulting from its low reserves balances. Despite all of this the Council has continued to perform well, providing vital services to its 200,000+ residents, whilst at the same time managing demand and keeping expenditure low.

Since 2018 the Council has subjected its financial strategy and approach to financial sustainability to rigorous external financial challenges and since the summer of 2019 have implemented an enhanced series of expenditure controls. The recently published report from CIPFA, on behalf of the Department for Housing, Levelling-Up, and Communities (DHLUC), should be seen as the position statement for the Council, and the basis of the December 2021 approved Improvement Plan.

The Council's negotiations with DHLUC (formally MHCLG) are well documented, and resulted in Capitalisation Directions to support balanced budgets in the years covering for 2020-22. For 2021/22 in order to set a legal balanced budget the Council was reliant on the receipt of exceptional support from Government. That exceptional support was conditionally provided in the form of a Capitalisation Direction which would enable the Council to borrow monies to fund revenue expenditure. As last year's budget report stated '***The Council has no recourse to alternative options. Without receipt of the exceptional support, the Council is not able to set a legal budget which is the requirement of Full Council*.'**

Last year's report to Cabinet on the MTFS stated that '*The Council has been operating in challenging financial circumstances for several years and unless immediate action was taken to reduce the costs of its operations markedly in the medium term, expenditure was estimated to exceed income with extremely limited recourse to reserves.*' The budget proposed for 2022/23 reflects the parlous state of the Council's finances and is a necessarily tough budget, both in terms of having to propose a Council Tax increase and some reductions to services. However, more positively, the Council has been able to protect most services, and particularly all of those that provide care to our most vulnerable residents.

In setting the proposals for a legal and balanced budget for 2022/23, the following four overriding objectives have been considered:

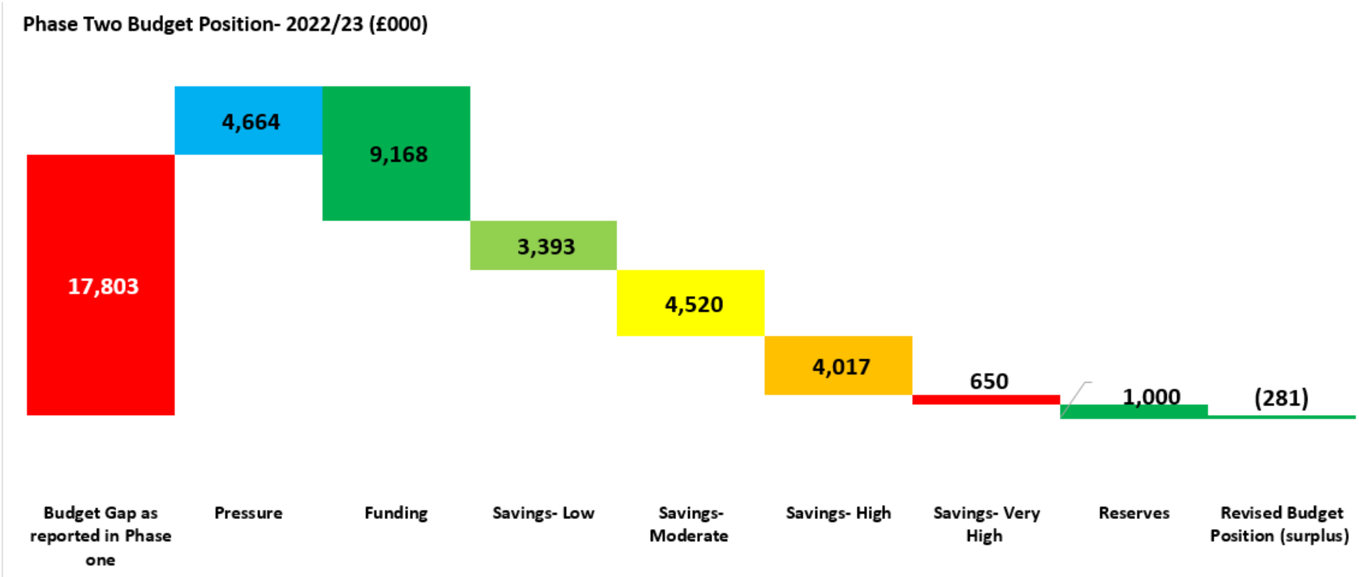
1. **To protect front-line services as much as possible**
2. **To avoid long-term borrowing to pay for day-to-day expenditure**
3. **To protect and improve the reserves position**
4. **To avoid short-term decisions that would result in increased costs in the medium term**

The Council is at a critical stage. Its financial stability is not guaranteed, and the future is uncertain. That is why tackling the finances and budget is being completed in a two-stage approach:

- **Stage One -** A tactical budget for 2022/23, which goes as far as possible to getting the appropriate balance between the four objectives outlined above and contained within this report
- **Stage Two -** A new Medium Term Financial Strategy (MTFS), that requires a fundamental review of how this Council operates, including deciding what services we can afford in addition to our statutory minimum and how services are delivered, how income is maximised, and how to invest in the City without compromising our very future

This document focuses almost entirely on stage one. Stage two, the development of an MTFS, is already underway, but will take time. The new MTFS will be presented to Cabinet in September, for consideration by Council in December. It is conceivable that the new MTFS may result in some changes to the 2022/23 approved spending plans, but cannot and will not affect Council Tax levels.

The proposed changes in 2022/23, from Phase One MTFS to Phase Two MTFS, are summarised in the following chart, with further detail shown in this report.



The following table summarises the overall budget position for both Phases One and Two, starting with the opening budget gap of £26.8m as identified within the 2021/22 MTFS.

Budget Position Summary - 2022/23 (Phases One & Two combined)

	2022/23
	£000
Budget Gap from 2021/22 MTFS	26,793
Budget Pressures & Service Demand	5,125
Revised Budget Gap	**31,918**
Savings	(18,831)
Funding Changes	(12,368)
Reserves	(1,000)
Budget Surplus*	**(281)**

**holding for further budget adjustments as a result of refining estimates and detailed plans and consideration of consultation feedback. If this is not needed there will be a contribution to the reserves position in line with the overarching financial strategy.*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	**YES**	If yes, date for Cabinet meeting	**21 February 2022**
Date for relevant Council meeting	**02 MARCH 2022**	Date for submission to Government Dept.	**N/A**

This process is to deliver a 2022/23 Revenue Budget and Capital Programme for the Council.

The following table setting out the budget timetable for phase two:

Budget Timetable

Meeting	**Date**
Cabinet	31/01/2022
Joint Scrutiny	09/02/2022
Cabinet	21/02/2022
Council	02/03/2022

4.0 STRATEGIC FINANCIAL APPROACH

4.1 **Financial Operating Context**

The Council has had, 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), and external financial specialists to develop and deliver a sustainable financial strategy.

4.3 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.

One Off Strategic Funding Solutions

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000
Re-deeming Debt with Capital Receipts	12,738	6,220	10,874	6,357	2,433	2,603
MRP Re-provision	-	3,700	-	-	-	-
Capitalisation direction*	-	-	5,564	1,217	-	-
Reserves	7,194	6,350	3,084	1,510	2,876	2,000
One Off Covid-19 related Funding	-	-	-	-	8,944	-
Total	**19,932**	**16,270**	**19,522**	**9,084**	**14,253**	**4,603**

** The budgeted £13.7m Capitalisation Direction in 2021/22 is forecast as not being required in the latest BCR, with £2.9m of reserves utilised to fund revenue expenditure.*

4.4 This report sets out the different approach that is being undertaken with regard to setting a legal budget for 2022/23 and developing a new Medium Term Financial Strategy. Until that MTFS is developed, it is appropriate to focus this report on the recent history, how that is impacting on the 'here and now', and the operating environment that is expected for 2022/23, along with the risks that this presents.

4.5 **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.

Most recently, the report from CIPFA, on behalf of the DLUHC, was published which should be seen as the position statement for the Council, and the basis of the December 2021 approved Improvement Plan.

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.

4.6 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.
- ✓ 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.
- ✓ An enhanced moratorium on both revenue and capital expenditure for the remainder of 2021/22, in order to reduce the budgeted draw-down from Reserves to support the Revenue Budget, and to minimise new borrowing requirements to fund the Capital Programme.

Financial Implications of the COVID-19 Pandemic

4.7 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 COVID-19 have dominated the activities of the Council and that of its communities for almost two years, 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 COVID-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 COVID-19 restrictions
- Local Council Tax Support scheme with the ending of furlough and unknown timing for economic recovery

Exceptional Financial Support

4.8 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 2021/22.

The Council assumed the use of £13.7m of the EFS to set a balanced and legal budget for 2021/22. 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 2021 period, CIPFA and Andrew Flockhart conducted those reviews on behalf of the DLUHC. These are available on the Council's website and form the foundations of the budget strategy outlined earlier in this document.

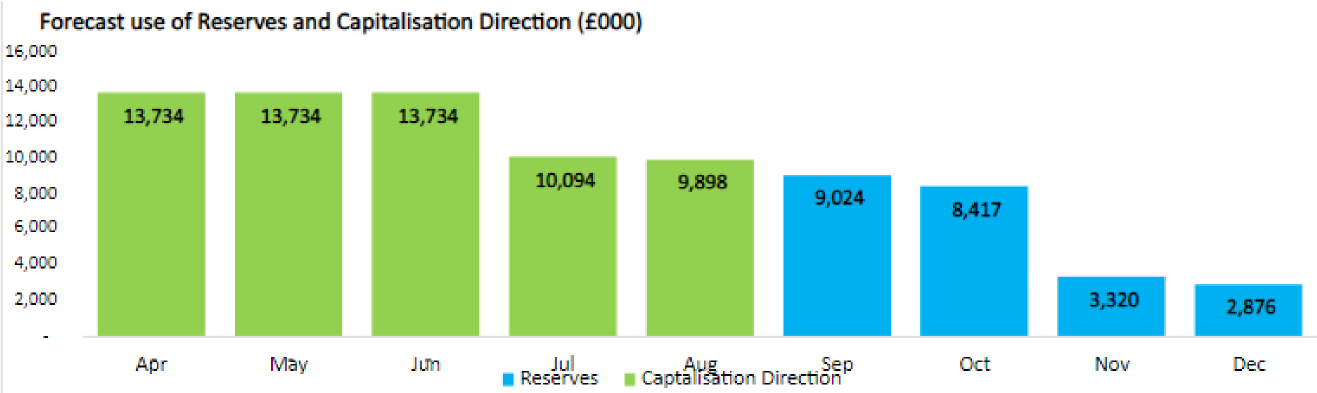
The Council has revised its budgeted funding strategy for 2021/22. As a result of stricter spending restrictions, lower than expected demand for some services, and through the application of funding from the COVID-19 Funding Reserve, it now expects to avoid the need to use any of the Capitalisation Direction. The COVID-19 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 COVID-19 could be funded in 2021/22. However, the scale of the additional demand and budgetary pressures expected have been lower than the Council originally anticipated, and in most instances have been contained within the 2021/22 budget, meaning this reserve has been made available for alternative use, as recommended in the August BCR report

December Budgetary Control Report (BCR)

4.9 At the end of December, the Council's forecast outturn position has considerably improved in comparison to the forecast at the start of the year, with a break-even position being forecast. Although this position is with the use of £2.9m of reserves to underpin revenue expenditure, the Council assumes that it will not use any of the conditional Capitalisation Direction (borrowing to fund revenue costs) during 2021/22.

As referenced in 4.6, in November the Council introduced a moratorium on revenue to stop on all non-essential expenditure across the organisation. This was put in place to reduce reliance on the reserves balances in the current year so that these could be used to fund transformation, increase the Council's financial resilience and / or strategically support the 2022/23 MTFP.

So far, the forecast funding required from reserves has reduced by over £7m. This change in the forecast use of Capitalisation Direction and reserves to underpin the budget is illustrated in the following chart.



At the start of the year the Council was forecasting an overspend of £3.7m across all service areas due to the uncertainties surrounding the impact of COVID-19. For most services the forecast outturn position has stabilised, and budgetary performance is contained within the funding resources factored into the 2021/22 budget. The improvement in the Council's financial performance has been significant and demonstrates the positive actions taken by officers to manage in year demand, reduce expenditure and either maintain or increase income receipts. Some service delivery areas where the Council has experienced budgetary pressures remain, such as the loss of income from Parking, and Culture and Leisure services. However, officers are developing and / or implementing mitigating actions in these services such as the recent proposed changes to the operation of Key Theatre.

There is also notable 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 from central government, and a reduction in the cost of capital financing for the Council.

The following table outlines the budgetary performance by directorate as at December 2021:

Directorate	Budget £k	Forecast Spend £k	Dec Variance £k	Nov Variance £k	Movement £k	Overall Status
Chief Executives	1,219	1,183	(36)	(34)	(2)	Underspend
Governance	4,169	3,968	(201)	(190)	(11)	Underspend
Place & Economy	23,988	22,325	(1,663)	(1,105)	(558)	Underspend
People & Communities	101,216	101,745	529	86	443	Overspend
Public Health	(188)	(261)	(73)	(73)	(0)	Underspend
Resources	22,771	19,969	(2,802)	(2,557)	(244)	Underspend
Customer & Digital Services	7,356	6,744	(611)	(547)	(65)	Underspend

Business Improvement	722	686	(36)	(29)	(7)	Underspend
Capital Financing	27,994	25,307	(2,687)	(2,687)	0	Underspend
Total Expenditure	**189,247**	**181,667**	**(7,580)**	**(7,136)**	**(444)**	Underspend
Financing	(186,013)	(181,667)	4,346	3,902	444	Reduction in the Use of Reserves
Exceptional Financial Support (Capitalisation Direction)	(3,234)	0	3,234	3,234	0	Reduction in Borrowing
Net	**(0)**	**(0)**	**(0)**	**0**	**(0)**	Breakeven

The December Budgetary Control report is also reported at this meeting on Cabinet on 21 February and will provide further analysis of the directorate financial performance.

Budget position- Phase One 2022/23

The Council started the budget setting process for 2022/23 with an opening budget gap of £26.8m. The Phase One MTFS report set out 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. That left a remaining gap of £17.8m in 2022/23. The proposals are outlined in further detail in the Phase One MTFS 2022/23 report.

Strategic Budget Approach

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.

In setting the proposals for a legal and balanced budget for 2022/23, there are four overriding objectives:

1. **To protect front-line services as much as possible**
2. **To avoid long-term borrowing to pay for day-to-day expenditure**
3. **To protect and improve our Reserves position**
4. **To avoid short-term decisions that would result in increased costs in the medium term**

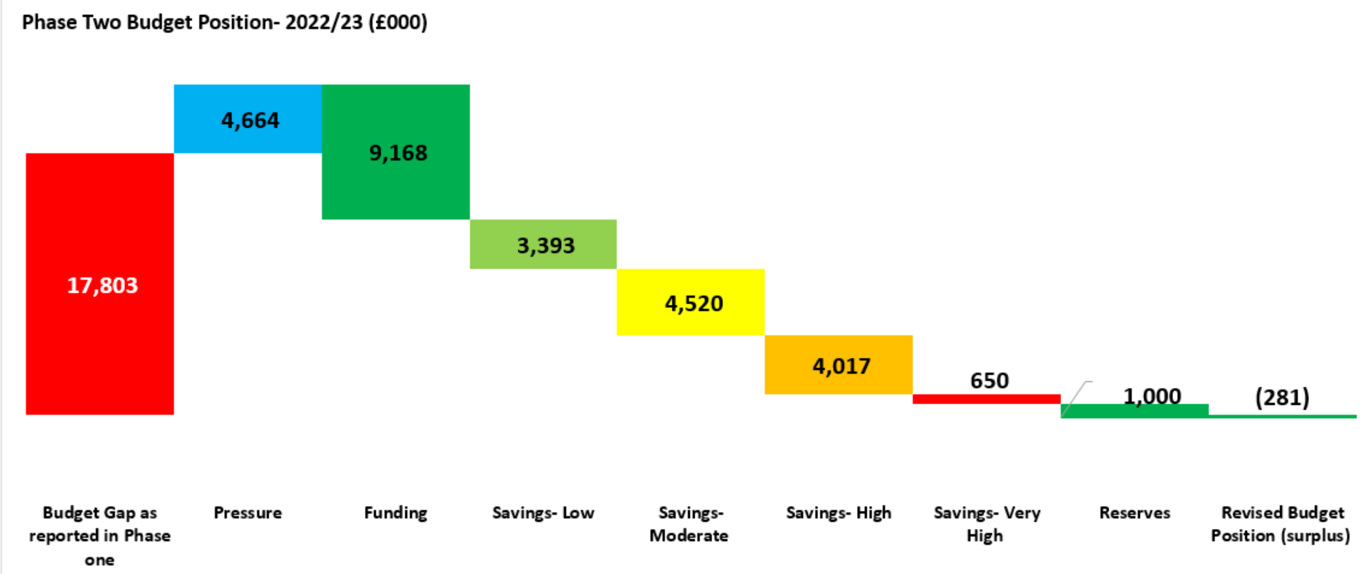
The Council is at a critical stage. Its financial stability is not guaranteed, and the future is uncertain. That is why tackling the finances and budget is being completed in a two-stage approach:

- **Stage One -** A tactical budget for 2022/23, which goes as far as possible to getting the appropriate balance between the four objectives outlines above.
- **Stage Two -** A new Medium Term Financial Strategy, that requires a fundamental review of how this Council operates, what services above the statutory minimum can be provided and how services are delivered, how income streams are maximised, and how to invest in the City without compromising its future.

The approach taken for Phase Two has been to examine all areas of the Council's business and service delivery, in order to find opportunities that, as a package, go some way to meeting the four objectives set out above. Although the Council has managed to protect the vast majority of its services, particularly in Children's and Adults' services, it is simply not possible to balance the books without some impact on service delivery. Every effort has been made to focus on how services might be delivered differently, and to look for additional funding from partners, and there are a small number of proposals that result in a diminution or ending of a service.

Some of the proposals have been included with a target saving, rather than a saving that is fully supported by a detailed delivery plan. This is far from ideal but is a necessary approach in order to protect services as much as possible. Other proposals include some one-off opportunities, which cannot be repeated in future years and will therefore need replacing in 2023/24 with ongoing savings.

The Phase Two budget position, starting from the end of Phase One position of a £17.8m gap is as follows:



The total of the four saving proposal risk categories is £12.6m, with £4.7m being categorised as very high or high risk.

Financial Risk

Given the magnitude of the financial challenge and the requirement for more fundamental and radical change, the proposals have inevitably increased the level of financial risk the Council will be exposed to during 2022/23. A number of the proposals rely on factors that are not within the Council's direct control, which naturally adds to the risk. In addition, there are assumptions made about the future demand and cost pressures that are uncertain and will need careful monitoring over the coming weeks and months. Perhaps the biggest uncertainty is the rate of inflation throughout the remainder of this financial year and 2022/23, given the level of third-party spend in our budget. Further consideration of risk is set-out in Section 6 of this report

Appendix D sets-out the Budget Risk register in full. This has informed the approach to Reserves as set-out in Section 6 of this document.

Priorities

The updated Corporate Strategy that was approved at Council on 16 December 2021, makes it clear that the Council's top priority has to be on getting a grip on the Finances. Without that, the future is bleak. This budget, along with a new, challenging MTFS to be considered in the Autumn, will be the start of achieving financial stability and putting the Council in a position where the City can grow and prosper. In addition, the tightened spending controls will ensure value for money for every pound spent is achieved, and a programme of updated budgetary control training for budget managers will focus on managing ever tighter budgets, in a volatile and unpredictable environment.

Immediate Options

Since Phase One of the budget was agreed in December 2021, the Corporate Management Team have overseen a process of initial service reviews and a review of all previously identified pressures. This has led to the Phase Two proposals included in this report.

This built on the Phase One work where 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 well underway and the initial findings from the Children's and Adult service reviews are factored in to these 2022/23 budget proposals. Cabinet and the FSWG will be engaged with the further development of proposals in these key areas over the coming months. The specific areas include:

- **Capital programme**: A revised Capital Strategy is attached at Appendix J. This sets-out a strategy much more cognisant of the financial position the Council is in. The Council has high borrowing costs, and high levels of debt compared to its asset base. It is vital that any future capital programme only includes projects that are all or mostly grant-funded, do not incur future revenue pressures for asset maintenance and running costs, lead to future income streams that pay back the investment in the short-to-medium term, and/or will lead to transformation and future revenue savings.
- **Sale of assets**: The Council will undertake a thorough review of its asset base in accordance with the Improvement Plan, with a view to maximising value wherever possible, before 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 and partnerships**: The Council will review its key contracts and partnerships. This review will ensure that the Council's contracts reflect value for money, specifications are clear and manageable, and performance is reported appropriately to the size of the contract.
- **Service expenditure:** The Council will carry out a forensic review of budgets at service level including an evaluation of the key cost drivers, the expected outcomes and their contribution to meeting statutory duties and other top priorities.

These work streams are outlined in more detail in the Improvement Plan included within Appendix I.

5.0 BUDGET DETAIL

5.1 Phase Two Budget Position

The following tables summarise the budget position and detail of all proposals included within this Phase Two MTFP 2022/23.

Budget Summary Position- Phase Two

Budget Gap	2022/23 £000
Budget Gap as reported in Phase one	17,803
Pressure	4,664
Funding	(9,168)
Savings:	
Low	(3,393)
Moderate	(4,520)
High	(4,017)
very High	(650)
Reserves	(1,000)
Revised Budget Position (surplus)*	**(281)**

**holding for further budget adjustments as a result of refining estimates and detailed plans, and consideration of consultation feedback. If this is not needed it will contribute to the reserves position in line with the overarching financial strategy.*

Phase Two budget proposals

Pressures	2022/23 £000
Adult Social Care- Lifelines	124
Adult Social Care- Market sustainability and Demand	1,869
Adult Social Care Reforms	535

Adult Social Care - Review Backlog	225
Chief Executive Personal Assistant (PA)	50
Clare Lodge - Loss of Income	480
Equality Diversity & Inclusion Joint Role	50
Home to School Transport	486
Housing Enforcement - selective licensing	217
Housing - Temporary Accommodation Pressure-TA Pressure mitigation	178
HR Resource – Capacity	37
Loss of Parking Income	413
Total	**4,664**

Savings	**2022/23 £000**
Low	**(3,393)**
Adult Social Care - Interim Bed Review	(120)
Aragon Direct Services	(41)
CCTV	(25)
City College Peterborough - Use of Surplus Balances	(1,000)
Communities Grant Income	(250)
Disband Tourist Information Centre (TIC) team	(73)
ICT Savings	(342)
Pension Costs	(41)
Review Inflation assumptions	(172)
Review of Constitutional Services	(85)
Review of Planning Services	(30)
Serco	(92)
Supporting Families (previously Tackling Troubled Families) continuation	(753)
Unauthorised Encampments	(10)
Transport Levy	(226)
Peterborough Highways Services (PHS)	(133)
Moderate	**(4,520)**
Adult Social Care - Direct Payments	(87)
Adult Social Care - Front Door	(250)
Adult Social Care - Hospital Discharges	(419)
Adult Social Care - Increased Technology Enabled Care	(100)
Adult Social Care - Reablement	(200)
Citizens' Advice Peterborough	(20)
City Centre Events	(69)
City College Peterborough - Operating Model Review	(500)
Culture & Leisure - Delivery of savings on services	(1,431)
ICT Savings	(550)
Reduction in Tree Management	(250)
Serco - Business Support	(250)
Solar Roof Top Asset Portfolio	(394)
High	**(4,017)**
Capital Programme Reduction - Revenue impact	(750)
Children Social Care - increased income	(500)
Children Social Care - inhouse fostering	(372)
Contracts and Procurement Saving	(1,700)
Redesign of Communities and Place departments	(316)

Regulatory Services	(135)
Review Energy from Waste (EfW) Budget Assumption	(244)
Very High	**(650)**
Adult Social Care - Increased Income	(400)
Children Social Care - reunification	(250)
Total	**(12,580)**

The total package of savings and income can be further analysed into the following:

Category	**Recurring savings £000**	**One-off savings £000**	**Total saving in 2022/23 £000**
Income Generation	(1,926)	-	(1,926)
Contract Efficiencies	(2,109)	-	(2,109)
Use of Technology & Process Efficiencies	(696)	-	(696)
Demand Management	(1,798)	-	(1,798)
Reduction or change in service offer	(3,244)	(250)	(3,494)
Other	(1,557)	(1,000)	(2,557)
Total	**(11,330)**	**(1,250)**	**(12,580)**

Further detail in respect of the proposals is contained in the following appendices:

- Appendix A – 2022/23 Detailed Budget Position
- Appendix B – Phase Two Budget Consultation Document

5.2 **Core Funding Assumptions**

The following table outlines the Council's forecast core funding for 2022/23 and has been updated to reflect the Local Government Final Finance Settlement announced on 7 February 2022. Further details of the assumptions used are outlined within this section.

Funding Summary Position 2022/23

	2022/23 £000
NNDR (Business Rates)	(54,038)
Revenue Support Grant	(10,794)
Council Tax	(91,593)
New Homes Bonus	(2,951)
Business Rates Pool	(2,541)
Improved Better Care Fund	(7,480)
Services Grant (one-off)	(2,896)
Social Care Grant	(7,753)
Lower-Level Services Grant	(302)
Adult Social Care – New Burdens Grant	(535)
Net Contribution from Reserves	(1,000)
TOTAL CORE FUNDING	**(181,883)**

Council Tax

The level of proposed Council Tax income is based on 2.99% Council Tax increase (1.99% general and 1% Adult Social Care Precept) on the 2021/22 rates. This is in line with the 2022/23 referendum limits confirmed in December 2021 and means the **Band D rate will increase from £1,467.76 in 2021/22 to £1,511.65 in 2022/23.**

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 Council's share of the estimated deficit on the collection fund for 2021/22 is £1.1m. For budgetary purposes this is accounted for in the 2022/23 budget. The estimated deficit at the end of 2020/21, was spread over three financial years covering 2020/21-2023/24, in accordance with the government legislation. In order to mitigate any adverse impact of the national COVID-19 restrictions on Council Tax collection the Regulations made provision for the estimation and phasing of an 'exceptional balance' when billing authorities estimated their collection fund surpluses and deficits at 15 January 2021. For the Council this means that £0.6m of the £1.1m collection fund deficit has already been accounted for within the budget. At the end of 2020/21 the Council received £2.3million of Tax Income Guarantee compensations grant from the government, like many other councils, in recognition that the Council has suffered significant losses on NNDR and council tax income as a result of COVID-19 restrictions. The Council put this money in to reserves to cover any future Collection Fund deficits, therefore £0.5m will be utilised from the reserve to cover the adjustment to the deficit.

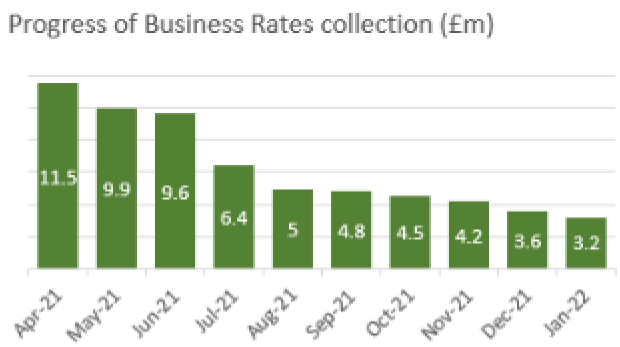
The following table summarises the Council's current Council Tax income assumptions for 2022/23:

Council Tax breakdown	**2022/23**
Council Tax increase	1.99%
ASC precept increase	1.00%
Council Tax Band D	**£1,511.65**
Council Tax Base	60,494.82
Council Tax Income (Band D x Tax Base)	**(£91,446,995)**
Parish Precept*	(£704,855)
Collection Fund	
Council Tax Deficit (spread over 3 years - already budgeted for as per 2021/22 MTFS)	£558,727
Council Tax 2021/22 Deficit Adjustment	£525,705
Total Collection Fund deficit	**£1,084,432**
Gross Council Tax Budget	**(£91,067,418)**
Use of the COVID-19 Tax Income Reserve to offset the 2021/22 Deficit Adjustment	(£525,705)
Total Council Tax Budget	**(£91,593,123)**

**now updated to reflect the final parish precept returns*

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

Business Rates is a major source of income for the Council providing £54m, with additional income of £2.5m expected in 2022/23 as a result of the 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 £2.2m forecast in the current year, and £2.5m for 2022/23.



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 72% to £3.2m, 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 had 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 improves the overall business rates income forecast.

This position was confirmed in the NNDR1 return submitted to DLUHC on 31 January. As a result of the retail relief scheme extension and the Covid-19 Additional relief scheme (CARF) the Council will receive section 31 grants during the year, which will result in a timing/accounting difference on the Collection Fund. This will result in a contribution into reserves at the end of the financial year and will be released into the general fund (revenue) budget in 2022/23, to mitigate the effect of the deficit. Alongside this a full review of the appeals provision will take place, including external verification via the use of a rating valuation professional. The final position will be confirmed as at 31 March and reported within the Outturn Report, the Statement of Accounts, and the NNDR3 return which will be submitted to DLUHC.

Grants and Local Government Final Finance Settlement

The Local Government Final Finance Settlement was published on 7 February which confirmed the allocations from the provisional settlement announced in December. The settlement was overall beneficial for local government, with a Core Spending Power increase of over 4% (real terms). The majority of the settlement was a roll over from 2021/22, with the priority of providing ‘stability in the immediate term’-Therefore only providing a one- year settlement. A more fundamental review of local government funding is expected to start in 2022 and could be implemented as early as 2023/24.

The settlement has provided the Council with £8.8m of additional funding, over and above the original budget estimates outlined in Phase One. This includes the following key changes:

- **New Homes Bonus**: 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 and to be announced in advance of Local Government Provisional Finance Settlement, but a final scheme is still to be confirmed. As a result, the current scheme was rolled over for an additional year, meaning an additional £1.5m of grant funding for the Council
- **Services Grant:** is a new grant which has been created to fund general responsibilities. The Council should receive £2.9m, however this is one off and likely to be replaced by more radical funding changes in future years.
- **Revenue Support Grant, Improved Better Care Fund and Lower tier services grant:** have received an inflationary (3.1%- CPI) up lift in comparison to the 2021/22 grant levels.
- **Adult Social Care Reforms**: The Council is expecting to receive £0.5m of new funding in 2022/23, to commence implementing the Social Care Reform White paper and the Fair Cost of Care and Market Sustainability Fund. A corresponding pressure has also been factored into the budget, to take account of the additional cost the Council expects to see as a result of implementation.
- **Social Care funding**: is expected to increase by £2.1m as part of the Government is committed to ensuring local government has the resources it needs to support the most vulnerable through adult and children’s social care.
- **NNDR (Business Rates) multiplier cap compensation:** the Chancellor announced within the Spending Review that businesses will see a freeze in their Business Rates bills, which in turn would reduce the amount of income the Council would receive to fund services. The government acknowledges this and

therefore compensates councils with a grant to cover the income lost had an increase in line with CPI (3.1%) been applied. An estimate of £1.3m was factored into the budget, but this is to be finalised along with the NNDR. It is expected that in the final finance settlement the government will confirm RPI will in fact be used in this calculation which will be more beneficial.

Other Specific funding announcements

- **Supporting Families programme (previously Troubled Families programme)**. In Budget 2021, the Chancellor announced a £500m families package, including £200m cross-government Supporting Families programme. Local government was allocated £40m funding for 2022/23 in SR21. Local authority allocations for this programme have now been confirmed with Peterborough expecting to receive £1.002m.
- **Public Health-** 2022/23 allocations were confirmed early February with the Council seeing a 2.8% increase in grant from £11.252m in 2021/22 to £11.568m in 2022/23. This is expected to be used to support the 'catch up' on services where performance has been impacted following the pandemic national restrictions, ie health checks and smoking support.
- **Cyber security-** £12m of national funding to tackling cyber security challenges and investing in local authority cyber resilience. The Council has been successful in a bid for £0.100m of funding.
- **Homelessness Prevention Grant-** Confirmation of the continuation of the 2021/22, with a further £5.8m nationally. This means the Council expects to receive an additional £0.025m in addition to £1. 337m already received
- **Adults Social Care Grant-** £60m national funding top-up to local authorities to support adult social care sector in the new year, in response to the rapidly rising Omicron cases. This provides the Council with £0.2m of additional funding within the current financial year.

Longer Term Local Government Funding Reform, Levelling up & 'building back better'

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 COVID-19 pandemic, and a change in ministerial roles, the Local Government funding reforms (also referred to as Fairer Funding Review) has been postponed and will not be implemented until 2023/24, at the earliest. Ministers have signalled they will be re-starting the local government funding reforms in the Spring 2022.

Local Authorities have also been budgeting based on one-year funding settlements, with 2022/23 being no exception to this trend. This means operating under increased levels of uncertainty and difficulties when 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.

In addition to the plans to review and implement Local Government funding reforms, the government has also outlined the timetable for the implementation of the Social Care reforms, and plan to progress a wider government agenda for levelling up, which it outlined further in the whitepaper, published on 2 February 2022. Implementing these wide-ranging changes within a short timeframe, could present difficulties nationally, therefore the current timescales could be seen to be optimistic. The Council will closely monitor and work through these policies, to ensure the local impact of it is fully understood, aligned and factored into future strategies. The following timeline summarises the key announcements and reforms expected in the future:

High Level Funding Reform Timeline

2022
Fundamental Review of Local Government Funding

2022/23
Confirmation of replacement New Homes Bonus Scheme
'Build Back Better'- Social Care Reforms implementation

2023/24
Local Government Funding Reforms & Business Rates Reforms impementation

Change in Core Funding

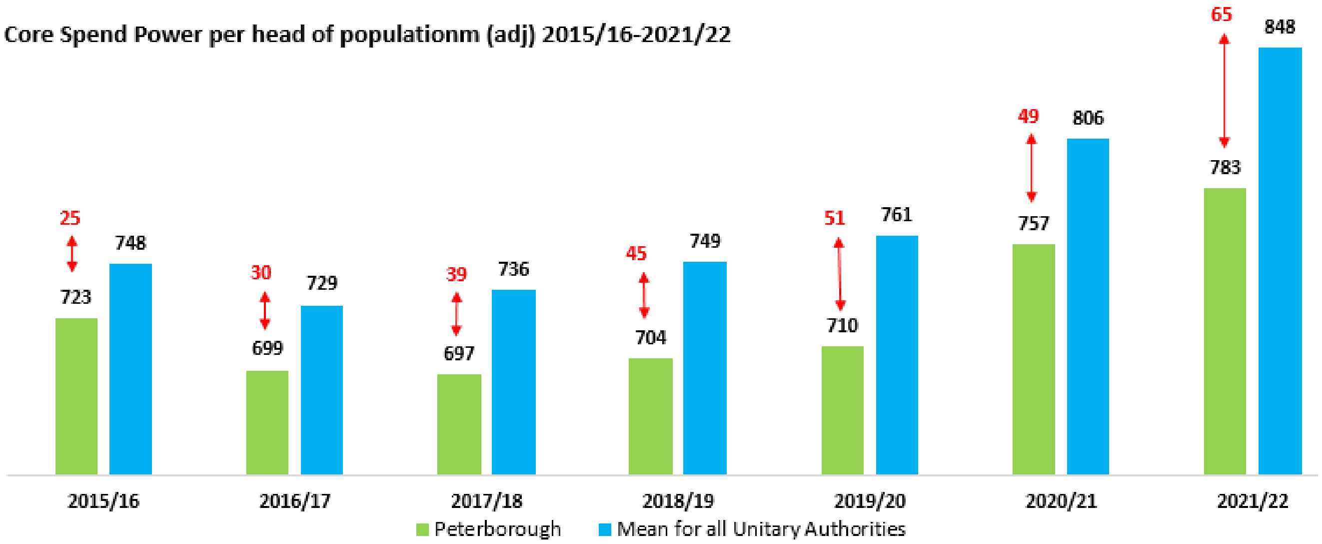
Since 2013/14 the Council has experienced a 60% reduction in the level of core grant funding and over the same period has relied on council tax increases and business rates growth to bridge the resultant funding gap. This chart illustrates the shift in core funding and the increased reliance on two funding 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 2021/22 the Council had a CSP of £159m, **£42m less than the**

average unitary authority.



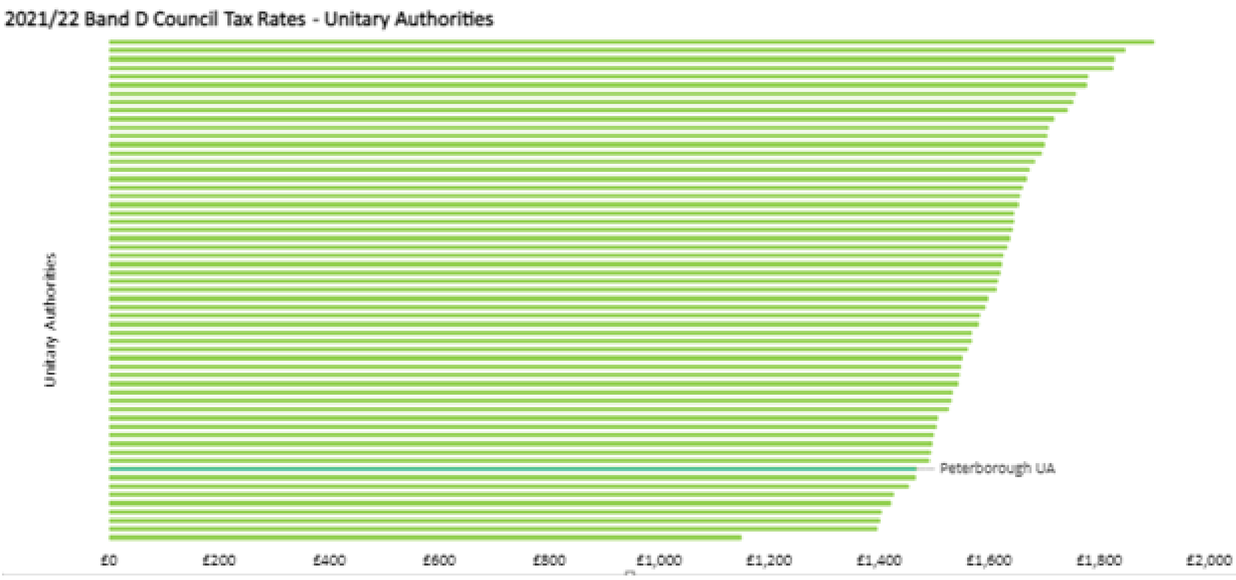
Data source- LGinform

The Council's CSP per head, £783, compares to the average across other unitary authorities £848, a notably greater proportion. The chart illustrates how that difference has increased over the seven-year period, from £25 rising to £65 per head by 2021/22.

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 in 2021/22 when compared to other unitary authorities. The 2021/22 Band D rate is £1,476.76 and if Peterborough were 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.

5.3 **Fees Charges and Inflation**

As part of the MTFS the council must review its fees and charges to ensure it is receiving appropriate recompense for the services that it is allowed to charge its stakeholders. For the majority of charges, the Council has latitude to increase or decrease as it sees appropriate. However, there are some services where increases are set nationally.

The Council is expecting to generate additional income of £78,000 in relation to fees and charges changes. The following Table outlines the service areas the additional income will come from:

Fees and Charges Summary

Fees and Charges Summary by Service Area	2022/23 £
Asset Management	4,260
Business Regulations - Hackney Carriages	6,240
City Centre Operations	2,500
Peterborough Cemeteries - Interment Fees & rights of burial	8,794
Peterborough Crematorium - Cremation Fees - Main Fee inc Env surcharge	46,872
Peterborough Crematorium - Memorial Sales	5,199
Peterborough Highway Services	4,000
Trading Standards	309
Total	**78,144**

Further detail on the Council's fees and charges are set out in Appendix E and on the Council's website.

Inflation

A review of the Council's inflationary budget assumptions has been conducted by officers. This includes reviewing budget assumptions in relation to the Council's key contracts, pay, rates and utilities.

Following the SR21 announcement, the Council has updated budget assumptions to reflect the freeze (for the second year running) on the Business Rates multiplier. This means the business rates due on the Council's properties will be at the same rate as they were in 2021/22. There have been other minor amendments to the inflationary assumptions as a result of the lower utilities costs, this is due to lower energy and water consumption and stable prices as a result of the Council being locked into tariffs which mitigated exposure to the recent energy increases. This is however only expected to be a short-term benefit and will be reviewed in advance of the 2023/24 budget, in line with the contract end dates.

Future inflationary rises represent a high risk for the Council, especially when taking into account recent increasing energy prices, rising rates of CPI (4.6% November) and increasing pay costs. It is likely the Council will see an increase in expenditure, and will be reviewing this closely during 2022, in advance of the September MTFS report.

The following table summarises the overall inflationary budget and the associated saving expected.

Inflation Summary

2022/23 Inflation requirement	2022/23 Inflation £000
Pay and Staffing Costs	1,096
Utilities	154
Contracts	825
Sales, Fees and Charges	(78)
Total 2022/23 Inflation Required	**1,997**
Inflation Built in to previous MTFS	**2,169**
Change in Budget Assumption*	**(172)**

**Total of the inflation budget proposal*

5.4 **Capital Programme**

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

Following the report published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on behalf of DLUHC into the Councils financial position, a moratorium on Capital spend has been implemented for the remainder of 2021/22. Council approved a report on the 16 December 2021 on schemes that are not legally committed and are to be funded from borrowing with the intention of reducing the capital programme further.

A revised Capital Strategy forming Appendix J, sets-out a strategy much more cognisant of the financial position the Council is in, and once approved will guide the way for revising the Capital Programme in accordance with the key objectives within the Improvement Plan. One of those objectives is to reduce borrowing costs as a proportion of the annual revenue budget. The Council has high borrowing costs, and high levels of debt compared to its asset base. It is vital that any future capital programme only includes projects that are all or mostly grant-funded, do not incur future revenue pressures for asset maintenance and running costs, lead to future income streams that pay back the investment in the short-to-medium term, and/or will lead to transformation and future revenue savings.

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 asset's 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.

Additional investment schemes that have been added to the previous MTFS for approval are summarised in the following table.

Major Capital projects post 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) *	871	352	-	-
Place & Economy	Treescape Grant (Third Party Funding)	102	53	53	53
Place & Economy	A1260 Nene Parkway Junction 15 Improvements (Third Party Funding)	563	7,604	-	-

Place & Economy	Traffic Signals Maintenance Fund (Third Party Funding)	50	450	-	-
Place & Economy	Re-landscaping projects Hampton Court and The Dell (Third Party Funding)	32	-	-	-
Place & Economy	Additional Funding for University (Third Party Funding)	-	20,000	-	-

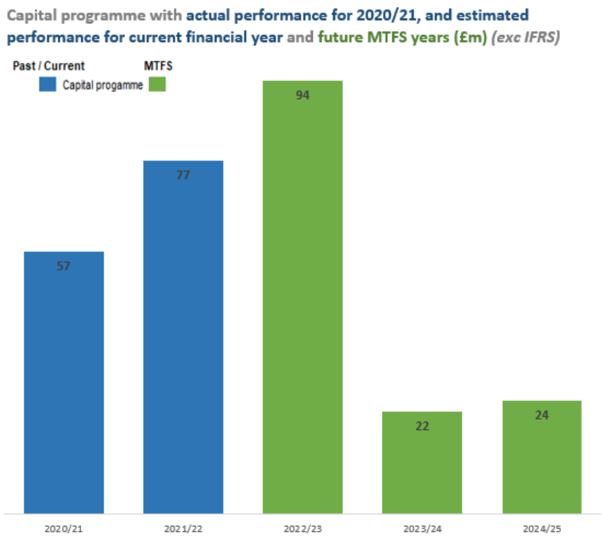
**Based on detailed business case – funding now confirmed*

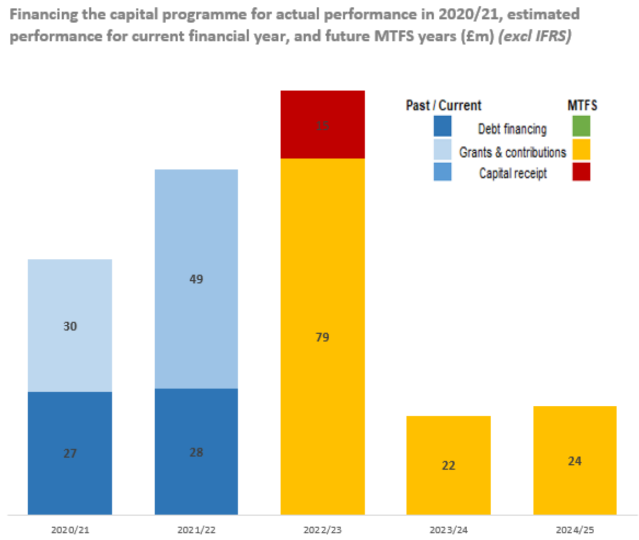
The following table provides a summary of the capital programme over the MTFS period. The full list of schemes is detailed in Appendix C - Capital Programme Schemes 2022/23-2024/25. The tables include the changes to the programme listed above and those agreed by Cabinet as part of the Phase One budget proposals.

The table shows a target reduction in expenditure in each of the next three years of £9.2m, £9.8m and £9.4m, a combined total of £28.4m. The reason for this is to meet a condition of the Improvement Plan that there be no new borrowing unless failure do so would result in a breach of our statutory duties. The table below shows that as the Programme currently stands, there is still over £28m of borrowing (including Invest to Save schemes) needed to fund the existing Programme. Before it can be decided which projects need to be removed, the Council needs to approve the capital strategy (this will be published as a supplementary report prior to Cabinet meeting on 31 January). From that strategy, a reprioritisation will be undertaken, and a revised Capital Programme will be brought back to Council. It should also be noted that the removal of borrowing in the current year and 2022/23 is needed in order to deliver the £0.75m revenue saving shown in the High-Risk category of savings in section 5.1 of this report.

The Capital Programme 2022/23- 2024/25 Summary

Capital Programme	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
Customer & Digital Services	3,164	2,080	3,000
People & Communities	22,441	7,203	15,720
Place & Economy	71,457	21,147	13,586
Resources	2,965	1,510	1,560
Total Capital Programme	**100,027**	**31,940**	**33,866**
Grants & Third-Party Contributions	78,994	21,871	24,213
Capital Receipts repayment of loans	15,000	-	-
Capital Receipts - used to fund capital programme	-	233	233
Borrowing	6,033	9,836	9,420
Total Capital Financing	**100,027**	**31,940**	**33,866**
Invest to Save	3,201	-	-
IFRS16 Transition (estimated)	22,000	-	-
Target reduction (tbc)	(9,234)	(9,836)	(9,420)
Total Capital Programme (Including Invest to Save, IFRS16 & reduction to programme)	**115,994**	**22,104**	**24,446**





5.5 Asset Management Strategy

The Council has recognised the need for a refreshed approach to managing its asset portfolio and will be looking to conduct a root and branch review of everything 'we do' 'how we do it' and 'where from', to develop an Asset Management Strategy (AMS) that ensures value is maximised over the short, medium and long term. This may result in rationalisation as a result of disposals where it is deemed assets no longer present a commercial, community or strategic case for retaining the property.

The Council will be working with CIPFA as part of this review. To summarise some of the actions will include:

- A review of the asset base- including valuations and the use of subject matter experts.
- Compile a list of possible asset disposals
- Reduce liabilities and expenditure to the Council in revenue and capital as a result of a rationalised asset portfolio (including asset disposals)

These objectives and deliverables are outlined in more detail within the Council's Improvement Plan, approved at Full Council on 16 December. The Council's constitution outlines an expectation for an asset management plan to be incorporated within the MTFS, however in light of the work ongoing, and in line with the approved Improvement Plan this is now expected to be presented to Council later in the financial year, in line with the revised Medium Term Financial Strategy (MTFS).

5.6 Dedicated Schools Grant and the Schools Budget 2022/23

The Local Authority retains a statutory duty to annually set the schools budget for all schools in Peterborough (maintained and Academy schools). The majority of the funding for Education comes through the Dedicated Schools Grant (DSG) which totals £255m for 2022/23. Officers have worked with the Schools Forum, who are the representative group of education providers in the city, to develop budget proposals. A consultation exercise has been undertaken with schools over how the funding is allocated via the Council's funding formula.

The local funding arrangements operate within the context of national requirements and guidelines, but the Council is able to use the national arrangements to target funding at priorities within the City. On the 19 January 2022, the Schools Forum agreed unanimously the budget proposals outlined in Appendix J. The final budget proposals require formal Council agreement at the meeting on 2 March.

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 Deputy Section 151 Officer as part of fulfilling this duty and gives the required advice relating to the Council's current and next 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.

6.2 **Overall Financial Position**

The Council's financial position has been well documented in recent months, and has regularly featured in national headlines, and within the local government press especially.

In December 2021, the Council approved an Improvement Plan which details how the Council will set about achieving financial sustainability, keeping spending within its annual income, avoiding further borrowing wherever possible, and having a level of reserves that are appropriate to the level of risks and uncertainty it faces over the medium term.

Despite being permitted a capitalisation direction for 2021/22, the Council will not need to use that flexibility. The Council has also declined the opportunity to request a Direction for 2022/23.

It is vital that the finances of Peterborough City Council are repaired, and the level and cost of services in the future needs to be reviewed as part of a Medium-Term Financial Strategy (MTFS). That strategy is being developed and will be reported to Council in the Autumn of 2022.

In lieu of a new MTFS, the immediate focus has been to propose a budget that is deliverable, and largely within the gift of the Council to deliver. This is not as easy as it sounds, as the Council continues to operate in a challenging financial environment, with additional uncertainties and significant risk factors featuring from the on-going impact of the COVID-19 pandemic, which is likely to be a feature not just this year and next, but into the medium-term as people's habits and behaviours change. 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. This fragility has not improved in the past twelve months, however this budget plan for 2022/23 takes the first step toward improving financial resilience.

Section 5.1 of this report shows that the Council must make £12.3m of savings, including additional income, in order to balance expenditure with available resources. This equates to around 7% of the total revenue budget. In addition, the Council needs to manage down some of the demand and cost pressures it can expect to face during the year ahead. The use of one-off savings and funding streams is relatively modest, and likely to be in-line with many other Councils.

It is encouraging that the forecast outturn for the current year 2021/22 is much better than budgeted, which provides some comfort in the form of a reserves position being significantly better than expected. This is covered in more detail in section 6.4.

In conclusion, the overall financial position of the Council remains a highly challenging one. Its resilience is relatively weak and, as detailed in section 6.3, there are significant risks attached to this proposed budget. However, this proposed budget can be seen as the first step toward financial sustainability, is free of any capitalisation direction from Government and contains risk mitigation considerations.

6.3 **Robustness of the 2022/23 budget estimates**

The revenue budget has been formulated having regard to several factors including:

- **Funding availability**
- **Risks and uncertainties**
- **Inflation**
- **Priorities**
- **Demography & Service pressures**
- **Emerging opportunities**
- **Recovery from the COVID-19 pandemic**

It is important in setting any budget, in any year, that estimates are based on the best available information at the time of setting it. The accuracy and reliability of that information varies depending on what you are trying to forecast. Where the accuracy and reliability are uncertain, it is important not to be overly pessimistic or optimistic.

In the opinion of the Deputy Section 151 Officer, the over-arching conclusion is that the estimates prepared are realistic and deliverable, albeit very challenging. There are however a number of issues to highlight:

- The two very high risk rated savings shown in section 5.1 rely on external factors not totally within the Council's control. The certainty of delivery of those savings is therefore less than ideal. However, this needs to be considered in the context of savings of £0.650m within an overall budget of £182m.
- Similarly, the high risk rated savings include options that are not directly within our gift to deliver. For example, the Council will need to attract more PCC foster carers to deliver the £0.372m saving. The Council is always looking for more in-house foster carers and despite advertising, success has been limited.
- The overall savings options do have a 'spread' across the Council's services and from a range of measures, most of which are within the Council's control to deliver on time and on budget. However, there is a considerable amount of work needed to deliver these savings and additional income, and there is therefore a risk of the capacity and pace needed to deliver the whole package of savings.
- Predicting demand pressures will always be a challenge, particularly when individual placements can be hugely expensive. Using historic trends, along with forecast population data, and intelligence from the Council's own internal management information systems, would normally provide a reasonable estimate. However, given the impact of the pandemic for almost two years, there is added uncertainty of demand projections. In the 2021/22 budget we expected to see some latent demand for services coming through to the Adults and Children's social care budgets, but this has not been as significant as expected. The Council cannot be certain if this is a 'permanent' position, or if demand continues to build and will then 'surge' through the systems.
- One of the great unknowns from the pandemic is what the 'new normal' will be. People's behaviours have undoubtably changed and may continue to do so. The Council has previously seen the impact of on-line shopping on the high street footfall, and therefore visitors to the City, and the impact on local businesses is uncertain.
- For many years, inflation has been low and stable. Nationally CPI / RPI rates are at their highest for some time; the November 2021 RPI was 7.1%, the highest since early 1991. Predicting where these rates will go over the coming year is difficult, and if they continue at current rates, or increase, then there will be a pressure on the budget that will need mitigating by good commissioning and procurement and / or other mitigations.

Given the above issues, the Deputy Section 151 Officer requires the creation of a Budget Risk Reserve in order to provide an overall satisfactory conclusion on the robustness of budget estimates. This is therefore included in the proposed budget and is detailed in section 6.4.

6.4 **Adequacy of Reserves**

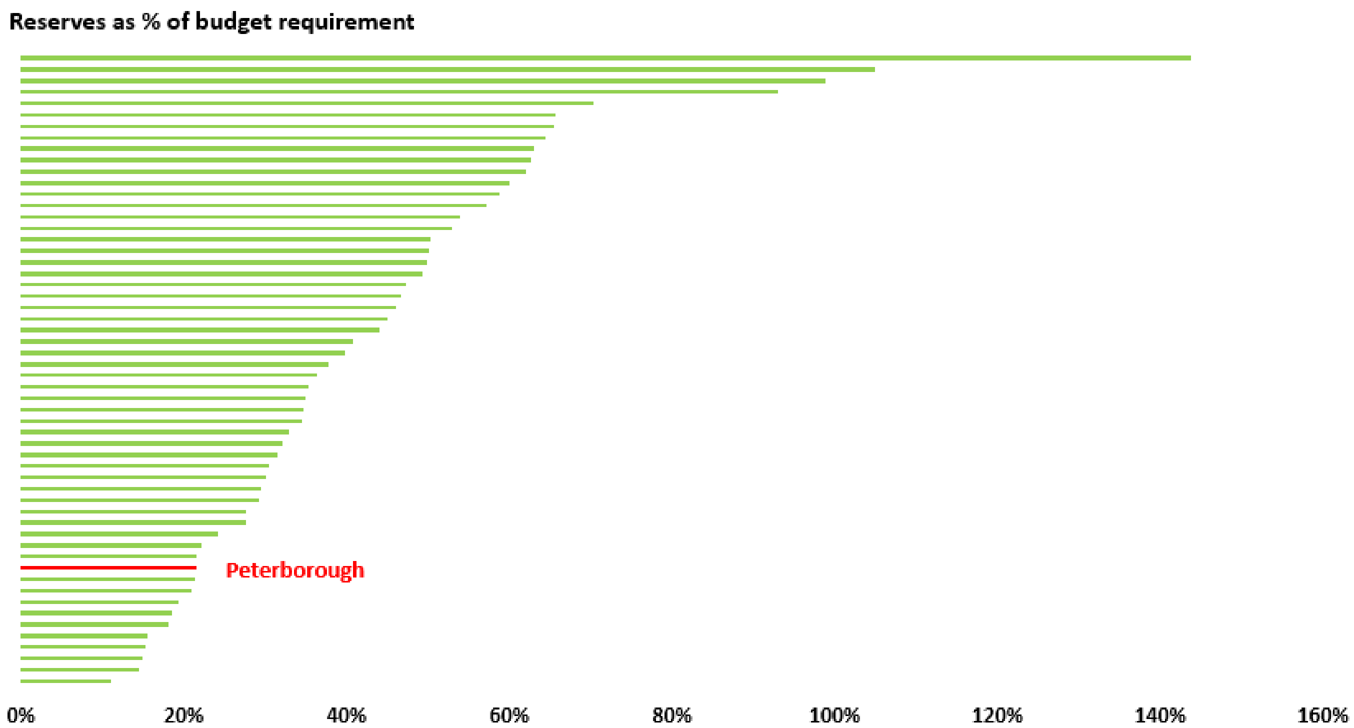
Each year, reviewing the level of reserves the Council holds is an important part of the budgetary process. The review must be balanced and reasonable, factoring in the current financial standing of the Council, the funding outlook into the medium term and beyond, and most importantly, the financial risk environment operating in.

The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that the following factors should be taken into account when considering the level of reserves and balances:

1. Assumptions regarding inflation and interest rates
2. Estimates of the level and timing of capital receipts
3. The capacity to manage in-year demand led pressures
4. Ability to activate contingency plans if planned savings cannot be delivered
5. Risks inherent in any new partnerships
6. Financial standing of the authority (level of borrowing, debt outstanding etc.)
7. The authority's record of budget management and ability to manage in year budget pressures
8. Virement and year-end procedures in relation to under and overspends
9. The general financial climate
10. The adequacy of insurance arrangements

It should be noted that the assessment of the adequacy of reserves is subjective. There is no 'right' answer as to the precise level of reserves to be held. There is also no formula approach to calculating the correct level; it is therefore a matter of judgement. The duties of the Council's Section 151 Officer include the requirement 'to ensure that the Council maintains an adequate level of reserves, when considered alongside the risks the Council faces and the general economic outlook'.

Each Council must make their own decisions about the level of reserves they hold, taking into account all of the issues referred to above. A graphical analysis of the 2019/20 reserves follows. Peterborough is ranked 11 out of 56 Unitary Councils in terms of the percentage of reserves held. The range of reserves held as a percentage of budget is wide; the lowest authority at 11%, up to the highest at 144%. Peterborough's figure is 22%. It is also worth looking at reserves alongside borrowing, as borrowing can be used to protect reserves, or reserves used to reduce borrowing. Unfortunately, Peterborough holds a high level of borrowing and therefore that 'trade-off' is not an option.



The reserves that the Council estimates to hold as at 1 April 2022 are, in the opinion of the Deputy S151 Officer, just about adequate for the year ahead. In considering the ten factors listed above, as well as the risks associated with the budgeted pressures and savings, it is the opinion of the Deputy S151 Officer that the overall risk environment for the Council has increased over the past twelve months. For that reason, the budget proposal adds £5.5m into the reserves position, which results in the adequate judgement.

It must be noted that the adequacy of reserves balances will be reviewed in line with the publication of a new MTFS in the Autumn, which will include a review of all the individual reserve accounts, and an assessment of the collective sum of those reserves against the risks associated with that new MTFS for Peterborough. That MTFS will almost certainly require a managed increase in the totality of the Council's reserves over the medium-term, and a reclassification of existing reserves to ensure they cover the Council's greatest areas of risk.

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

1. A working balance to manage in year risks – the General Fund Balance
2. Usable Reserves– these are reserves for available for future commitments such as transformational investments and have been used to balance the budget
3. 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 £36.3m and ring-fenced reserves at £4.7m. The latter reserve type includes the £3.7m insurance reserve and £0.7m of reserves held on behalf of schools for future capital expenditure.

The General Fund

The General Fund is held at a balance of £6.0m and is the working balance to manage in year risks.

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. Appendix F outlines the new planned commitments against this reserve, to fund the costs associated with delivering the savings and improvement plans.

This reserve also includes a commitment to fund £2.9m of the revenue expenditure budget in 2021/22 (as per Decembers BCR position) and a net £1m commitment to fund the 2022/23 revenue budget, as outline within the core funding assumptions table (section 5.2)

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 £0.8m 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 Covid-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 the regular BCR reporting to Cabinet over the course of the year the scale of the additional demand and budgetary pressures, been lower than the Council originally anticipated. This has meant that the Council is now able to redirect the use of this reserve. This has been used to establish a £2m Budget Risk Reserve, with the remaining balance of £10.8m being transferred into the Capacity Building Reserve. This results in a nil balance to carry forward on this reserve.

Budget Risk Reserve- as outlined within section 6.3 a £2m Budget risk reserve has been established a Budget Risk Reserve to acknowledge the additional contained within the budget and in order to provide an overall satisfactory conclusion on the robustness of budget estimates.

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

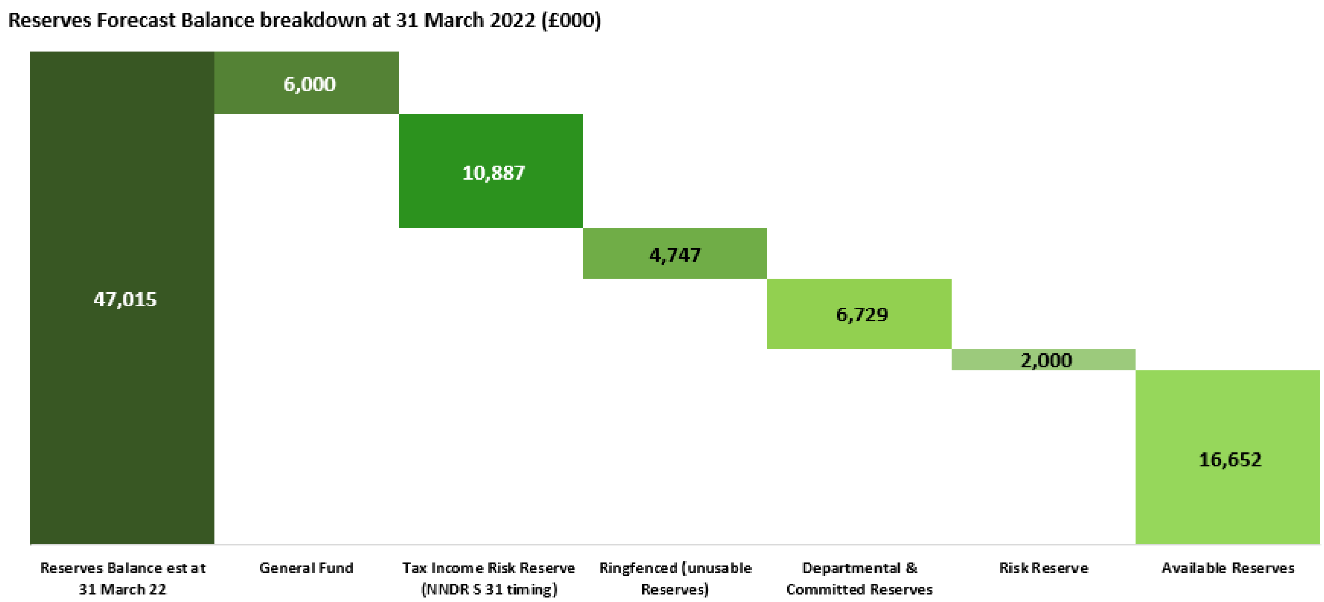
1. **Business Rates (NNDR) section 31 grants (£8.5m):** this reflects the grant received in 2021/22 to compensate the Council for the additional cost of providing the extended business rates relief to businesses in retail, leisure, hospitality and nurseries. Section 31 grants are accounted for through the General Fund, whereas business rates income is accounted for through the Collection Fund. The estimated balance on Collection Fund at the end of 2021/22 was for a second year running 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 2022/23. This grant has been put into reserves and will be drawn down in 2022/23 to smooth the budgetary effect of this deficit and the Collection Fund accounting.
2. **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 has received £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 Council plans to use £0.5m on this reserve in 2022/23, to mitigate the budgetary impact of the adjustment required on the Council tax collection fund balance. This will mean the reserves balance will be reduced to £1.8m by the end of 2022/23.

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

The Reserves Position 2020/21 to 2023/24

	2020/21	2021/22	2022/23	2023/24
Summary of Reserves	**Bal at 31.03.21**	**Est Bal at 31.03.22**	**Est Bal at 31.03.23**	**Est Bal at 31.03.24**
	£000	**£000**	**£000**	**£000**
General Fund	**6,000**	**6,000**	**6,000**	**6,000**
Usable Reserves:				
Capacity Building Reserve	15,035	20,788	16,936	16,652
Departmental Reserve	5,380	2,593	805	805
Tax Income Risk Reserve	22,521	10,887	1,790	1,790
COVID-19 Funding Reserve	12,841	-	-	-
Budget Risk Reserve	-	2,000	2,000	2,000
Usable Reserves	**55,778**	**36,268**	**21,531**	**21,247**
Ring-Fenced Reserves:				
Insurance Reserve	3,315	3,730	3,730	3,730
Schools Capital Expenditure Reserve	658	658	658	658
Parish Council Burial Ground Reserve	57	56	56	56
Hackney Carriage Reserve	173	173	173	173
Public Health Reserve	131	131	131	131
Ring-Fenced Reserves	**4,333**	**4,747**	**4,747**	**4,747**
TOTAL Earmarked and General Fund Balance	**66,110**	**47,015**	**32,278**	**31,994**

The following chart shows a breakdown of the reserves balance forecast at 31 March 2022. Of these reserves balances only **£16.7m is uncommitted, un-ringfenced and available for use**.



7 BUDGET VIREMENTS

7.1 The Council's Budget and Policy Framework, paragraph 4.9 enables the council to specify the extent of virements within the budget and degree of in-year changes to the Policy Framework, which may be undertaken by Cabinet. Virements allows the Council to move spend approved in the budget to another budget in accordance with Financial Regulations.

7.2 Having reviewed the existing framework and the council's Financial Regulations the principle remains that approved budget cannot be moved from one area of spend or project to another unless it meets Financial Regulations. This applies to both revenue and capital budgets.

7.3 The virement limits for 2022/23 are as follows:

- Directors, within their own area, can approve virements up to £500k
- Virements required across departments can be approved by the relevant departments up to a limit of £250k, any virements in excess of this limit will require Cabinet approval
- All budget virements in excess of £500k will require Cabinet approval
- All budget virements in excess of £1m will require Council approval

7.4 The virement procedure rules will not apply in the following circumstances:

a) Reflecting organisational structure changes e.g., changes in reporting line
b) Allocating corporate budgets or savings to departments agreed in the MTFS
c) Allocating budgets to individual schemes e.g., from school places capital programme or local transport plan projects.

7.5 Part 13, section 3 of the constitution enables the Chief Executive to undertake certain action in an emergency:

- 3.13.2 The Chief Executive is authorised:
- (d) to take any action, including the incurring of expenditure, where emergency action is required

7.6 In the event that this applies to virements, it will be reported to the next relevant meeting in line with the limits in 7.3 above.

8.0 FINANCIAL RISK

8.1 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 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 de liver 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. In addition, there are rising external factors creating an additional layer of financial risk such as the rising cost of the national living wage, soaring inflation forecasts and increasing energy prices.

Reasonable mitigating actions have been made where possible to the identified and managed risks, this is included within Appendix D. Cabinet and Council should consider when reviewing the Phase Two budget proposals.

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	Lead Officer/Member
Discussion with Trade Unions Joint Consultative Forum (JCF)	Cecilie Booth and Mandy Pullen
Joint Scrutiny of Budget meeting	Cecilie Booth
MP Paul Bristow	Wayne Fitzgerald
MP Shailesh Vara	Wayne Fitzgerald
Parish councils	Adrian Chapman
Connect Group – Churches Together	Adrian Chapman
Cambridgeshire and Peterborough Combined Authority	Cllr Wayne Fitzgerald
Opportunity Peterborough Bondholders	Steve Cox/ Cllr Wayne Fitzgerald
Greater Peterborough City Leaders Forum	Wendi/Matt
Peterborough Disability Forum	Oliver Hayward
Age Concern UK	Oliver Hayward
Cambridgeshire Police	Matthew Gladstone/Wendi Ogle-Welbourn
Peterborough Civic Society	Steve Cox
Cohesion and Diversity Forum	Adrian Chapman
Joint Mosques Group	Adrian Chapman
Interfaith Council	Adrian Chapman
Peterborough Youth Council	Cllr Wayne Fitzgerald & Matthew Gladstone/Wendi Ogle-Welbourn
Peterborough Living Well Partnership	Jyoti Atri
Health Care Executive	Jyoti Atri /Charlotte Black
Healthwatch Partnership Boards	Oliver Hayward
School unions	Jon Lewis
Schools Forum	Jon Lewis
Peterborough Pensioners Forum	Oliver Hayward

Responses received to date from these meetings, Joint Scrutiny of the Budget meeting and the online survey have been outlined for Cabinet to consider in Appendix M.

11.0 ANTICIPATED OUTCOMES OR IMPACT

11.1 The release of MTFP Phase Two 2022/23 report, outlines budget proposals and strategic approach to addressing the financial gap and the financial challenges facing the Council.

Cabinet have sought 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 this meeting on 21 February 2022, before making a final recommendation to Council on 2 March 2022.

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 that they 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 taken place on the contents of this report, 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 COVID-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 COVID-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**

Whilst it is anticipated that there will be some staffing implications as part of this budget, much of the management focus will be looking at how the Operating Model needs to change in order to meet the needs moving forward and to ensure any staffing impact is minimised.

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 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 this 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 G- Equality Impact Assessments

14.12 **Carbon Impact Assessments**

All budget proposals published in this budget process have been considered with regards to the carbon impact and where appropriate carbon impact assessments (CIA) have been completed. In some instances proposals are in the early stages of development and until detailed plans are available the carbon impact cannot be determined. These have been identified as 'unknown' at this stage, but will be reviewed once detailed plans are available.

These have been summarised within Appendix H– 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 Report Final Outturn Report – 2020/21: 21 June 2021Cabinet, item 10
Medium Term Financial Strategy Phase One- 2022/23 - 2024-25 - Budget Cabinet 25 October 2021, item 5
Budgetary Control Report - August 2021 - Budget Cabinet 25 October 2021, item 6
Budgetary Control Report - September 2021 - Cabinet 15 November, item 8
Budgetary Control Report- October 2021 - Cabinet 29 November 2021, item 6
Council Tax Base 2022/23 and Collection Fund Declaration 2021/22 - Cabinet 10 January 2022, item 9
Budgetary Control Report - November 2021 - Cabinet 10 January 2022, item 10
CIFPA Financial Review Report - on behalf of DLUHC
Andrew Flockhart Governance Review- on behalf of DLUHC

16.0 APPENDICES

16.1

- Appendix A – 2022/23 MTFP Budget Position Phase Two
- Appendix B – Phase Two Budget Consultation Document
- Appendix C – Capital Programme Schemes 2022/23-2024/25
- Appendix D – Financial Risk Register
- Appendix E – Fees and Charges
- Appendix F – Reserves Commitments
- Appendix G – Equality Impact Assessments
- Appendix H– Carbon Impact Assessments
- Appendix I – Executive Summary of the Council's Improvement Plan
- Appendix J – Dedicated Schools Grant and the Schools Budget 2022-23
- Appendix K – Treasury Management Strategy
- Appendix L – Capital Strategy
- Appendix M - Budget Consultation Feedback

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

	2022/23
	£000
NNDR	(54,038)
Revenue Support Grant	(10,794)
Council Tax	(91,593)
New Homes Bonus	(2,951)
Business Rate Pool	(2,541)
Improved Better Care Fund	(7,480)
Social Care Grant	(7,753)
Services Grant	(2,896)
Lower Level Services Grant	(302)
Adult Social Care - New Burdens Grant	(535)
Reserves	(1,000)
TOTAL CORPORATE FUNDING	**(181,883)**
PLANNED EXPENDITURE	
Chief Executives	1,458
Governance	4,059
Place & Economy	22,043
People & Communities	99,440
Public Health**	(178)
Resources	13,577
Customer & Digital Services	6,854
Business Improvement	719
NET SERVICE EXPENDITURE	**147,972**
Corporate Expenditure (including Levies)	5,152
Capital Financing Costs	28,479
TOTAL PLANNED EXPENDITURE	**181,603**
REVISED SURPLUS*	**(281)**

**holding for further budget adjustments as a result of refining estimates and detailed plans and consideration of consultation feedback. If this is not needed this will be a contribution to the reserves position in line with the overarching financial strategy.*
*** Public Health budget does not include consideration of support service costs*

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Appendix B

Medium Term Financial Plan 2022/23 Phase Two Budget Consultation Document

As originally published on 21 January 2022

PETERBOROUGH CITY COUNCIL

CONTENTS

OVERVIEW

For the past decade or more we have faced very difficult financial circumstances due to a growing population needing more services and delivering this with significantly reduced government funding. And of course, most recently, coping with the added pressures caused by a global pandemic with Covid-19.

We have always strived to provide good or even excellent services for our residents at the lowest possible cost – avoiding big cuts to services or even closures in previous years. We have worked hard to protect the most vulnerable and those who need our help the most. At the same time, we have aimed to keep council tax as low as possible, understanding the pressures our residents face in making ends meet. This has meant in the past drawing upon our reserves to balance the budget or relying on one-off capital receipts. This cannot continue.

Something must change – a view shared by the Local Government Association, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (DLUHC) following reviews last year of the council's governance and finances.

In response to these reviews, we are committed to making changes ourselves rather than letting Government or outside bodies intervene and impose them on us. To do this we have:

- Committed to managing our very severe budget challenge locally by the establishment of an Improvement Plan, which will allow us to manage our finances within the council and without any further exceptional support from Government, such as the capitalisation direction awarded to us in previous years.
- Agreed to undertake an even more exhaustive review of our contracts, services, assets, and income opportunities – all designed to get our council on the road to financial stability.
- Started a refresh of our Corporate Strategy setting out our aims for Peterborough to be a place which people are proud to call home. We can only implement this when we have got the council financially stable. We are asking people to comment on the first phase of our new Corporate Strategy, which you can read here as part of our Improvement Plan. Comments can be made on our website until Friday 25 February at 5pm. Further detailed consultation will follow on phase 2 of the Corporate Strategy later in the year.

We know – and experts have told us – we have the capability, the expertise and the desire to get Peterborough to full financial sustainability over the next two to three years, which will offer everyone in our city a better future, with good opportunities and support when and where they need it.

But we don't underestimate that this is a huge challenge, with a rapidly increasing population, with more complex needs and a low council tax base. However, it is one we know we can meet, with the support of members, our staff, partners and everyone in the city.

In December, Full Council signed off our Improvement Plan setting out steps we will take to reach a stable financial position whilst still delivering quality essential services for residents.

We have already appointed an Independent Improvement and Assurance Panel which offers a wide range of experience and skills from across the local government sector and will provide external advice, challenge and expertise in driving forward the development and delivery of the plan.

Fundamentally, we may have to stop providing non-statutory services, because we simply cannot afford to do so. Hopefully people will not notice too much of a change in the services we currently provide as we must maintain essential services for residents.

There will be some difficult decisions to be made, starting with our phase two budget proposals for 2022/23. We have been honest with people for some time that we must make decisions that people will find uncomfortable. At the same time, we will continue to invest what we can in those services that residents tell us we should do. Our crackdown on flytipping will continue, we will do all we can to keep our streets clean, safe and tidy, whilst at the same time continue to look after the elderly and vulnerable, support children in care and provide assistance for those in housing crisis.

We've identified £18.8million savings across both phases, £12.6million in phase two, which is contributing to closing our £27million budget gap we started the year with. We also need to consider how we can reduce our running costs in the years that follow and work will continue on this.

In some areas where we need to reduce spending, we are proposing changes that will only be short term. In other areas, we want to redesign services so they are more cost effective but also still provide a good level of service. We will seek partners to take on much loved services which we can no longer afford to run as a council, so they continue to have a bright future like the Key Theatre.

This year as previous, we also need to ask residents to support a small increase in council tax of 2.99 per cent – this includes 1 per cent which will go to adult social care and will be used to look after the most vulnerable people in our city. It is worth reminding all that our council tax rates are much lower than other comparable local authorities and this increase will help to alleviate the financial challenges that we are facing.

The quicker we can reach a place of financial stability, the quicker we can return to a time where we can once again reinvest in services that the city needs and wants.

Peterborough is a great place which has come so far in recent years. Companies are investing in our city as they see its potential - at places like Northminster and Fletton Quays and at our new university site which opens this autumn. Additionally, we have millions of pounds coming our way from Government to deliver projects that will transform our city and the services we provide.

If all goes according to plan, in the coming financial year we are to receive £20million in Levelling Up funding and £22.9million from the Towns Fund which we will be investing in the city to improve life for residents now and in years to come. This includes £20million to pay for a further phase of the new university to create a Living Lab and Cultural Quarter Hub and there is the potential for up to £50million to deliver the Station Quarter redevelopment.

We have an exciting future ahead of us, but first we must find a way to deliver the right sort of essential services for those that need them most in an efficient, cost effective and sustainable way.

We want to invest in our future, but to do this we all need to work together and take the city forward so that everyone living and working here benefits.

THE BUDGET PROCESS

This is the second phase of the Council's budget setting process, in line with the Councils Constitution.

The following table outlines the key meeting dates:

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 on 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, enforcement and domestic abuse. It 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, which manages the council's IT infrastructure, its business systems and the devices used by staff. This service works to improve the technological options for the council and its services. This department also includes emergency planning and our internal and external communications service.

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.

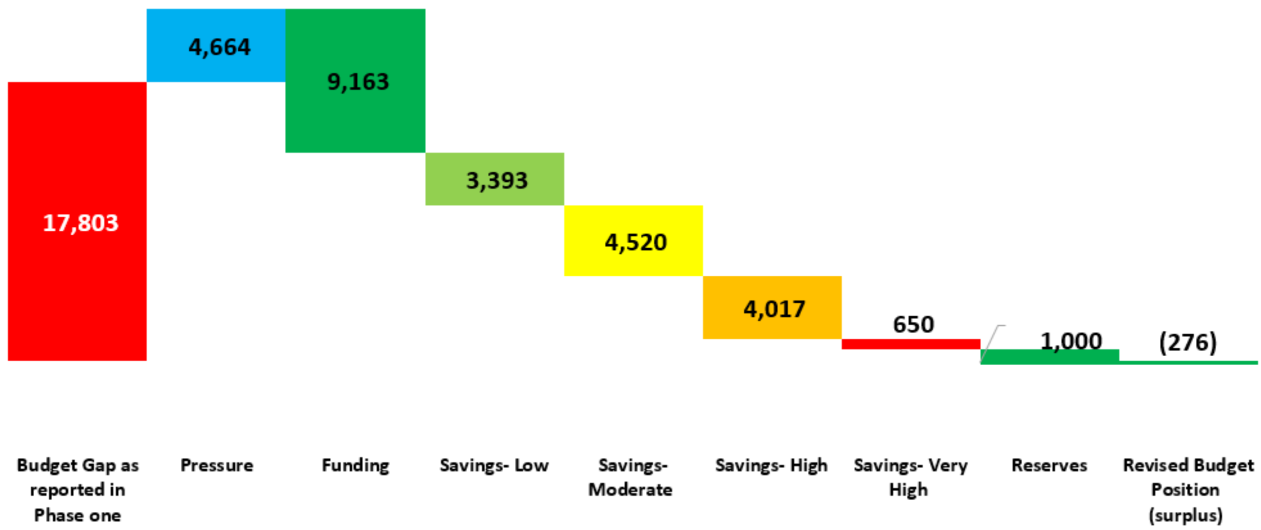
Chief Executive

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

OVERALL BUDGET POSITION

Phase Two of the budget concludes the 2022/23 budget setting process, which outlines £4.7million of additional pressures, £12.6million of savings, and £9.2million of funding changes. These actions will mean the Council is forecasting to have a surplus of £0.3m.

Phase Two Budget Position- 2022/23 (£000)



The surplus will be held for further budget adjustments as a result of refining estimates, detailed plans and consideration of consultation feedback. If not needed this will be contributed to boost our reserves position in line with our overarching financial strategy.

SAVINGS PROPOSALS

Adult Social Care increased income - £400,000
We will look to explore all opportunities for income to support care package costs, such as benefits entitlements, client contributions and partner funding. This will ensure that people are paying the right amount for their care and are supported to access all sources of financial support that they are entitled to.

Adult Social Care front door - £250,000
There is an opportunity to do more targeted prevention when people make initial contact with the council. This would include looking at opportunities to maximise people's independence, e.g. community networks, technology enabled care and carers support. Through changing the conversation and identifying straightforward ways in which we can provide help at an early stage (front door), we might be able to prevent a crisis or the need for longer term social care interventions, e.g. home care or residential care which are more costly.

Adult Social Care hospital discharges - £419,000
When people are discharged from hospital and require support with their social care needs, there is an opportunity to ensure we consider a range of options which support a better recovery. Through the targeted use of interventions such as technology enabled care and reablement we can support speedier recovery and greater independence in the longer term, thus preventing, reducing or delaying the need for more costly long-term care being required.

Adult Social Care increased technology enabled care - £100,000
Technology enable care (TEC) involves using equipment to support people with their care and support needs. This could be things such as Lifeline alarms, medication reminders and fall sensors. TEC can be put in place either alongside other care and support provision, or as an alternative depending on individual circumstances.

By increasing the use of TEC, through both increasing the range of TEC available and ensuring practitioners are skilled in identifying where TEC would be of benefit, we can increase people’s confidence to live independently and delay the need for more costly long-term provision of care.

Adult Social Care reablement - £200,000
Reablement delivers short-term, goal orientated support for up to six weeks to help people regain their independence when they have been in hospital. By increasing reablement capacity we can increase the number of people who are offered this important service.

We will do this by investing in more frontline workers to deliver the service alongside looking at opportunities for us to be more efficient, e.g. better planning of rounds to reduce travel time etc. This capacity will enable us to expand the service to support more people in their own homes, preventing the escalation of need for long-term care which is more costly.

Adult Social Care Direct Payments - £87,000

Direct Payments enable people to plan and pay for their care and support directly, with a financial contribution from the council. Reviewing processes and enhancing the range of options available for people to access with Direct Payments will enable them to benefit from greater choice at more affordable costs.

Adult Social Care interim bed review - £120,000

There has been a redesign of interim, respite and reablement (IRR) beds which provide short term accommodation-based support for people who need it, e.g. a respite break or short-term bridging care until a longer-term placement is found.

Levels of use have been reviewed and the service provision has been reconfigured. This has enabled a reduction of four interim beds and two reablement flats. The remaining six flats have been redesigned to offer a step up/down provision which will be used to facilitate hospital discharge, support people who are at risk of hospital admission or be used for other temporary purposes to avoid someone entering a care home.

This model will enable the beds to be used in a more targeted manner to support independence, producing better long-term outcomes for people and better value for money. This will not reduce our total capacity to ensure timely discharge from hospital.

Children's Social Care- reunification - £250,000

This proposal looks to carry out a review of whether we can successfully support more children to safely return to the care of their parents. Doing so would deliver financial benefits as well as rebuilding relationships within families where children have previously needed to come into care.

Children's Social Care – in-house fostering - £372,000

The council is able to make savings by increasing the number of in-house foster carers, who are a lower cost than foster carers supplied by independent fostering agencies. In-house foster placements are also more likely to be local than foster carers supplied by agencies. Placing children and young people local to Peterborough means less disruption to schooling and family and peer relationships. The council is continually looking to increase the number of in-house foster carers and will continue to do so in the coming year.

Children's Social Care - increased income - £500,000

There is an opportunity for us to increase income in respect of the provision of some services to meet complex needs. This target represents an initial estimate of what can be achieved, and we will work to develop further plans in respect of increasing income in this area.

Supporting Families Grant - £753,000

The Government is continuing existing grant funding for 'Supporting Families', enabling us to continue to support vulnerable families to tackle problems such as domestic violence and mental health. The 'Supporting Families programme replaces the earlier 'Troubled Families' programme.

Redesign of Communities and Place departments - £316,000
This proposal looks to develop a new operating model for services currently delivered by the Communities and Place departments. Bringing services such as housing, community safety, community development, planning, trading standards, adult skills, and climate change closer together presents opportunities to consider the ways they are delivered to make sure we achieve the best value for money we can whilst ensuring the issues that matter the most to our residents, such as flytipping, highways, housing, planning, environment services and anti-social behaviour, are dealt with.

This is also an opportunity to ensure we maximise the benefits of growth and regeneration to support our overall financial position as well as benefit both existing and new residents.

The council is still developing the operating model for this, but if progressed it would generate a saving in the region of £316,000.

Regulatory Services - £135,000
The council already sells its Regulatory Services to the commercial sector, generating the council an income. More than 100 clients access support around regulatory services including environmental health and trading standards.

This proposal looks to increase the income generated by this service to support other vital services provided by the council.

City centre management, £69,000
A total saving of £69,000 is proposed by ceasing the funding of city centre events. Whilst events such as the Christmas lights switch-on and pop-up markets are extremely popular, they are not statutory services that the council has a duty to provide.

The council does though remain fully committed to helping the city centre develop and grow and it is our intention to look for opportunities to continue these events through generating suitable sponsorship. The council will also look to make an income of £30,000 from selling more street licences to traders based in the city centre.

Citizens' Advice Peterborough - £20,000
The council provides an annual grant of £150,000 to Citizens' Advice Peterborough. The grant is the main source of permanent income for the charity and helps to pay its running costs, allowing for a range of consumer and household advice services to be delivered. The council is proposing to withdraw £20,000 of this funding and instead allow the service the use of office space on council premises to reduce its outgoings.

Unauthorised encampments - £10,000
Previously the council has allocated an annual budget of £50,000 to cover defence measures against unauthorised traveller encampments, the eviction process and clear-up costs. However, the actual amount spent has been lower than budgeted for in recent years. This proposal involves aligning the budget to meet the anticipated level of demand.

Communities grant income - £250,000
The council is awarded various grants to support its communities work including, for example, funding to support our refugee resettlement programmes. The way we provide that support is extremely cost-effective, and the council has been held up nationally as an exemplar of how this funding is used to support refugees arriving in the UK.

Despite the significant ongoing support provided by the council to refugees who have arrived in the city, including support relating to housing, access to employment, training and volunteering opportunities, healthcare, befriending and navigation of the various systems to access services, there is a surplus in the budget and therefore it is proposed that this is transferred to the main council budget and used to provide other valuable services to support vulnerable residents.

There will be no reduction in the support and services provided to refugees.

CCTV - £25,000
The council operates an excellent network of cameras covering public and private areas and already generates an income by selling the service to private companies wanting to protect their land and buildings.

This proposal looks to sell the CCTV service to other companies and organisations, generating additional income for the council.

Culture & Leisure- delivery of savings on services - £1,431,000
Currently the council spends in the region of £2.6million operating the museum and art gallery, libraries, the Key Theatre and Flag Fen, gyms and leisure centres, the regional pool, and the Lido. Our aim, as part of the need to get the council to a stable financial position, is to deliver culture and leisure services at net zero cost to the council. As a result, there are several proposals that relate to culture and leisure services. These include:

- Exploring the benefits of having a charitable partner which if implemented may release both VAT and business rate relief of between £500,000 and £700,000 a year. This saving would be used to move leisure services to a cost neutral model in future years.

- Remodelling the library service: Currently there are 10 libraries and a mobile library service operating across the city, with some of these open for just a small number of hours each week. The library service is a statutory function, meaning the council must provide a service, but it has leeway in how it does so. This proposal looks to remodel and modernise the library service and provide it differently, so that it costs less, therefore securing its long-term future. In addition, there will be investment in the mobile library service so that it offers a larger programme each week and can support more vulnerable groups such as those living in care homes to access reading and other resources. There will also be additional investment in digital resources, for example groups and sessions which can be accessed online.
- Peterborough Museum and Art Gallery and Flag Fen Archaeology Site – it is proposed to reduce the amount the council pays the current operator, City Culture Peterborough, to run these attractions by 50%. This will require City Culture Peterborough to review how the facilities operate, which will likely see a reduction in opening times for both sites. The review will also investigate how the attractions could generate more income. Currently both attractions cost in the region of £600,000 a year.

Contract and procurement saving - £1,700,000

The council has committed to reviewing all its contracts to identify where savings could be made. Every year it spends £170million with third party providers.

This budget proposal assumes that a saving will be achieved on all contracts through renewals, renegotiation and de-specification.

Serco business support- £250,000

The council's business support service, which provides admin support for departments, is provided by Serco. This proposal looks to review the operating model to achieve the level of service the council requires with a saving on the annual spend.

Discussions with Serco on what this new operating model could look like are at a very early stage and will be progressed during 2022.

Serco - £92,000

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.

An underspend of £231,000 has been identified during 2021/22 budget monitoring and this is forecast to continue at a level of £92,000 in future years, generating a saving for the council.

Aragon Direct Services - £41,000
A number of changes are proposed to the Aragon contract as follows:

- Reduction in cleansing in medium and low intensity areas, ie areas of lower footfall and traffic. Cleansing regimes in areas of high intensity such as the city centre will remain.
- There are a number of verges across the city which require the council to manually weed, maintain and re-plant with wildflowers each year. It is proposed to replace these areas with grass to generate a saving. A number of wildflower areas are maintained by residents independent of the council. We will be looking for other groups which may be willing do to the same.
- Reduce cutting of grass on high-speed roads, from three cuts a year to two. Cutting grass on high-speed roads requires traffic management including lane closures which is expensive, therefore reducing the number of cuts by one will save £13,000.

Transport levy- £226,000
The Cambridgeshire and Peterborough Combined Authority (CPCA) holds strategic transport functions and is the Local Transport Authority for the Cambridgeshire and Peterborough area. It issues a levy on the council to meet the costs of discharging these functions, which includes providing supported bus services and funding concessionary fares.

The forecast cost of concessionary fares has reduced across the board, reflecting reduced patronage on bus services. On instruction from DfT, bus operators are currently paid a flat fee irrespective of actual passenger numbers to provide continued support during the pandemic. It is expected that in 2022/23 costs will remain lower than was forecast before the pandemic.

The Transport Levy will be set by the CPCA at its Board Meeting on 26 January and it is anticipated that the cost to the council will be lower than budgeted by £226,000.

Capital programme reduction- revenue impact - £750,000
Phase One of the budget setting process included a reduction in investment in the council's capital programme activity for 2022/23 to more accurately reflect the level of work it has capacity to deliver. This delivered a revenue saving on the cost of repaying debt of £2.245m. This additional target saving of £750,000 represents the removal of all planned borrowing for the remainder of this year and next. Essential statutory or unavoidable work that has no grant funding, eg property and ICT, will need to be funded by alternative sources such as capital receipts.

Review energy from waste budget assumption - £244,000
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.

Reduction in tree management - £250,000
The council works to maintain thousands of trees across the city for the benefit of communities and the general environment.

The total tree management budget is £900,000 per year and it is proposed to save £250,000 by only undertaking essential health and safety works and ceasing the proactive management of our tree stock.

This is proposed as a one year only proposal as it is recognised there could be risks around health and safety, insurance claims and future costs.

Peterborough Highways Services (PHS) and Milestone contract - £133,000
The council is proposing a number of measures to achieve this saving.

The council is reviewing fees for development control applications which have an impact on highways. This would involve an increase in the fees charged to developers and would bring the council's fee system in line with some other local authorities, including Cambridgeshire County Council. We are also proposing to charge developers for pre-application advice and Planning Performance Agreements where the development would have an impact on the highway. These charges would be in line with those made by planning services for proposed developments.

The council has carried out a high-level review to identify any areas across the highways services budgets where there is an annual underspend. This has identified a number of areas where the annual revenue budget can be adjusted, amounting to a total budget reduction of £30k.

The council is continuing to review contractual arrangements with Milestone Infrastructure Limited (formerly Skanska) for the delivery of highways infrastructure services in order to understand and manage the impact of both increasing or decreasing the contract turnover.

Disband Tourist Information Centre (TIC) team - £73,000
Since the start of the pandemic the service has been provided online, aside from a small presence in the Mini Vine on Bridge Street before its closure this autumn where maps and other information were exhibited.

This proposal is for the tourist information function to cease operating from 1 April.

Information about the city including events, places to stay, bookings and other functions provided by the tourism team will be available through the Visit Peterborough website.

City College Peterborough operating model review - £500,000
City College Peterborough (CCP) is the council's adult skills service. It receives no direct funding from the council for its adult skills offer although the council does not charge any

rent for the college site, and CCP is commissioned by the council for other services including the Day Opportunities Service for people with learning difficulties.

A review is being undertaken of the college's operating model which has been in place since 2014 and has not kept pace with the rate of growth in the college. The current model sees the college pay the council £250k a year, however this proposal is for a new operating model which delivers a better return to the council, based on the turnover CCP achieves, equating to an additional £500k.

City College Peterborough- utilisation of surplus balances - £1,000,000
CCP operates very successfully as an arm's length organisation and as a result has generated significant levels of reserves in its budget. The college will provide a £1million one-off contribution from their reserve to support our budget challenge.

ICT savings - £892,000
The council is proposing to implement a number of measures to achieve this savings target.

By updating devices and using laptops we will ensure staff are able to take advantage of the latest technology, allowing them to fulfil their roles more easily and efficiently. This change will have an impact on the number of licences required for software which is no longer required, and there will be less reliance on some existing systems resulting in an expected saving of £210,000.

Alongside this, we are looking at our options around the provision of telephony and will be reviewing our use of landlines, mobile phones and internet-based voice and video calls to see what we need in the future, given all the changes to the way we work over the past two years. Through this we will give staff access to the latest technology at the best price resulting in an expected saving of £486,000.

The council generates income by delivering ICT services to other public sector organisations. By formalising agreements and reviewing our charges we will achieve an expected income of £129,000.

We are also continuing to review our ICT contracts to ensure we are only retaining those which are essential. This will result in an expected saving of £67,000.

Solar roof top asset portfolio - £393,000
Following the administration of ECSP1, the company set up by the council and Empower Community Management LLP to deliver solar panels on rooftops across the UK, the council purchased the assets from the administrator for around £20m. Those assets are now on our balance sheet which generates a saving for the council.

Increased income from planning service - £30,000
The council has successfully traded its planning policy and housing strategy services to other nearby councils for over 10 years, and due to ongoing demand for such services we are confident a further uplift in income of £30,000 to a total of £430,000 a year is achievable.

Review inflation assumptions - £172,000
A very detailed review of the council's inflation assumptions has been made to arrive at this proposed budget saving. This means the inflation required is less than previously predicted for 2022/23, therefore generating a saving. This is the result of some of the utilities costs being lower, such as water, gas and electric and the NNDR freeze. The current rate of inflation is running at around 5% and energy prices have risen sharply, therefore in future years once the council is out of its current contract there is a budgetary risk due to the current market conditions.

Review of Constitutional Services - £85,000
A restructure was carried out in October for: mayoral services, member services, electoral services, democratic and constitutional services and the leader's office. This led to four roles being deleted and two new roles created.

The restructure was aimed at uniting the whole of constitutional services together to ensure continuity of ways of working, which in turn will deliver a better level of performance.

Pension costs - £41,000
There is a small saving in relation to pensions costs associated with employees of Cambridgeshire County Council, before Peterborough gained unitary status in 1998. These pension costs are now reducing as a result of there being fewer people receiving pensions.

BUDGET PRESSURE & SERVICE DEMAND

Loss of parking income - £413,000
Since the start of the pandemic the parking and enforcement related income generated by the council has taken a significant hit. Lockdowns saw a significant reduction in both on and off-street parking income and it has never returned to pre-pandemic levels with many people choosing to shop and socialise online. In addition, more people are now working from home, including council staff.

This therefore creates a pressure on the council's budget and as a result the income target for the parking service is being reduced.

In addition, investment will also be needed in signage and road markings to ensure that the public are clear about parking rules, and our parking officers can enforce correctly when these are breached.

Adult Social Care market sustainability and demand - £1,869,000
Adult Social Care faces increased demand for services as a result of a growing and ageing population, greater complexity of needs and the ongoing impacts of Covid-19. Covid has led to increased demand for adult social care services such as residential care, mental health provision and support for younger working age adults, although the long-term impact of the pandemic remains uncertain at this time.

In addition, inflationary pressures are leading to increased costs for the provision of care, including the National Living Wage increasing by 6.6% to £9.50 per hour in 2022/23 and increasing inflation for other non-workforce related costs, such as fuel and equipment. It is crucial that we are able to support independent social care providers with these rising costs to support sustainable provision of care.

Adult Social Care- review backlog £225,000
Due to the impact of Covid-19 on service demand and the workforce, additional short-term social worker capacity is required to ensure that we are able to meet our statutory duty to complete reviews under the Care Act 2014. Reviews are vital to ensure that people continue to receive the right level of care and support to meet their needs at any given time. For individuals with frequently changing needs, regular reviews support both better outcomes and better demand management, with a focus on prevention.

Adult Social Care reforms - £535,000
The Government recently announced substantial changes to Adult Social Care, which will come into effect over the next two years. This includes changes to client charging, the new care cap cost and the need to ensure that we are paying providers a fair cost for the care

they provide. Implementation of these reforms will result in additional costs to the council, however government funding will be made available to cover some of this burden.

Adults Lifeline - £124,000

Lifeline is a personal alarm service used by the elderly and vulnerable. A saving had previously been outlined based on introducing a charge in line with other areas of the country for the service after an initial six-week trial period.

However, after recently recommissioning the contract the price has risen, meaning the planned saving will now not begin until 2024/25.

Clare Lodge – Loss of income - £480,000

Clare Lodge is a national provider of welfare secure placements for vulnerable children and young women aged 10-17. With there now being far more complex referrals, this impacts the running of the home, primarily occupancy and the impact on staffing, and makes it harder for the home to make an income. The occupancy has and continues to be significantly lower than previous years, which is due to both the continually increasing complexity of the people who are referred and the lasting impact of covid i.e. requirement to isolate new arrivals.

This also makes it harder to recruit staff. As a result there is an increased use of agency staff which comes at a much higher rate - nearly three times that of permanent staff.

Home to school transport – £486,000

The cost of providing home to school transport has increased because of rising fuel costs, the number of children needing the service and reduced providers in the market as a result of Covid-19 seeing many drivers move to other sectors. Many reviews have taken place in the past, including looking at independent travel, and a further review is planned to make sure we're doing all we can to keep costs as low as possible. This pressure represents the additional costs for providing transport in the 2022/23 financial year.

Housing – temporary accommodation pressure - £178,000

The Housing Needs team is to be re-structured. This will see the creation of a service delivery unit at a cost of £178,000 - due to the recruitment of new staff - which will take over strategic and commissioning responsibilities, leaving managers to focus on the front-line and how we support individuals needing our help.

By creating the service delivery unit this will allow the team to focus directly on homelessness prevention, which in turn will reduce the reliance on temporary accommodation and deliver savings.
Since the pandemic began demand for our support has risen, a problem likely to be made worse due to the lifting of restrictions on evictions as well as the ending of the furlough scheme, removal of the Universal Credit top-up and other economic conditions such as the rise in the cost of living.

Despite this, the team has managed to reduce the total number of households in temporary accommodation to 310, a number we forecast will go down thanks to the proposed restructure and effective prevention of homelessness.

Housing Enforcement - selective licensing - £217,000
The council's Housing Enforcement team delivers the council's statutory duties in respect of the Housing Act 2004 which introduced both mandatory licencing of HMOs and the Housing Health and Safety Rating System (HHSRS) to help ensure that private sector housing meets set minimum standards. In addition to mandatory licencing, the Act also introduced selective licencing.

In 2016 the council introduced a selective licencing scheme for which it charged landlords a fee, which funds services directly in relation to the licencing scheme. The scheme ended on 31 October 2021, with consultation on a new scheme currently underway (20 January to 13 April). If approved by the Secretary of State, the new scheme is not likely to come into force until the second half of 2022 at the earliest, which means that the council has no core funding or budget established for the continued provision of statutory functions for 2022/23. It also has no funding to cover the cost of the officers appointed to manage selective licencing who are still employed, and currently supporting the high risk Covid 19 postcode statutory work for Public Health.

To resolve this, the council is proposing that an in-year budget pressure of £389,000 be approved to cover the salaries of the housing enforcement officers currently employed until 31 March 2022. Due to the specialist nature of the selective licensing officers work, letting go and rehiring will be costly, and there is no guarantee that we will be successful in attracting the right calibre officers.

It is further proposed that the salaries of the officers who deliver the selective licencing scheme be covered for the first two quarters of 2022/23 (April to Sept) to allow for the Secretary of State to reach a decision on whether to approve or reject our proposal. If the proposed selective licencing scheme is rejected, funding for these posts will cease at 30 September 2022, and further budget will be required to cover redundancy payments. If the scheme is approved, the selective licencing officers will be retained and their salaries covered by the income generated by the licence fee.

Chief Executive personal assistant - £50,000
Following agreement to employ separate chief executives in Peterborough and Cambridgeshire there is a need to recruit a dedicated personal assistant for the Peterborough Chief Executive; this was a shared role previously.

Joint Equality Diversity & Inclusion role - £50,000
This proposal is for a jointly funded role with Cambridgeshire County Council to support the Equality Diversity and Inclusion agenda, given the overlap of this activity across both

councils. This is a wide-reaching programme and follows a self-assessment of the city council against the Local Government Association's equalities framework.

Human Resource – capacity resource - £37,000

This proposal is for additional resource within the Employee Relations Team to support and deliver day to day business priorities. This team supports senior level recruitment and offers guidance on attendance management, performance management, grievance, disciplinary and all aspects of change management.

FUNDING CHANGES AND RESERVES

Reserves - £1,000,000
At the end of November the council put a stop on all non-essential expenditure (anything other than essential statutory services) across the organisation with immediate effect. The moratorium on expenditure was put in place to protect the council's reserves in the current year so that reserve balances could be used to fund transformation projects, increase the council's financial resilience and/or strategically support the following financial year budget planning for 2022/23.

This approach has been successful and the council has so far reduced its reliance on reserves by over £5million. In line with the original plan, the council has built into its budget plan the use of £1million, with a further £1million commitment being set aside in the reserves to fund the implementation and transformational activity needed to implement these savings plans.

Business Rates Pool - £341,000
The council has, along 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 for Levelling Up, Housing and Communities (DLUHC). 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 member councils. The pool provided the council with £1.6million of additional benefits in 2020/21 and was initially forecast to provide in excess of £2.2million in 2021/22. The forecast for 2022/23 is now available and is expected to be £2.5million. This proposal is to update our initial budget forecast included within phase one.

Following the Local Government Provisional Finance Settlement announced in December, DLUHC has written to the members of the Cambridgeshire and Peterborough Business Rates Pool to confirm the continuation of this arrangement.

Council tax collection fund - £525,705
Each year the council must evaluate the financial position of the collection fund and declare whether there is a surplus, where additional income has been collected in comparison to budget, or a deficit, where the income collected is less than budgeted. This amount is then carried forward into the following year's budget.

For a number of years the council has declared a surplus position due to the level of growth within the city. However due to Covid-19 this is the second year the council has reported a deficit position. This is the result of supply chains slowing house building and a temporary rise in the level of residents claiming Local Council Tax Support.

The estimated deficit at the end of 2020/21, was spread over 3 financial years, in accordance with the government legislation, therefore £558,727 of the £1,084,432 collection fund deficit has already been accounted for within the budget. At the end of 2020/21 the council received £2.3million of Tax Income Guarantee compensations grant from the government, like many other councils, in recognition that we have suffered significant losses in NNDR and council tax as a result of Covid-19. The council had put this money in to reserves to cover any future Collection Fund deficits, therefore £525,705 will be utilised from the reserve to cover the adjustment to the deficit.

Local Government Provisional Finance Settlement Announcement - £8,822,000

The Local Government Provisional Finance Settlement was published on 16 December which confirmed the 2022/23 allocation of grant funding, previously announced by the Chancellor within the Spending Review 2021.

The settlement overall was generous and has provided the council with £8.8million of additional funding, over and above our original budget estimates outlined in phase one. The announcement included the following key changes:

- **New Homes Bonus**: A new scheme has been consulted on by the government, but a final scheme is yet to be announced. As a result, the announcement included confirmation of an additional year of the scheme, meaning an additional £1.5million of grant funding for the council.
- **Services Grant:** a new grant, which has been created to fund general responsibilities. The council should receive £2.9million, however this is one-off and likely to be replaced by more radical funding changes in future years.
- **Revenue Support Grant, Improved Better Care Fund and Lower tier services grant:** have received an inflationary up lift in comparison to the 2021/22 grant levels.
- **Adult Social Care reforms**: The council is expecting to receive £0.5million of new funding in 2022/23, to commence implementing the Social Care Reform White paper and the Fair Cost of Care and Market Sustainability Fund. A corresponding pressure has also been factored into the budget, to take account of the additional cost the council expects to see as a result of implementation.
- **Social care funding** is expected to increase by £2.1million as part of the Government's commitment to ensuring local government has the resources it needs to support the most vulnerable through adult and children's social care.
- **NNDR (business rates):** The chancellor announced within the Spending Review that businesses will see a freeze in their business rates bills, which in turn would reduce the amount of income the council would receive to fund services. The government acknowledges this and therefore compensates councils with a grant, to cover the

income lost had an increase in line with CPI been applied. An estimate of £1.3million was factored into the budget.

Further details around the council's funding assumptions are outlined within the Phase Two MTFP 2022/23 report, which will be reported to Cabinet on 31 January 2022.

HUMAN RESOURCES IMPLICATIONS

Whilst it is anticipated that there will be some staffing implications as part of this budget, much of the management focus is looking at how operating models can change to ensure any staffing impact is minimised.

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 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 28 February at 5pm. Cabinet will consider comments on Monday 21 February 2022 and Full Council will debate the phase two proposals on Wednesday 2 March 2022.

The consultation will ask the following questions:

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

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

2. Having read the phase two proposals document, how much do you now feel you understand about why the council must make savings of almost £17.8million in 2022/23? 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	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
Strategic Plans									
New School Provision in Great Haddon	100	900	10,000	-	100	-	900	-	10,000
People & Communities Total	**100**	**900**	**10,000**	**-**	**100**	**-**	**900**	**-**	**10,000**
Rail Station Western Access	-	2,000	-	-	-	-	2,000	-	-
Place & Economy Total	**-**	**2,000**	**-**	**-**	**-**	**-**	**2,000**	**-**	**-**
Total Strategic Plans	**100**	**2,900**	**10,000**	**-**	**100**	**-**	**2,900**	**-**	**10,000**
Business Cases in Development									
Greater Peterborough University Technical College sports facilities	200	-	-	-	200	-	-	-	-
People & Communities Total	**200**	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**-**
A16 Norwood Dualling	500	-	3,700	-	500	-	-	-	3,700
A1260 Nene Parkway Junction 15 improvements	7,604	-	-	-	7,604	-	-	-	-
A1260 Nene Parkway Improvement Jn 32 to Jn 3 (Fletton Parkway)	7,000	-	-	-	7,000	-	-	-	-
Eastern Industries Access Phase 1 - Parnwell Way	4,479	-	-	-	4,479	-	-	-	-
Peterborough University Access	2,261	750	-	500	1,761	750	-	-	-
Additional Peterborough University Funding	20,000	-	-	-	20,000	-	-	-	-
Towns Fund Investment	10,200	4,700	-	-	10,200	-	4,700	-	-
Place & Economy Total	**52,043**	**5,450**	**3,700**	**500**	**51,543**	**750**	**4,700**	**-**	**3,700**
IFRS 16 Transition	22,000	-	-	22,000	-	-	-	-	-
Resources Total	**22,000**	**-**	**-**	**22,000**	**-**	**-**	**-**	**-**	**-**
Total Business Cases in Development	**74,243**	**5,450**	**3,700**	**22,500**	**51,743**	**750**	**4,700**	**-**	**3,700**
Rolling Programmes									
ICT Projects	3,164	2,080	3,000	3,164	-	2,080	-	3,000	-
Customer & Digital Services Total	**3,164**	**2,080**	**3,000**	**3,164**	**-**	**2,080**	**-**	**3,000**	**-**
Capital expenditure incurred by Peterborough Schools	458	458	400	-	458	-	458	-	400
School capital maintenance, minor works and overall programme costs	2,080	1,645	1,645	650	1,430	445	1,200	445	1,200
Social Care property adaptations and equipment	4,790	3,825	3,675	1,240	3,550	825	3,000	675	3,000
People & Communities Total	**7,328**	**5,928**	**5,720**	**1,890**	**5,438**	**1,270**	**4,658**	**1,120**	**4,600**
Extreme Weather Network Improvements	500	500	500	500	-	500	-	500	-
Footway Slab Replacement Programme	230	230	230	230	-	230	-	230	-
Highways	3,361	3,311	3,311	928	2,433	910	2,401	910	2,401
Integrated Transport Programme	1,418	1,418	1,418	-	1,418	-	1,418	-	1,418

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
Parkways Five Year Maintenance programme	500	500	500	500	-	500	-	500	-
Pothole and Challenge fund	1,921	1,921	1,921	-	1,921	-	1,921	-	1,921
Refurbishment of Traffic Signal Sites Nearing End of Life	570	120	120	120	450	120	-	120	-
Safety Fencing Network	1,400	700	700	1,400	-	700	-	700	-
Street Lighting Cables and Feeder Pillar Upgrade	500	500	500	500	-	500	-	500	-
Street Signage	30	30	30	30	-	30	-	30	-
Surface Treatments	250	250	250	250	-	250	-	250	-
Wheelie Bins	40	40	40	40	-	40	-	40	-
Place & Economy Total	**10,720**	**9,520**	**9,520**	**4,498**	**6,222**	**3,780**	**5,740**	**3,780**	**5,740**
Strategic Property Portfolio capital maintenance and minor works	1,955	1,450	1,500	1,955	-	1,450	-	1,500	-
Resources Total	**1,955**	**1,450**	**1,500**	**1,955**	**-**	**1,450**	**-**	**1,500**	**-**
Total Rolling Programmes	**23,167**	**18,978**	**19,740**	**11,507**	**11,660**	**8,580**	**10,398**	**9,400**	**10,340**
Active Schemes									
Clare Lodge Refurbishment and Safety Works	352	-	-	-	352	-	-	-	-
Heltwate - expansion and refurbishment	4,925	375	-	1,513	3,412	375	-	-	-
Housing for Vulnerable People	1,497	-	-	1,497	-	-	-	-	-
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	**14,813**	**375**	**-**	**3,010**	**11,803**	**375**	**-**	**-**	**-**
A14 Improvement Scheme	60	60	60	-	60	-	60	-	60
A47/AA15 Lincoln Road Junction 18 Improvements	227	-	-	227	-	-	-	-	-
ADS Fleet Renewal	4,054	264	253	4,054	-	264	-	253	-
Apv Baker Footbridge	750	-	-	750	-	-	-	-	-
Crescent Bridge Refurbishment	50	-	-	35	15	-	-	-	-
Local Authority Treescape Fund	53	53	53	-	53	-	53	-	53
Strategic Network Review	-	100	-	-	-	100	-	-	-
Towns Fund Investment	3,500	3,700	-	-	3,500	-	3,700	-	-
Place & Economy Total	**8,694**	**4,177**	**366**	**5,066**	**3,628**	**364**	**3,813**	**253**	**113**
Community Leadership Fund (CLF)	60	60	60	-	60	-	60	-	60
Housing Joint Venture	950	-	-	950	-	-	-	-	-
Resources Total	**1,010**	**60**	**60**	**950**	**60**	**-**	**60**	**-**	**60**
Total Active Schemes	**24,517**	**4,612**	**426**	**9,026**	**15,491**	**739**	**3,873**	**253**	**173**
Total Capital Programme	**122,027**	**31,940**	**33,866**	**43,033**	**78,994**	**10,069**	**21,871**	**9,653**	**24,213**

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
Invest to Save									
Active Schemes									
Hilton Hotel - Fletton Quays	3,201	-	-	3,201	-	-	-	-	-
Total Active Schemes	**3,201**	**-**	**-**	**3,201**	**-**	**-**	**-**	**-**	**-**
Total Invest to Save	**3,201**	**-**	**-**	**3,201**	**-**	**-**	**-**	**-**	**-**
Target reduction to be identified	**(9,234)**	**(9,836)**	**(9,420)**	**(9,234)**	**-**	**(9,836)**	**-**	**(9,420)**	**-**

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Appendix D – Financial Risk Register

Risk Area	Detail	Action
Level of Reserves	As set out in this report (Section 6) the Robustness Statement, sets out that the Council has low reserves and balances. This presents a risk to the financial sustainability of the organisation over the medium term. The council has low resilience therefore if savings are not delivered as planned, pressures resulting from the longer lasting impacts COVID-19 increase, or unforeseen events occur this will reduce that further. A risk assessment of the general fund level is outlined within Section 6, the Robustness Statement.	Robust financial control for 2022/23 and future years will continue to be exercised through regular budget monitoring and will be incorporating the tracking of savings delivery through the improvement plan programme boards, which will also be undergoing key lines of enquiry to develop 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 The Council has considered these risks and in addition to the general fund a budget risk reserve of £2m has been established and £1.8m Income Tax Reserve to mitigate the budgetary impact of any future Collection Fund deficits.
Level of one-off (non-repeatable) savings	The Council has relied upon non-repeatable budget savings and income items in order to balance the budget, in previous years and there are some within the proposed 2022/23. The Council is aware this is not a sustainable approach, but it has enabled Council to set legal and balanced budget in the past.	The Council is aiming to reduce the use one-off budget savings in order to create financial sustainability. The table in section 4 of the report demonstrates how the Council has reduced its reliance on these options in the 2022/23 budget. A key theme to deliver financial sustainability is embedded within the Council's improvement plan (outlined in Appendix I). This is in progress and a new MTFS is expected to be to be reported in September 2022, setting out how the Council plans to achieve this.

Risk Area	Detail	Action
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.	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.
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 RIT monitor and report on the delivery of programmes and savings. This group meets on a regular 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. Going forward the monitoring of these will be integrated within the programme board for the Improvement Plan. The governance for this is currently being established. 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 as part of the budget setting process for the 2022/23 MTFS and where savings plans were deemed out of reach due to the change is operating environment, these have been reviewed and either revised plans/actions agreed to deliver these, or where the position is irrecoverable the Budget has been adjusted accordingly. These like all budgetary pressure have undergone close scrutiny.
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 Covid-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.

Risk Area	Detail	Action
	Debt There is a risk from the non-payment of invoices from our suppliers.	These areas remain under close review, within the BCR, by the RIT, CMT and Cabinet, and revised plans and forecasts have been factored into this MTFS to ensure these pressures are contained within the budget envelope. The Covid-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 closely monitors the debt position and has taken required action to ensure payment of invoices are received, and within the 2022/23 budget has been able to release £0.5m 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.
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 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 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. 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

Risk Area	Detail	Action
		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.
	Business Rates Collection Rates	Business Rates collection rates have been dramatically effected by COVID-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 72% down to £3.2m. 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.
	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.
Local Government Funding Reforms	The Funding reforms (also known as 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. Ministers have indicated they will start this review in early 2022 for implementation as early as 2023/24.	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.

Risk Area	Detail	Action
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. COVID-19 had increased the level of LCTS claims the Council has received, due to an increase in the levels of unemployment.	Officers 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 COVID-19 pandemic by adopting a softer approach temporarily. The Council will revise future year forecasts of council tax income accordingly. The LCTS case loads are being monitored monthly by officers, in addition to the collection rate monitoring which already takes place. Even following the end of the furlough scheme the LCTS claimant levels are reducing each month, and getting closer to resuming a pre-pandemic level.
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: **1** General Inflation **2** Social Care Levy (increasing salary costs) **3** Fuel/energy price rises **4** Care Market sustainability **5** 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.

Risk Area	Detail	Action
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 repay debt. This represent a risk to the final outturn position if those receipts are not achieved. A consultation on revised MRP guidance has been published by DLUHC. The guidance restricts the use of capital receipts to repay debt, and this is expected to come in from 2023/24, which presents a low risk to the Council's financial position. **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 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. The Council has a high level of debt, and borrowing costs associated with that debt represents 16% of the 2021/22 revenue budget.	This is monitored monthly through Budgetary Control Reporting to Capital Review Group (CRG), CMT and Cabinet. The Finance team also receive the latest forecasts for sale completion, estimated receipt level and market environment operating under on a bi-weekly basis from out property partners NPS. The process for the identifying and achieving capital receipts is being reviewed as part of the Improvement Plan. The Council will closely monitor the progress around the new MRP guidance to assess the financial impact resulting from any proposed changes. 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. 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. The Capital Programme is a key workstream within the Improvement Plan with the development and implementation of a refreshed Capital Strategy included within this

Risk Area	Detail	Action
		budget plan. A review of the existing capital programme will be completed to ensure alignment with the revised strategy with funding sources and impact on the Council's balance sheet at its core.
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.
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. 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 MTFS report sets out that the Council still has a challenge ahead, in order to achieve financial sustainability in the future. The Council will continue to work closely with DLUHC, following its recent assurance review and have already taken positive steps towards achieving financial sustainability. These include: • The development of an improvement plan - of which some key milestones are already well on the way to being achieved. • The appointment of an Independent Improvement and assurance Panel • Commissioning CIPFA to undergo a programme of service and financial reviews 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.

Risk Area	Detail	Action
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 assessments 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 events and participating in teleconferences by the Home Office. As the UK 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.

Climate Change to the City	The impacts of climate change in the UK and around the world are clear and demand urgent action. We are already witnessing changes that impact lives and livelihoods and reshape landscapes and communities. 2020 was the first time that heat, rain and cloudless periods all ranked in the top 10 years since accurate records began. Total rainfall from extremely wet days has increased by around 17% over 2008- 2017, for the UK overall, so as well as increased rainfall overall, intense rainfall poses additional problems. The rate of change is increasing, and causing alarm to scientists, as reported by the IPCC earlier this year.
	
	The Council needs to do all it can to mitigate this risk to residents, business and stakeholders
		The Council will:
		
		• Produce a costed proposal, including funding streams for the development of a climate change adaptation action plan.
		• Consider the above proposal, once funding has been identified, through the appropriate Council Governance processes.
		• The following is the climate change adaptation action plan specification:
		  ○ The action plan should assess past and future risks to residents, organisations and the council from extreme weather events or hazards arising from a changing climate, including the impact of:
		    ▪ Surface water flooding from extreme rainfall
		    ▪ Extreme heat and cold in homes especially at night
		    ▪ Extreme temperatures in workplaces
		    ▪ Extreme wind, hail, rainfall and drought

Risk Area	Detail	Action
		○ The action plan should include estimated costings for the adaptation and resilience measures that are required to protect Peterborough from the disruption caused by extreme weather events. ○ The action plan should identify methods of funding this work. ○ The action plan should be produced in consultation with the Combined Authority and national government along with local organisations and residents.

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Appendix E – Fees and Charges

Directorate	Service Area	Charge	Average % increase in Fees & Charges	Council Lead/Statutory
Customer and Digital Services	Business Regulations	Construction, Design and Management Fees	0.0%	Statutory
Governance	Mayoralty/Civic	Civic Room Lettings	1.3%	Council Lead
People and Communities	Business Regulations	Other Environmental Health Licensing	4.0%	Council Lead
People and Communities	Business Regulations	Trading Standards	2.9%	LACORS (Local Authority Coordination of Regulated Services
People and Communities	Business Regulations	Street Trading Consents (Non Pedestrian Area)	-4.8%	Council Lead
People and Communities	Business Regulations	Other charges	0.2%	Council Lead/Statutory
People and Communities	Children & Families	Accommodation charges	0.0%	Council Lead
People and Communities	Childrens Social Care	Unauthorised absence penalty notice	0.0%	Statutory
People and Communities	City Centre Services	City Services Street Trading	0.0%	Council Lead
People and Communities	Community Protection	Environmental Protection Act	0.0%	Statutory
People and Communities	Community Protection	Environmental Enforcement	2.8%	Statutory
People and Communities	Education	Parental contribution to Bus Passes issued	0.0%	Council Lead
People and Communities	Enforcement	Houses of Multiple Occupation License	0.0%	Statutory
People and Communities	Housing & Healthy Living - Housing	Selective Licensing	0.0%	Council Lead
People and Communities	Independent Sector Placements	Extra Care Schemes	0.0%	Council Lead
People and Communities	Independent Sector Placements	Day services	0.0%	Council Lead
People and Communities	Independent Sector Placements	Direct payment rates	0.0%	Council Lead
People and Communities	Independent Sector Placements	Respite	Assessed charge	Council Lead
People and Communities	Licensing	Gambling Act Licensing	1.2%	Statutory
People and Communities	Licensing	Hackney Carriage Licensing	4.1%	Council Lead
People and Communities	Licensing	Animal Welfare Licensing	2.4%	Council Lead
People and Communities	Licensing	Lottery Licensing	0.0%	Statutory
People and Communities	Parking Services	PCN's - Off Street Parking	0.0%	Statutory
People and Communities	Parking Services	PCN's - On Street Parking	0.0%	Statutory
People and Communities	Parking Services	On Street Parking	0.0%	Council Lead

Directorate	Service Area	Charge	Average % increase in Fees & Charges	Council Lead/Statutory
People and Communities	Parking Services	Off Street Parking	0.0%	Council Lead
People and Communities	Parking Services	Off Street Parking Season tickets	0.0%	Council Lead
People and Communities	Parking Services	Staff Parking	0.0%	Council Lead
People and Communities	Parking Services	Residential Parking	0.0%	Council Lead
Place and Economy	Archaeology Service	Archaeology Services	0.6%	Council Lead
Place and Economy	Asset Management	Street naming & numbering information	6.5%	Council Lead
Place and Economy	Passenger Transport	Queensgate Bus Station	0.0%	Council Lead
Place and Economy	Planning	Planning Fees and Charges	0.0%	Council Lead/Statutory
Place and Economy	Street Works	Licenses and permits	7.3%	Council Lead
Place and Economy	Tourism	Tickets sold on behalf of event organisers	0.0%	Council Lead
Place and Economy	Trans and Development	Highways Development	0.0%	Council Lead
Resources	Bereavement Services	Crematorium fees	2.2%	Council Lead
Resources	Bereavement Services	Memorial Sales	2.5%	Council Lead
Resources	Bereavement Services	Cemetery fees	2.1%	Council Lead
Resources	Registration Services	Private Citizenship Ceremonies	4.2%	Council Lead
Resources	Registration Services	Approved Premises/Registration Office	1.7%	Council Lead
Resources	Registration Services	Baby Naming/Renewal of Vows	2.0%	Council Lead
Resources	Registration Services	Registration Services – Statutory fees	0.4%	Statutory
Resources	Strategic Property	Property Rents	Varies - Increases in rent are dictated by the terms of the leases	Council Lead

Appendix F- Reserves Commitments

These costs are based on the best-known estimates at the time of publication and therefore may reduce or increase as plans are developed. They have been included within the reserves position for the purposes of reflecting a transparent financial estimate and position.

Commitment	Activity	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Serco- Business Support- Phase one and Two Savings	Project/change management resource and Redundancy		335		335
Serco- Customer Services- Phase One saving	Project/change management resource and Redundancy		134		134
Planning Service Review- LGA	LGA review- to undergo a review of the planning service	22			22
Parking Review	To undergo a review of the Councils car parks and develop a recommendation for the requirement across the City Centre	15			15
CIPFA Service and Financial Review Support Review	To Review the following services/areas: Children services Adult services Community and leisure services Housing Planning Joint venture companies, outsourced services and wholly owned companies and similar arrangements Assets Capital Contracts Provide Training to Members	500	155		655
Organisational Development expert	Consultant	28			28
PMO Support- Improvement Plan	Serco- Programme Manager- Support the Development of Improvement plan	25			25
Audit Committee chair and independent members	Individual professionals As outlined in the report to full council on 16 December (item 4)	34	34	34	102
Financial Support including a interim section 151 officer	Individual professionals As outlined in the report to full council on 16 December (item 4)	81			81

Commitment	Activity	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Independent Improvement and Assurance Panel (estimated costs)	Individual professionals As outlined in the report to full council on 16 December (item 4)	83	333	250	666
People and Communities- Programme management and project implementation support	To support the implementation of the phase Two savings across the following services: Adult Social care Children's Social Care Culture & Leisure Communities And to support a review of the Home to School Transport service		668		668
HR Resource	Recruit to FTC roles or agency - to support Operating Model Redesign		103		103
Disband the Tourist Information Centre	Redundancy costs (estimate)		85		85
ICT Savings Implementation		15	30		45
Contingency- to cover the cost of savings plans or redundancies not yet defined			1,000		1,000
Total		**804**	**2,852**	**284**	**3,939**

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Appendix G- Equality Impact Assessments

Contents

City College Peterborough

Initial assessment

What are the proposed outcomes of the policy?

As part of the council's budget consultation, an income target of £500,000 per annum has been set to be achieved by developing a new operating model for City College Peterborough, the council's adult skills service.

City College have operated at arms-length from the council since 2014, enabling them to diversify and expand their services. Alongside the core adult skills service, they have successfully secured commercial work, grant funded programmes, and other work which has grown the turnover of the service.

In return for this level of arms-length flexibility, the College currently returns £250,000 per annum to the council. As a council department the College do not pay any rent on their Brook Street site, but this funding back to the council supports the costs of running and maintaining that campus.

The rate of growth in the College's activities provides an opportunity for the council to review the annual amount it returns to the council. This value hasn't been reviewed since it was first introduced.

We propose to work with the College to explore even more opportunities to enable the service to operate more commercially, more flexibly and in a more agile way to grow its non-core service delivery, securing its long-term future as a major adult skills provider in the city and further supporting the council's financial strategy.

Which individuals or groups are most likely to be affected?

The core services the College provides for learners will be unaffected by these proposals. The College receives contractual funding to deliver these core services, which are accompanied by clear delivery targets, and these will remain the core focus of activity. The work the College does to support young people with additional needs, and the delivery of the separately commissioned Day Opportunities service for people with learning disabilities also remain unaffected.

It is anticipated that further diversification of the College's activity will enable new beneficiaries of College delivery to be identified.

Staff within the College may also benefit as a result of learning new skills that enable the new operating model to achieve its full potential.

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

Equality Group	**Note any positive or negative effects**
Particular age groups	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	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?

Who will be the beneficiaries of the policy?
The development and agreement of a new operating model for the College will be subject to appropriate scrutiny and decision making, ensuring we protect the College's core business as described above.
The College operates a comprehensive performance management framework, which enables us to quickly identify any anomalies in performance.

Has the policy been explained to those it might affect directly or indirectly?
Our staff will be briefed on the budget proposals prior to their public launch.

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
Not at this stage.

Once implemented, how will you monitor the actual impact?
The savings programme overall will be monitored through the council's internal reporting mechanisms.
Any unintended impacts on staff or residents will be identified through the College's performance management arrangements and mitigated as swiftly as possible.

Policy review date	**31/7/22**
Assessment completed by	**Adrian Chapman**
Date Initial EqIA completed	**18/1/22**
Signed by Head of Service	**Adrian Chapman**

Community Services Proposed Savings

Initial assessment

What are the proposed outcomes of the policy?

Savings or income targets totalling £825,000 are proposed as part of tranche two of the council's budget process, specifically:

Regulatory Services £135,000
City Centre Management £69,000
Citizens' Advice Peterborough £20,000
Unauthorised Traveller Encampments £10,000
Communities Grant Income £250,000 (one-off)
CCTV £25,000
New Operating Model £316,000

If approved, the savings would be realised as follows:

<u>Regulatory Services - £135,000</u>
Achieved by bringing increased income into Regulatory Services by undertaking more commercial activity. The focus of this activity would be in the following areas: Primary Authority paid-for business advice to national businesses; environmental consultancy to developers; and business focused training services.

<u>City Centre Management - £69,000</u>
Achieved by (i) increasing income from street trading licences by £30,000, and (ii) removing the council's expenditure on events through seeking sponsorship funding for those events.

<u>Citizens' Advice Peterborough - £20,000</u>
Achieved by accommodating Citizens' Advice Peterborough within a council-owned building, thereby reducing the organisation's overheads.

<u>Unauthorised Traveller Encampments - £10,000</u>
Achieved by realigning the annual budget of £50,000 to the actual demand for this budget.

<u>Communities Grant Income - £250,000</u>
Achieved by identifying surpluses in grant funding received by the council that can legitimately contribute towards our savings.

<u>CCTV - £25,000</u>
Achieved by bringing increased income into the CCTV service through trading with commercial land and building owners.

<u>New Operating Model - £316,000</u>
Achieved by developing a new operating model for services currently delivered by the Communities and Place departments. Bringing services such as housing, community safety, community development, planning, trading standards, adult skills, and climate change closer together presents opportunities to consider the ways they are delivered to make sure we achieve the best value for money we can whilst ensuring the issues that matter the most to our residents, such as flytipping or anti-social behaviour, are dealt with. This is also an opportunity to ensure we maximise the benefits of growth and regeneration to support our overall financial position as well as benefit both existing and new residents.

Which individuals or groups are most likely to be affected?
It is anticipated that there will be no direct impacts on residents as a result of these proposals. In the case of new income targets, we will be working with the commercial sector to trade our service and expertise. In the case of savings, we propose to reduce budgets in line with recent years' demand, in relation to management and support costs, and through switching council funding for sponsorship funding.

Residents will be impacted if we are unable to replace our events budget with sponsorship funding, as they will not benefit from the events we facilitate throughout the year.

Staff may be affected, either as a direct result of services changes or restructuring, or because their day-to-day work may need to adapt to align to new priorities. In all cases, we will ensure that staff are well supported.

There may be an impact on partner agencies in some cases if resources engaged in commercial activity are not available to undertake other work with partners. However, we will guard against this by ensuring our core functions take priority in all cases.

Commercial activity in Regulatory Services may also reduce the capacity to undertake some regulatory interventions, whether that be proactive or reactive, this potentially impacting consumers of goods and services.

Priorities will be regularly assessed, and legal contraventions in relation to statutory responsibilities that cause the greatest harm, put peoples safety at risk, cause the greatest financial detriment, or target vulnerable persons will continue to be resourced.

In the case of the savings linked to a new operating model, we will prepare further and more detailed proposals accompanied by appropriate impact assessments as the details of any changes emerges.

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

Equality Group	Note any positive or negative effects
Particular age groups	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	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?

Who will be the beneficiaries of the policy?
Achieving these savings will directly support the council's financial sustainability strategy, thereby protecting council services for our whole population, including services for the most vulnerable.
Companies we trade with will benefit from good quality advice or service provision, helping them to protect their interests and, in some cases, also protect the public from harm.
Organisations that sponsor activity currently funded by the council will benefit from the public messaging associated with this, enhancing their reputation.
Our staff will benefit in some cases as a result of having the opportunity to learn about and be involved in new work, including the provision of commercial services, adding career development opportunities and variety to their work.

Has the policy been explained to those it might affect directly or indirectly?
Our staff will be briefed on the budget proposals prior to their public launch.
Staff and residents, where appropriate, will be consulted on any significant proposed changes that may affect them before they are confirmed and implemented.

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
Not at this stage.

Once implemented, how will you monitor the actual impact?
The savings programme overall will be monitored through the council's internal reporting mechanisms.
Any unintended impacts on staff or residents will be identified through the council's management arrangements and mitigated as swiftly as possible.

Policy review date	**30/6/22**
Assessment completed by	**Adrian Chapman**
Date Initial EqIA completed	**18/1/22**
Signed by Head of Service	**Adrian Chapman**

Culture and Leisure Services

Initial assessment

What are the proposed outcomes of the policy?

Savings totalling £1.431m are proposed as part of tranche two of the council's budget process across our culture and leisure services.

Leisure Services
These services comprise all council-owned gyms and leisure centres, Vivacity Premier Fitness, the Regional Pool, the Lido, and Bretton Splash Park. These are currently delivered on behalf of the council by Peterborough Ltd, trading as Vivacity. Vivacity forecast that leisure services will at least break even financially in the 2022/23 financial year without subsidy from the council.

Separately work is underway to explore converting this part of Peterborough Ltd's operations to charitable status which would be more in keeping with the nature of the services provided. Alongside the ability to attract new forms of grant funding, this change would also secure financial benefits relating to VAT and business rates.

Culture Services
These services comprise all libraries, the archives service, Peterborough Museum and Art Gallery, Flag Fen, and the Key Theatre. These services are currently delivered on behalf of the council by City Culture Peterborough, a private limited company.

The announcement about the closure of the Key Theatre was made on 16 December, although at time of writing efforts have continued to try to identify a new interim operator to avoid a lengthy closed period.

Peterborough has ten libraries and a mobile library service. The library service is a statutory function, meaning the council must provide a service, but it has leeway in how it does so. The proposal looks to remodel and modernise the library service and provide it differently, so that it costs less, therefore securing its long-term future. In addition, there will be investment in the mobile library service so that it offers a larger programme each week and can support more vulnerable groups such as those living in care homes to access reading and other resources. There will also be additional investment in digital resources, for example groups and sessions which can be accessed online. This process will be subject to separate statutory consultation, and a detailed equalities impact assessment will be produced as part of that process.

We need to reduce the cost of providing the Museum and Art Gallery, and the Flag Fen Archaeological Park by around half, to a new annual budget of c.£310,000. Alongside identifying commercial opportunities to bring more income in to these services, it is likely that we will also need to review opening hours and the breadth of services available.

Which individuals or groups are most likely to be affected?
Impacts on residents and communities are most likely in relation to any reduction in cultural services, particularly libraries. Work to develop options around a new and modernised library service is underway, and any proposals will be subject to statutory consultation. This will help to both confirm any impacts we foresee as well as identify additional ones.

Both the Museum and Flag Fen facilitate group visits from schools, and, unless planned carefully, any reduction in opening hours may impact on this. The general public too will have reduced access to these facilities should the proposals lead to reduced opening hours.

City Culture staff across all services may be affected as a result of budget reductions, including being at risk of redundancy or changing roles.

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

Equality Group	Note any positive or negative effects
Particular age groups	Older people and students make up a significant proportion of library users. Any reduction in services will impact them negatively.
Disabled people	Disabled people with limited mobility may be negatively impacted if their local library service reduces its operations.
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	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?

Who will be the beneficiaries of the policy?
Achieving these savings will directly support the council's financial sustainability strategy, thereby protecting council services for our whole population, including services for the most vulnerable.

Has the policy been explained to those it might affect directly or indirectly?
Our staff as well as those employed by City Culture Peterborough will be briefed on the budget proposals prior to their public launch.
Staff and residents, where appropriate, will be consulted on any significant proposed changes that may affect them before they are confirmed and implemented.

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
Not at this stage.

Once implemented, how will you monitor the actual impact?
The savings programme overall will be monitored through the council's internal reporting mechanisms.

Any unintended impacts on staff or residents will be identified through the council's management arrangements and mitigated as swiftly as possible.

Policy review date	**30/6/22**
Assessment completed by	**Adrian Chapman**
Date Initial EqIA completed	**18/1/22**
Signed by Head of Service	**Adrian Chapman**

Housing Needs Service

Initial assessment

What are the proposed outcomes of the policy?

The proposed redesign of the Housing Needs Service is required in order to meet the changing demands of the service following changes in legislation and encompassing the changes in service delivery that have come about as a result of the pandemic and how those changes can be embedded as business as usual.

Which individuals or groups are most likely to be affected?
All groups are likely to be affected.

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

Equality Group	Note any positive or negative effects
Particular age groups	No group will be disproportionately affected
Disabled people	No group will be disproportionately affected
Married couples or those entered into a civil partnership	No group will be disproportionately affected
Pregnant women or women on maternity leave	No group will be disproportionately affected
Particular ethnic groups	No group will be disproportionately affected
Those of a particular religion or who hold a particular belief	No group will be disproportionately affected
Male/Female	No group will be disproportionately affected
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No group will be disproportionately affected
Sexual orientation	No group will be disproportionately affected

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 Housing Needs service will be redesigned to ensure the service is in the best place to deal with the emerging demands on the horizon as well as adopting the positive changes in service delivery that have been in put in place during the pandemic. This will involve changes such as no front facing general housing advice at the council's customer service centre. Interviews being undertaken over the phone or via video conferencing facilities.

Has the policy been explained to those it might affect directly or indirectly?
A comms plan will be developed as part of the service.

Can any differences be justified as appropriate or necessary?
Changes are required to ensure best possible service delivery while ensuring statutory duties are met.

Are any remedial actions required?
not presently

Once implemented, how will you monitor the actual impact?
Ongoing review while redesign project is underway.

Policy review date	
Assessment completed by	**Sean Evans**
Date Initial EqIA completed	**14/01/2022**
Signed by Head of Service	

Housing Services Provision

Initial assessment

What are the proposed outcomes of the policy?

The outcome of the proposal to increase the income generated by the Housing and Strategic Planning Team by £30,000 for the year 2022/23 is to further reduce the gap between the salary's costs associated with this team and the income that the team generates therefore assisting with the Council's overall budget demands

Which individuals or groups are most likely to be affected?

None

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

Equality Group	Note any positive or negative effects
Particular age groups	Neutral. There is no evidence to show that particular age groups will be disproportionately affected.
Disabled people	Neutral. There is no evidence to show that disabled people will be disproportionately affected.
Married couples or those entered into a civil partnership	Neutral. There is no evidence to show that married couples or those entered into a civil partnership will be disproportionately affected.
Pregnant women or women on maternity leave	Neutral. There is no evidence to show that pregnant women or women on maternity leave will be disproportionately affected.
Particular ethnic groups	Neutral. There is no evidence to show that particular ethnic groups will be disproportionately affected.
Those of a particular religion or who hold a particular belief	Neutral. There is no evidence to show that those of a particular religion or who hold a particular belief will be disproportionately affected.
Male/Female	Neutral. There is no evidence to show that either males or females will be disproportionately affected.
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	Neutral. There is no evidence to show that individuals proposing to undergo, currently undergoing or who have undergone gender reassignment will be disproportionately affected.
Sexual orientation	Neutral. There is no evidence to show that individuals will be disproportionately affected due to their sexual orientation.

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?
Nil. This is an internal income matter.

Has the policy been explained to those it might affect directly or indirectly?
N/A - no impact identified

Can any differences be justified as appropriate or necessary?
N/A - no impact identified

Are any remedial actions required?
none

Once implemented, how will you monitor the actual impact?
N/A - no impact identified

Policy review date	**13/01**
Assessment completed by	**Anne Keogh**
Date Initial EqIA completed	**13/01/22**
Signed by Head of Service	**Richard Kay**

Peterborough Highway Services

Initial assessment

What are the proposed outcomes of the policy?

The savings proposed include: generating (1) additional income in Highway Development Control by changing the method via which we calculate fees applicable to adoptable roads, providing an additional pre-application service and Planning Performance Agreements; (2) increasing income targets in Street works based on recent historical performance; (3) consolidating existing budgets; (4) alongside this an independent review is being undertaken in relation to a Notice of Change for the Milestone contract which will enable the Council to manage the impact of increasing or decreasing the volume of major highway schemes undertaken through the contract.

Which individuals or groups are most likely to be affected?

1. This will only affect organisations brining forward new development in Peterborough.
2. Companies wishing to undertake work on the highway
3. N/A
4. N/A

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

Equality Group	Note any positive or negative effects
Particular age groups	No disproportionate effects expected.
Disabled people	No disproportionate effects expected.
Married couples or those entered into a civil partnership	No disproportionate effects expected.
Pregnant women or women on maternity leave	No disproportionate effects expected.
Particular ethnic groups	No disproportionate effects expected.
Those of a particular religion or who hold a particular belief	No disproportionate effects expected.
Male/Female	No disproportionate effects expected.
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No disproportionate effects expected.
Sexual orientation	No disproportionate effects expected.

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?

There will be no specific beneficiaries.

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

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
There are no remedial actions required

Once implemented, how will you monitor the actual impact?
N/A

Policy review date	**N/A**
Assessment completed by	**Amy Petrie**
Date Initial EqIA completed	**14th January 2022**
Signed by Head of Service	

Disband Visitor Information Centre

Initial assessment

What are the proposed outcomes of the policy?

To disband the Tourist Information Centre function and move to an online, self-serve model to streamline access to information and reduce cost of service.

Due to the pandemic the VIC moved from a physical presence which was no longer affordable due to its income generating potential being eroded by internet based, self-service transactions, to a service which responded to queries through visitpeterborough.co.uk solely via email. This has been the situation for the last 2 years. The next step is to move to a fully self-service model where users can find their own answers to enquiries or be signposted to particular venues or businesses who will have their own customer services.

Bus passes will continue to be provided with the Bus Pass Officer moving to another service area.

Which individuals or groups are most likely to be affected?
The proposal could impact elderly people or those who are less able to self-serve through the internet, apps or social media.

Those groups that do not have access to any device or connection type at any location to access the internet could potentially be disadvantaged by a decision to move online only. However, a 2020 internet penetration survey by Statista.com showed that internet penetration was at 100% among those surveyed across all age groups. A year prior, in 2019, only 7% of those aged 55 and above said they went online. This change can be attributed to the onset for the coronavirus pandemic and resulting lockdowns which accelerated trends in online transactions and usage**.**

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

Equality Group	**Note any positive or negative effects**
Particular age groups	Elderly people may not have access to the internet. Evidence shows that while 10% of 16-24 year olds are offline this rose to 50% for 65-74 year olds. Elderly people may prefer in person interaction but this has not been available for 2 years and we have not registered any dissatisfaction.
Disabled people	While some disabled groups may find it more challenging to access online information such as blind people, there are assistive technologies which can analyse the layout and content of the website and provide a speech translation. We would ensure that the Visit Peterborough website is fully compatible with this kind of technology. Physically disabled people may find it easier to access a more comprehensive online library of information than access a physical location.
Married couples or those entered into a civil partnership	May find a more comprehensive online resource as being developed by opportunity Peterborough helpful and convenient.
Pregnant women or women on maternity leave	May find a more comprehensive online resource as being developed by opportunity Peterborough helpful and convenient.

Particular ethnic groups	If there are concerns around access to information in languages other than English, websites and devices offer a translate function which is capable of communicating information in most if not all languages.
Those of a particular religion or who hold a particular belief	May find a more comprehensive online resource that is designed to be inclusive, providing the same opportunities to engage with different cultures via promotion and advertising.
Male/Female	May find a more comprehensive online resource as being developed by opportunity Peterborough helpful and convenient.
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	May find a more comprehensive online resource as being developed by opportunity Peterborough helpful and convenient.
Sexual orientation	May find a more comprehensive online resource as being developed by opportunity Peterborough helpful and convenient.

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?
All groups will benefit from a new and improved online offer which will be curated to appeal to all demographic and cultural and ethnic groups, allow equal access across advertising and promotion.

Has the policy been explained to those it might affect directly or indirectly?
No express consultation has occurred to ask users about the change because the service is already online. GDPR prevents us from contacted those who have interacted with the email enquiry option if they would be impacted by it's removal and the implementation of a self serve model.

Can any differences be justified as appropriate or necessary?
None

Are any remedial actions required?
The website Visit Peterborough will need to ensure it has complete functionality across translate, font size and assistive technology functionality to ensure access is equitable across user groups.

Once implemented, how will you monitor the actual impact?
We can monitor internet traffic, conversions to other sites and complaints via customer services if people are unable to access the information they require.

Policy review date	
Assessment completed by	**Emma Gee**
Date Initial EqIA completed	**17/01/22**
Signed by Head of Service	**Emma Gee**

Tree Budget Reduction

Initial assessment

What are the proposed outcomes of the policy?

Reduction In Tree Management Budget, meaning only health and safety works will be undertaken on council owned tree stock during 2022/23 (i.e. no (or very limited) proactive works, either pruning, felling or planting)

Which individuals or groups are most likely to be affected?

The proposals are considered to impact all groups & individuals within the community equally, but no group is affected greater or lesser than another.

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

Equality Group	Note any positive or negative effects
Particular age groups	No
Disabled people	No
Married couples or those entered into a civil partnership	No
Pregnant women or women on maternity leave	No
Particular ethnic groups	No
Those of a particular religion or who hold a particular belief	No
Male/Female	No
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No
Sexual orientation	No

What information is available to help you understand the effect this will have on the groups identified above?
The impacts of reduced tree management will be monitored through public enquiries received by the council via Fix My Street. The data does not however allow unique equality group monitoring.

Who will be the beneficiaries of the policy?
No specific groups

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

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?
Via enquires and complaints received.

Policy review date	**13.01.22**
Assessment completed by	**Darren Sharpe**
Date Initial EqIA completed	**13.01.22**
Signed by Head of Service	**Richard Kay**

EQIA Citrix - AWS

Initial assessment

What are the proposed outcomes of the policy?

The proposed solution is to further investigate the possibility of decreasing the need to use Citrix and therefore reducing the usage of the AWS (cloud hosting). This would be dependent on retaining capital funding to replace Chromebook with Laptops.

Which individuals or groups are most likely to be affected?

Staff Members

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

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

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?

N/A this proposal is to change the technical route that how staff access corporate IT Services

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

N/A

Can any differences be justified as appropriate or necessary?

N/A

Are any remedial actions required?
N/A

Once implemented, how will you monitor the actual impact?
N/A

Policy review date	**January 2023**
Assessment completed by	**Sam Smith**
Date Initial EqIA completed	**13/1/22**
Signed by Head of Service	S Smith

EQIA Contract Rationalisation AQL & Box

Initial assessment

What are the proposed outcomes of the policy?

The proposed solution is to further investigate the possibility of changing staff behaviour to:

1. Cease the use of Box and move documents to SharePoint
2. Changing the way staff access the two -factor authentication by exploring the possibility of moving away from using the AQL SMS to using the App

On approval to progress the proposal, further detailed work will be undertaken to fully analyse the strength, weaknesses, opportunities and threats of changing staff behaviour to adopt the new ways of working

Which individuals or groups are most likely to be affected?

Staff and Members

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

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

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?

N/A this proposal is to change the technical route that how staff access corporate IT Services

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

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
N/A

Once implemented, how will you monitor the actual impact?
N/A

Policy review date	**January 2023**
Assessment completed by	**Sam Smith**
Date Initial EqIA completed	**13/1/22**
Signed by Head of Service	S Smith

EQIA Contract Rationalisation Capita One & QTC

Initial assessment

What are the proposed outcomes of the policy?

The proposed solution is to further investigate the possibility of ending the following 2 ITDS third party supplier contracts that provide insource support:

1. Capita One data base support
2. Quick Think Cloud additional support for Unit 4

On approval to progress the proposal, further detailed work will be undertaken to fully analyse the opportunities and threats of ending the above contracts.

Which individuals or groups are most likely to be affected?

IT support staff only

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

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

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?
N/A This policy involves contract rationalisation and changes to technical support procedures only.

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

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
N/A

Once implemented, how will you monitor the actual impact?
N/A

Policy review date	**January 2023**
Assessment completed by	**Sam Smith**
Date Initial EqIA completed	**13/1/22**
Signed by Head of Service	S Smith

EQIA SLA Income

Initial assessment

What are the proposed outcomes of the policy?

The proposed solution is to charge the actual cost of ITDS delivered/provided services through the agreed SLAs to the following areas

- ALMOS
  - Peterborough Ltd
- External Organisations
  - Cambridgeshire & Peterborough Combined Authority (CPCA)

Which individuals or groups are most likely to be affected?

N/A this proposal is to update the levels of SLA income received for IT Services and does not affect individuals and groups.

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

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

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?

N/A this proposal is to update the levels of SLA income received for IT Services and does not affect individuals and groups

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

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
N/A

Once implemented, how will you monitor the actual impact?
N/A

Policy review date	**January 2023**
Assessment completed by	**Sam Smith**
Date Initial EqIA completed	**13/1/22**
Signed by Head of Service	S Smith

EQIA Telephony Stage 1 & 2

Initial assessment

What are the proposed outcomes of the policy?

An in depth analysis is required in how a change in the way telephony, both landline and mobile, are financially structured, infrastructure set up and devices used, to identify cost savings.
This will include budget management, changes to technology and changes in how users use the most cost effective technology based on needs.

This first stage will focus on the following two aspects and the centralisation of landline and mobile budgets must happen first to realise savings.

Stage 2 of the savings initiative is detailed in a separate OBC, Telephony Savings - Stage 2 – Desk phone and mobile phone removal. This OBC is also dependant on a centralised telephony budget.

Which individuals or groups are most likely to be affected?

Staff members

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

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

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?
N/A

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

Can any differences be justified as appropriate or necessary?
N/A

Are any remedial actions required?
N/A

Once implemented, how will you monitor the actual impact?
N/A

Policy review date	**January 2023**
Assessment completed by	**Sam Smith**
Date Initial EqIA completed	**13/1/22**
Signed by Head of Service	S Smith

Adult Social Care Interim Bed Review

Initial assessment

What are the proposed outcomes of the policy?

To ensure that the residents of Peterborough have sufficient provision of social care interim beds whilst securing best value for the council and its taxpayers. There should be better outcomes for people placed in interim provision, so that they can return home with or without a package of domiciliary care to support them to live independently.

There has been a redesign of interim, respite and reablement (IRR) beds which provide short term accommodation-based support for people who need it, e.g. a respite break or short-term bridging care until a longer-term placement is found.

Levels of use have been reviewed and the service provision has been reconfigured. This has enabled a reduction of four interim beds and two reablement flats. The remaining six flats have been redesigned to offer a step up/down provision which will be used to facilitate hospital discharge, support people who are at risk of hospital admission or be used for other temporary purposes to avoid someone entering a care home.

This model will enable the beds to be used in a more targeted manner to support independence, producing better long-term outcomes for people and better value for money. This will not reduce our total capacity to ensure timely discharge from hospital.

Which individuals or groups are most likely to be affected?

Older People

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

Equality Group	Note any positive or negative effects
Particular age groups	Should impact positively on older people as there is a different offer for them which will hopefully support them to maintain their independence.
Disabled people	
Married couples or those entered into a civil partnership	
Pregnant women or women on maternity leave	
Particular ethnic groups	
Those of a particular religion or who hold a particular belief	

Male/Female	
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	
Sexual orientation	

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

The Interim, Respite and Reablement project group considered this proposal. The group consist of operational staff, commissioners, procurement, brokerage and contracts officers. Utilisation information coupled with an analysis of final outcomes of the historical beds was used to assess who would be affected.

Who will be the beneficiaries of the policy?

Older people

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

The proposals have been shared with the Older People's Partnership Board and with the Carers Board.

Can any differences be justified as appropriate or necessary?

n/a

Are any remedial actions required?

n/a

Once implemented, how will you monitor the actual impact?

The amount of spend and the number of bed days of spot purchase interim care will be monitored to ensure that it is still cost effective to continue with spot purchasing. Outcomes of people using spot purchase interim beds will also be monitored. At the same time, usage and outcomes of the new step-down flats will also be monitored. A tracker has been set up for the latter which is checked on a weekly basis

Policy review date	**01/06/2022**
Assessment completed by	**Alison Bourne**
Date Initial EqIA completed	**12/01/2022**
Signed by Head of Service	**Caroline Townsend**

Adult Social Care

Initial assessment

What are the proposed outcomes of the policy?

The enhanced cost avoidance and savings relating to adult social care practice are not new policy changes but further enhancements to and targeting of the work already introduced within the Council's Adult Positive Challenge programme.

The cost avoidance and savings will be delivered through focusing on areas of practice where strengths- based conversations and practice can further enhance outcomes and productivity. These areas include.

- **Adult Social Care Front Door:** Early use of strengths-based conversations for contacts to Adult Early Help (the front door service for adult social care). Currently the assessment workers within the team have been more engaged in changing the conversation aspect of the Adult Positive Challenge programme than the Care Advisors who take initial calls. Expanding the practice to the first point of contact is anticipated to facilitate better targeting of prevention and early intervention and mitigate the risk of a need for assessment and longer-term services.
- **Adult Social Care Hospital Discharges & Increased Income:** When people are discharged from hospital and require support with their social care needs, there is an opportunity to ensure we consider a range of options which support a better recovery. Through the targeted use of interventions such as technology enabled care and reablement we can support speedier recovery and greater independence in the longer term, thus preventing, reducing or delaying the need for more costly long-term care being required. This includes ensuring that we are assessing opportunities for eligibility of alternative funding of care costs from partner organisations.
- **Adult Social Care Reablement:** Reablement delivers short term, goal oriented support for up to six weeks to help people regain their independence when they have been in hospital. By increasing reablement capacity we can increase the number of people who are offered this important service. We will do this by investing in more frontline works to deliver the service alongside looking at opportunities for us to be more efficient, e.g. better planning of rounds to reduce travel time etc. This capacity will enable us to expand the service to support more people in their own homes, preventing the escalation of need for long-term care which is more costly.
- **Adult Social Care Increased Technology enabled care:** Technology enable care (TEC) involves using equipment to support people with their care and support needs. This could be things such as Lifeline alarms, medication reminders and fall sensors. TEC can be put in place either alongside other care and support provision, or as an alternative depending on individual circumstances. By increasing the use of TEC, through both increasing the range of TEC available and ensuring practitioners are skilled in identifying where TEC would be of benefit, we can increase people's confidence to live independently and delay the need for more costly long-term provision of care.
- **Adult Social Care Direct Payments:** Direct Payments enable people to plan and pay for their care and support directly, with a financial contribution from the council. Reviewing processes and enhancing the range of options available for people to access with Direct Payments will enable them to benefit from greater choice at more affordable costs.

Which individuals or groups are most likely to be affected?

Older people with physical support needs/ dementia / comorbidities and their carers. Younger adults with disabilities or long-term conditions and their carers.

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

Equality Group	Note any positive or negative effects
Particular age groups	Predominantly those over the age of 65 will be disproportionately affected, as they form the largest user groups from care and support services. However there would also be an impact on adults of working age who are carers or who have disabilities / long term conditions. However the existing Adults Positive Challenge Programme has evidence that these ways of working generally deliver better outcomes for individuals, and therefore the impact is not anticipated to be negative. A positive impact is intended and very likely
Disabled people	Yes, as this is the key user group for the service area. However the existing Adults Positive Challenge Programme has evidence that these ways of working generally deliver better outcomes for individuals, and therefore the impact is not anticipated to be negative A positive impact is intended and very likely
Married couples or those entered into a civil partnership	An adverse impact is unlikely. On the contrary the Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.
Pregnant women or women on maternity leave	An adverse impact is unlikely. On the contrary the Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.
Particular ethnic groups	An adverse impact is unlikely. On the contrary the Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.
Those of a particular religion or who hold a particular belief	An adverse impact is unlikely. On the contrary the Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.
Male/Female	An adverse impact is unlikely. On the contrary the Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.
Those proposing to undergo,	An adverse impact is unlikely. On the contrary the

currently undergoing or who have undergone gender reassignment	Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.
Sexual orientation	An adverse impact is unlikely. On the contrary the Adult Positive Challenge approach on which we are building has the potential reduce barriers and inequalities that currently exist'. There is insufficient evidence, however, for this assessment to be made with as much confidence as is desirable.

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?

These changes build upon the successful outcomes already delivered by our existing Adult Positive Challenge programme and can be seen within the reporting metrics, impact logs and case studies we have collected during the period of the programme.

Working in this way has been evidenced to benefit those with emerging care and support needs, or likely future care support needs, long term service users and the Council's adult social care workforce.

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

The Adult Positive Challenge programme has been embedded with staff and widely reported on within public meetings, with health partners and with our Partnership Boards.

Can any differences be justified as appropriate or necessary?

There are no significant differences to policy but rather and expansion of existing practices to maximise the positive impacts.

Are any remedial actions required?

No – although work to finalise the actions to be taken will be finalised in the remainder of this financial year.

Once implemented, how will you monitor the actual impact?

The outcomes and financial delivery will continue to be tracked in the ways already proven to be successful previously within the Adult Positive Challenge programme, in a mix of data trajectory tracking and gather user experience and case studies, in addition to practice audits.

Policy review date	**13 January 2023**
Assessment completed by	**Tina Hornsby**
Date Initial EqIA completed	**13 January 2022**
Signed by Head of Service	

Aragon Direct Services – Service Reduction

Initial assessment

What are the proposed outcomes of the policy?

The proposal is to see further reductions in maintenance of grass cutting on the high-speed road network, wildflowers and park infrastructure. Within the cleansing service there will also be reductions in street cleansing both in High, Medium and Low intensity areas.

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?

These potential changes will be communicated through the budget consultation.

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	**19/01/2022**
Signed by Head of Service	

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Appendix H- Carbon Impact Assessment Summary

		This could be either via the Council's own emissions or emissions from across the city							
Proposal Type	**Proposal**	**Building Energy**	**Transport Energy**	**Water Usage**	**Renewable energy**	**Carbon offsetting**	**Other carbon reducing activities**	**Building Energy Rating**	**Embodied energy**
Pressure	Adult Social Care- Lifelines	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Market sustainability and Demand	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Reforms	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
	Adult Social Care- Review Backlog	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Chief Executive Personal Assistant (PA)	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Clare Lodge- Loss of Income	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Equality Diversity & Inclusion Joint Role	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Home to School Transport	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Housing Enforcement- selective licensing	NEUTRAL	INCREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Housing- Temporary Accommodation Pressure-TA Pressure mitigation	DECREASE	DECREASE	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	HR Resource – Capacity	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Loss of Parking Income	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
Saving	Adult Social Care- Direct Payments	NEUTRAL	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Front Door	NEUTRAL	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Hospital Discharges	NEUTRAL	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Increased Income	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
	Adult Social Care- Increased Technology Enabled Care	NEUTRAL	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Interim Bed Review	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Adult Social Care- Reablement	NEUTRAL	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Aragon Direct Services	NEUTRAL	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL

		This could be either via the Council's own emissions or emissions from across the city							
Proposal Type	Proposal	Building Energy	Transport Energy	Water Usage	Renewable energy	Carbon offsetting	Other carbon reducing activities	Building Energy Rating	Embodied energy
	Capital Programme Reduction- Revenue impact	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	CCTV	NEUTRAL	INCREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Children Social Care- increased income	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Children Social Care- inhouse fostering	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Children Social Care- reunification	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Citizens' Advice Peterborough	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
	City Centre Events	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
	City College Peterborough- Operating Model Review	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	City College Peterborough- Use of Surplus Balances	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Communities Grant Income	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Contracts and Procurement Saving	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
	Culture & Leisure- Delivery of savings on services	DECREASE	INCREASE	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Disband Tourist Information Centre (TIC) team	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	ICT Savings	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	UNKNOWN
	Pension Costs	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Peterborough Highways Services (PHS)	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Redesign of Communities and Place departments	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
	Reduction in Tree Management	NEUTRAL	DECREASE	DECREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Regulatory Services	NEUTRAL	INCREASE	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Review Energy from Waste (EfW) Budget Assumption	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Review of Inflation assumptions	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL

		This could be either via the Council's own emissions or emissions from across the city							
Proposal Type	**Proposal**	**Building Energy**	**Transport Energy**	**Water Usage**	**Renewable energy**	**Carbon offsetting**	**Other carbon reducing activities**	**Building Energy Rating**	**Embodied energy**
	Review of Constitutional Services	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Review of Planning Services	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Serco	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Serco- Business Support	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Solar Roof Top Asset Portfolio	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Tackling Troubled Families Grant Confirmation	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Transport Levy	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL
	Unauthorised Encampments	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL	NEUTRAL

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Peterborough City Council

Improvement Plan

2021 - 2024

DRAFT V3.0 December 2021

www.peterborough.gov.uk

PETERBOROUGH CITY COUNCIL

PETERBOROUGH CITY COUNCIL IMPROVEMENT PLAN

In August 2021, the Department for Levelling Up, Housing and Communities commissioned reviews of the Council's financial stability and its governance arrangements, and these reviews made a series of independent recommendations. This document describes our Improvement Plan, to confirm and provide assurance to the Government that Peterborough's response to the Non-Statutory Review (NSR) regarding Exceptional Financial Support is positive and being undertaken at pace.

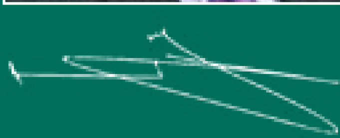
This is our two-year Improvement Plan which is structured into six-month planning and delivery windows. Developing the plan using this approach allows us to plan in depth for the next six months, keeping focus on delivering the things that matter, whilst readying the organisation for the things that need to be delivered in the medium term.

As the Leader and Chief Executive, we recognise the seriousness of the financial, governance and operational challenges we face, and it is going to take a significant collective effort from all at the Council to address them and reach a sustainable position. The reviews raise serious issues which we must address and we remain determined and confident in our organisation's capacity and capability to change.

This will require the Council to be brave, innovative, and disciplined. We will refresh our Corporate Strategy and build on the vision for a safe, vibrant, and growing City. A place to live, work and visit where everyone can thrive and feel welcome. Our commitment to this long-term vision remains as strong as ever and our ambition for the City and its people is unchanged. We cannot afford to do everything today, so we will focus on a range of improvement themes that prioritise delivery of the right services for our citizens within the budget we can afford.

The size and scale of the challenge ahead of us is significant and will test us all, but working constructively with the Government, our partners, and the people of Peterborough, we are confident, that with the actions set out in this Improvement Plan, we will successfully deliver the fundamental changes needed for the Council.

We will be a well governed council which ensures delivery of the right services for those that need them in an efficient, cost effective and sustainable manner.



Cllr Wayne Fitzgerald
Leader of Peterborough City Council

Gillian Beasley OBE
Chief Executive,
Peterborough City Council

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Introduction

Peterborough City Council is one of the councils that requested Exceptional Financial Support (EFS) from Government during 2020. A condition of this support was that the Department for Levelling-Up, Housing Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) would undertake reviews of the Council's governance and finances during the summer of 2021. The DLUHC-commissioned reports on finance and governance matters were published in early November 2021 and the Council has acted swiftly in setting-up an Improvement Panel whose composition reflects a wide range of skills and experience from across the sector.

This is a critical juncture for the Council. We consider financial stability, through the Council's own resources, must be the number one priority for the new administration for the next twelve months supported by a new Chief Executive who will create additional senior management capacity and lead the work on improvement, driving forward a culture of the Council living within its means and focusing on its priorities.

We need to achieve a sustainable balanced budget, in the context of a refreshed Council Strategy that will set the direction for the Council with transparent, effective, and efficient decision making and with regard to the limited resources that are available to us to deliver this on behalf of the people of Peterborough. Being more fiscally resilient is a key tenet to this improvement journey and the Improvement Plan is closely aligned to our short- and medium-term financial priorities.

We are committed to ensuring that we continue to deliver the quality statutory and day-to-day local services that help keep the City safe and clean, and that we work in partnership with the communities we serve to build a prosperous City that offers residents the opportunity to realise their potential. To do this we will set a balanced budget plan for 2022/23 in the next two months and will publish a multi-period Medium-Term Financial Strategy during 2022/23.

Delivering improvement and changes within a well understood and pragmatic financial framework is a non-negotiable part of this plan and financial grip and holding individuals to account will form the cornerstone of our new culture. We will expect managers, staff and Members to be open to scrutiny and challenge around what we do, how we do it and what it costs to deliver at all times. We will empower and resource the organisation to deliver against the Improvement Plan and will hold people to account if commitments to deliver are not met. We will drive culture change through a set of simple and measurable indicators.

This two-year Improvement Plan is structured into six-month planning and delivery windows: keeping focus on delivering the things that matter whilst readying the organisation for the things that need to be delivered in the medium term. We will weigh up potential changes on the basis of whether they improve outcomes and at what cost. We will not make change for change's sake. Equally, we will not rule out any options for change that could help improve outcomes. We will keep an open mind even where options might be uncomfortable.

The plan is built on three key themes which will be monitored, measured and reported within a rigorous programme management framework with a clear focus on delivery:

THEME 1: FINANCIAL SUSTAINABILITY

Achieving financial sustainability relies on us setting a balanced budget for 2022/23, delivering on our savings and transformation plans, delivering sharper focus on collective and individual fiscal responsibility and accountability ensuring that we deliver on our priorities. This will mean taking bold decisions to turn off the things that are no longer "core/can't afford" as we constantly challenge ourselves on how we spend every penny of the Council's money.

THEME 2: SERVICE REVIEWS

We need to urgently review all our activities, including statutory & key services, our contracts and our assets. We have initiated a series of service deep dives starting in Adult's and Children's Services and will continue this programme of review into mid-2023. The reviews are focused on identifying opportunities for efficiencies using external challenge and the outcome of the reviews will generate options and recommendations for doing things differently. We will manage these reviews using an agile approach so that we can agree and deliver changes as new opportunities and alternative ways of working present themselves. We have to have the ability to make change happen more rapidly.

THEME 3: GOVERNANCE AND CULTURE

This section describes how we will manage the Improvement Plan with the support of the Improvement Panel and associated partners. We will refresh our Corporate Strategy and key policies. We will adopt stronger fiscal and delivery disciplines where individual accountability will be at the heart of our new ethos. We will only change the organisation if we are clear on what has to change, by when and to what standard.

To deliver against these themes, leaders throughout the organisation will have to demonstrate a high level of fiscal self-awareness, emotional intelligence, and subject matter expertise. We must all continue to challenge each other and the status quo, call out things that we think are wrong and be pro-active, seeking out opportunities to innovate and improve.

Officers and Members of the Council are committed to remaining transparent and welcoming of external challenge and scrutiny. We have been open about our financial situation and have worked hard to try and address the significant financial challenges we face. However, we know we need to do more. **We recognise that the capitalisation directive from national Government should only be agreed once we have exhausted all alternative actions to provide a balanced budget for 2022/23.**

In 2019, the Council started an extensive Financial Improvement Programme and specialist consultants were engaged to provide rigorous challenge to the Council's baseline position and forecast, and to bring in best practice examples of service transformation and savings. From this, we identified £11m of potential savings for 2021/22 against a £14m budget gap. The COVID-19 pandemic has delayed some activity. We know that with the assistance of transformational funding, reduced capital spending and the enhancement to reserves from a release of its remaining non-service delivery assets, Peterborough has the potential to be sustainable in the short to medium term.

Next year's budget will need to be tactical, addressing the immediate financial structural issues that we need to rectify. External expertise and internal capacity have been increased to develop transformation and budget options to deliver savings in 2022/23. Our improvement programme will also be supported with capacity from CIPFA which has started to examine all major areas of spend across the Council.

Beyond 2023, we expect our budgets (and our MTFS) to become sustainable.

Councillors have ambitious plans, including support for the new University and a programme of housebuilding and other growth-based activities. But these initiatives need time to make an impact, particularly in light of the impacts of the pandemic on our City and citizens. They will not solve the immediate financial challenges that the Council faces. Following the May 2021 elections, a new administration has been formed with a new determination and willingness to resolve the short- and longer-term financial situation by taking difficult decisions now.

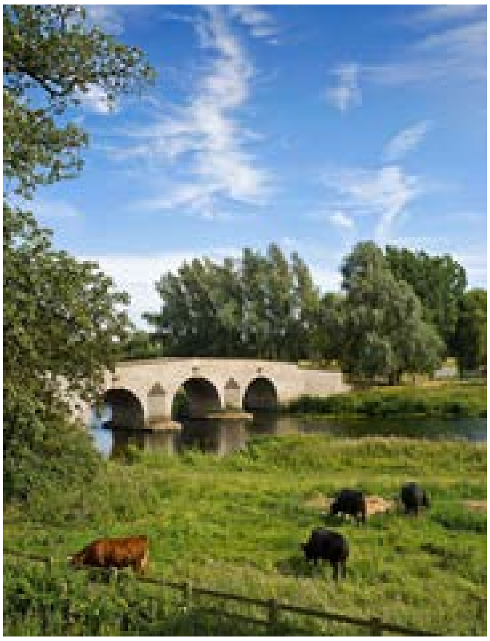
To support the cross-party collaboration that is necessary for hard decisions to be made and key priorities to be agreed, we have established a cross-party Financial Sustainability Working Group which meets on a regular basis to review improvement opportunities. This group will also hold officers to account for delivery of the Improvement Plan and will report directly to the Improvement Panel and Full Council.

The whole organisation has worked incredibly hard through the pandemic and there are, unsurprisingly, signs of change inertia. To address this, we urgently need to change our narrative and reframe it to harness the motivation of staff to ensure the whole organisation has a renewed focus on addressing the significant financial challenges that lie ahead. The improvement and transformation journey will require a huge effort form the whole organisation - Members, senior managers, our workforce, and our delivery partners.

We have responded quickly to recent reports into governance and financial matters and have adopted a spirit of partnership working and collaboration with DLUHC to date. This dialogue will continue during the improvement period over the next two years. We look forward to receiving additional support from the non-executives who will form the Improvement Panel and CIPFA and the insights on best practice they will bring. We will identify and allocate the necessary resources from our own teams to take on this best practice and deliver the required recovery and improvement.

The Improvement Plan is a live document with the two-year plan being split into six-month planning windows, with the immediate six months being set out in detail, while maintaining a view of the longer-term planning horizon. We have finite resources, and we need to target them to focus on making changes to our delivery model where we can deliver the best return while continuing to live within our means.

Delivering this plan will lead to real and positive change, with lessons learned being applied to make Peterborough City Council a stronger and financially sustainable organisation.



Corporate Strategy

The council needs to refresh its Corporate Strategy for the period 2022-2025. This work will be developed in two parts. Part one, which is described here, will be an 18-month tactical strategy for the period January 2022 to July 2023 with a focus on reaching financial sustainability. This will underpin the Improvement Plan which will capture activity to deliver.

Part two will be developed during the first three to six months of 2022 and will set the longer-term ambition and vision for the council and City. This refreshed Corporate Strategy 2022-25 will replace the draft Corporate Strategy which has been in consultation since the spring of this year. Both parts of the refreshed strategy will respond to reports from CIPFA, DLHUC and the Local Government Association and in consideration of the context in which the Council must now operate.

The 2022-2025 Corporate Strategy is an opportunity for the Council to set out a positive vision for the area, with a longer-term revised policy framework that clearly articulates our priorities and purpose to citizens, businesses, partners, and other stakeholders. To develop this vision, the Council will work alongside partners, business and the residents of Peterborough to consider the priorities for the City and the contribution that everyone is able to make.

Both parts of the strategy will focus on the core and statutory services that meet the needs of citizens, particularly in light of the impacts of the pandemic. All service plans will be reviewed to ensure that activity and performance measures are directly related to delivery of priority outcomes laid out in the Corporate Strategy. Activity that is not directly related to the new Corporate Strategy will be stopped.

The strategy will pay careful attention to identifying and meeting the needs of residents now and in the future, acknowledging that Council may not always be the solution. There are huge strengths, assets and resources across Peterborough many of which sit in partner organisations, business and communities. The Council must play its part in bringing people together and leveraging these resources around the key priorities for the City.

"It is clear that we are a council that can achieve what we set our mind to do. We have been highly successful in attracting external funding and have worked tirelessly to support residents throughout the pandemic.

There is an exciting future ahead for the City and this two-part corporate strategy will help us with the decisions we need to make in the short term, so that we can be ambitious in the longer term and have the funding and tools we need to make future investments.

I have already started to establish a more 'listening' and collaborative culture inside and outside the council which has been welcomed by partner organisations and, together, we are already driving the strong recovery of our City, from the Embankment redevelopment to delivery of a new University.

You will see that this Council remains committed to ensuring that Peterborough is a place where residents are proud to live, work and grow up. "

Cllr Wayne Fitzgerald, Leader of Peterborough City Council.

Corporate Strategy Part One

Years of austerity measures, reduced funding from Central Government and rising demand for Council services, coupled with recent the COVID-19 pandemic has accelerated our already stressed finances to the brink.

The previous strategy set out a vision for a safe, vibrant, and growing City. A place to live, work and visit where everyone can thrive and feel welcome. Our commitment to this long-term vision remains as strong as ever and our ambition for the city and its people is unchanged. But we must immediately address the serious issues raised in these recent reports and adjust our plans over the next 2 years to ensure future sustainability.

We have developed an Improvement Plan to drive the work we need to do and the decisions we need to make to reach sustainability. The plan will also provide assurance to the Government that Peterborough City Council's response to the Governance and Finance Reviews of the Council is positive and being undertaken at pace.

We have also established an Independent Improvement and Assurance Panel which will provide external advice, challenge, and expertise to Peterborough City Council and hold us to account for the delivery of our Improvement Plan.

We recognise that, if we are to achieve our aims and live up to our aspirations for a successful Peterborough in the future, we must rethink what we do and how we do it today. This document sets out our ambition and our revised priorities.

We will be a well governed council which ensures delivery of the right services for those that need them in an efficient, cost effective and sustainable manner.

We remain committed in ensuring that **Peterborough is a place where residents are proud to live, work and grow up in.** We will act now to ensure that in the longer term we are a financially and environmentally sustainable council which is well positioned to make Peterborough a place where:

- We have a greener, cleaner City with safe, friendly and healthy neighbourhoods.
- There are first rate futures for our children & young people, with quality support for adults, older and disabled people.
- We support and enable people to do more for themselves, for each other and for their communities
- Our City grows in a sustainable and fair way to create job opportunities and address poverty. As we grow, we will invest in the quality and availability of housing.

We will review all our delivery, budgeting, resourcing and performance activities and focus on the best quality core services we can afford.

This first 18-month tactical strategy for the period January 2022 to July 2023, is at the heart of our Improvement Plan and will focus on three key areas: reaching a sustainable financial model by 2023, how we will deliver services now and, in the future, and strengthening our governance and culture.

FINANCIAL SUSTAINABILITY PRIORITIES

- That we manage our finances in a sustainable way to help us reach a strong financial position in the medium term, and continue to deliver the well-planned, modern, effective and value for money public services that local people expect.
- That we develop a four-year MTFS for 2023-27, reflecting the outcome of a root and branch review of all of our services, and the forecast resources available to the Council.
- That our budget process links clearly to outcomes for residents in Peterborough, rather than being based on the Council's existing structure and services.
- That we carefully manage our capital and investment programme, reduce external borrowing, and generate more capital receipts through disposing of assets that are no longer needed or by using assets to generate income.
- That our council-owned companies, have appropriate financial, governance and management arrangements which drive up quality and provide value for money.

TO DELIVER THIS, WE WILL

- Robustly manage our Capital programme and Investment programme, reduce borrowing and generate more capital receipts through disposal of assets that are no longer needed.
- Optimise the use of our assets to support service delivery to meet the needs of our residents and businesses and support the delivery of our outcomes
- Review our council owned companies to ensure appropriate financial, governance and management arrangements are in place
- Align our outcomes for Peterborough and the ambition of the Council with the resources available to us.
- Establish a planned and sustainable budget framework to ensure that the activities within it are affordable within the resources available to us in the medium to long term.
- Increase our commercial activity to ensure we are maximising revenue and minimising the cost to the taxpayer.
- Ensure that all external contracts we commit to get the best value for taxpayers' money.

OUR SERVICE PRIORITIES

- That the council services local people rely on can continue to be well planned and effectively delivered.
- That the council works with its partners and communities to make the best use of its limited resources and avoids unnecessary interventions and duplication.
- That we effectively deliver quality statutory services to ensure that vulnerable children are protected, and all children have the conditions for the best start in life.
- That our older and vulnerable adults can have a good quality of life and grow old with dignity.
- That the city works together as one to address the climate emergency, getting us on the path to net zero emissions by 2030.
- That our local services that help keep the city safe and clean continue to be delivered well, and that we work in partnership with the communities we serve to build a prosperous city that offers people the opportunity to realise their potential.

TO DELIVER THIS, WE WILL

- Undertake a comprehensive review of our services, including how we manage current demand, encourage independence and intervene early where we need to.
- Model future demand pressures and costs alongside a forensic review of expenditure.
- Focus on providing the best quality core services we can afford whilst continuing to target provision effectively, so that the right services reach the right residents at the right time.
- Deliver on our commitment to make the council's activities net-zero carbon by 2030 and to support the city to achieve the same.
- Organise ourselves so that our available resources are used effectively to meet need in a cost effective and sustainable way that improves the quality of life and reduces inequalities.
- Continue to build strong relationships and work in partnership with local people, communities, businesses and partners to ensure we work together effectively in our commissioning and delivery of services.

GOVERNANCE PRIORITIES

- That there is shared commitment by all Members in Full Council, strong and decisive leadership by Cabinet, constructive and well-informed scrutiny, and inquisitive and challenging audit, enabling the Council to fulfil its ambitions for the city and its duties to the public.
- That public funds are managed responsibly and used to respond to current needs and invest for the future.

- That there is cross party, collaborative work to reach a sustainable future for the Council and City.
- That the principles of good governance are well understood, accepted and put into practice routinely by all Members.
- That our Performance Management Framework provides clear accountability for the delivery of the outcomes in the Corporate Strategy and is effective in managing performance across the organisation.

TO DELIVER THIS, WE WILL

- Establish and embed a strategy for Member development particularly in relation to their roles on audit and scrutiny
- Review existing governance structures to see if improvements can be made.
- Ensure that the principles of good governance are shared, discussed and adopted.
- Undertake a workforce development programme to help our officers and councillors build on their strengths whilst also developing the new skills and experience needed to support the city council, citizens and city over the long term.
- Scrutinise 'performance' in the broadest sense, rather than focusing only on traditional measures such as output indicators and progress on delivering service plans.
- Develop a longer-term revised policy framework that clearly articulates our priorities and purpose to citizens, businesses, partners, and other stakeholders.
- Use evidence and external expertise where needed to drive our decision making, ensuring the decisions we take are well-informed by a diverse range of views, with clear accountability for decisions, and made transparently and openly for the benefit of the public we serve.
- Strengthen good practices in transparency, reporting and audit to deliver effective accountability.

Focus and effort across these three areas will help us to address some of the biggest challenges the Council and the City faces, whilst continuing to deliver the modern, effective and value for money public services that local people need and deserve.

Improvement Plan - key deliverables in the first six months

Theme	Workstream	Key Deliverables	Milestone
Corporate Strategy	Part One	Short term, tactical Strategy informing development of two-year Improvement Plan, with a focus on reaching financial sustainability.	Consultation starts Dec '21
Corporate Strategy	Part Two	2022- 2025 Corporate Strategy, setting the longer-term ambition and vision for the Council and City	Consultation starts May '22
Financial Sustainability	Medium Term Financial Strategy	Restrict expenditure in 2021/22. Set Revenue and Capital budgets for 2022/23 Develop Medium Term Financial Strategy 2023-2027 Develop and implement new Financial Operating Framework	Nov '21 Nov '21 – Feb '22 Dec '21 – Sep '22 Mar '22 – Nov '22
Financial Sustainability	Assets	Assets Disposal Review of Assets Base Develop and implement refreshed Assets Strategy	Dec '21 – ongoing May '22 – ongoing Mar '22 – Jul'
Financial Sustainability	Capital Programme	Review of the existing Capital Programme Develop and implement refreshed Capital Strategy Balance Sheet management	Dec'21 – Mar'22 Jan '22 – May '22 Dec '21 - ongoing
Service Reviews	Initial deep dives into areas identified by CIPFA benchmarking	Adults Childrens Housing and Planning Communities	By Jan '22 By Jan '22 By Feb '22 By Feb '22
Service Reviews	Outcomes Based Service Reviews	Develop methodology and timeline for outcomes-based reviews	Feb '22
Service Reviews	Revised target operating model (TOM)	Create the structure for a new TOM, including assessment of the TOM design principles against revised/new service delivery options.	Feb '22
Service Reviews	Contract Reviews	Complete the review of major contracts, bringing in subject matter experts where required. Ensure all contracts have a named contract holder, who is suitably trained in contract management	Dec '21 – Feb '22 Dec '21 – Jan '22

Service Reviews (continued)	Contract Reviews (continued)	Ensure a Commissioning Strategy exists for all services and sub-services the Council delivers, either through an external provider or in-house	Jan '22 – May '22
	Review of companies	Review of existing Council companies Review and implementation of new group holding structure and Governance arrangements for company oversight New strategy for establishing service delivery arrangements and company creation	Dec '21 – Mar '22 Jan '22 – Mar '22 Feb '22 – May '22
Governance and Culture	Governance and Assurance	Strengthening Audit committee including recruitment of independent members of the audit committee Strengthen the skills and approaches of members of the Scrutiny Committees through additional training. Make the necessary changes to our Constitution to incorporate the role of the Improvement and Assurance Panel in the Council's governance structures Develop proposal to change from elections by thirds to all-out elections every four year. Review existing governance structures to see if improvements can be made.	Dec '21 – Jan '22 Dec '21 – Jan '22 Dec '21 Dec '21 – Jan '22 Jan '22 – Mar '22
	Performance Management	Develop and embed Business Assurance and Project Management Office function, with responsibility for monitoring, reporting and supporting deliver of this Improvement Plan Review performance management framework and embed individual accountability for delivery of this Improvement Plan.	Dec '21 – Jan '22 Jan '22 – Mar '22
	Capacity and capability	Review of organisational structure Six month delivery and resourcing plans delivered for all workstreams in this Improvement Plan Additional capacity to deliver first 6 months of plan secured	Feb '22 – May '22 Dec '21 – Jan '22 By Jan '22

THEME ONE Financial Sustainability

FINANCIAL SUSTAINABILITY WORKSTREAM 1
MEDIUM TERM FINANCIAL STRATEGY

The delivery of a realistic and robust Medium Term Financial Strategy (MTFS) is dependent upon a Council-wide commitment from Officers and Elected Members to a fundamental change in how we work, how services are provided, and how we engage with, and provide for, our residents. The status quo will not work and would inevitably lead to direct Government intervention given that the money will simply run out.

There are four key work streams in this section which are vital to the delivery of a sustainable financial future for the Council. These are:

1. RESTRICTING EXPENDITURE IN 2021/22

A moratorium has been introduced for the current year to ensure only essential expenditure is incurred in the remaining third of the year. This should produce an underspend which can either be used to roll forward as a one-off solution for 2022/23, or added to reserves, whichever is the greater assessed need.

2. REVENUE AND CAPITAL BUDGETS FOR 2022/23

Presenting a balanced budget for revenue that has a positive Section 25 assurance is a huge challenge. We will meet the challenge by:

- Fully establishing the unavoidable financial pressures our services will be facing, particularly as a result of the pandemic, and factoring those in the final budget
- Rigorously pursuing quick wins, including a review of our fees and charges
- Only including savings proposals that are rated Green or Amber for delivery on the traditional ‘traffic-light’ risk rating
- Using one-off monies as a last resort (e.g. capitalisation directive) unless for a very specific and one-off purpose (such as COVID-19 funding)
- Ensuring, wherever possible, that the need for short-term results for 2022/23 does not impede the opportunity for greater savings in future years
- The resulting proposals will be released for formal consultation on 21 January 2022, and will be considered by Cabinet on 21 February 2022, before being amended as appropriate and debated by full Council on 2 March 2022
- Financial Sustainability Workstream 3: Capital Programme, outlines the approach to the capital budget

3. MEDIUM TERM FINANCIAL STRATEGY 2023/24-2026/2027

Setting a genuine MTFS that will stand the test of time requires brave and innovative thinking. In our particular situation, it needs a root and branch review of everything we do, and how we do it. We will also need to consider how the fast-changing world of technology can play an increasing role in our engagement with residents, clients and customers. We accept that true and genuine transformation takes time, and money. Our MTFS will recognise that savings from transformation take several years to be fully realised, and so we may have to combine transformation savings with tactical savings in the shorter term. In order to arrive at a four-year strategy, by September 2022, we will:

- Learn from others; examine best practice in other local authorities across all service areas
- Follow-up on the forensic reviews that are already underway in service areas
- Set a range of financial health indicators across the four years, that will effectively set parameters for spending that optimises our use of resources

- Development of key lines of enquiry that will be the basis for the aforementioned 'root and branch review' of services. This will include capital and our company holdings
- Review our attitude to risk and investment. We need to be mindful of our affordability envelope as well as our insurance (mainly financial reserves) against any of our risks materialising

4. FINANCIAL OPERATING FRAMEWORK

We will review all of our financial and budget procedures for both revenue and capital, by September 2022. This will promote good financial management and ensure ownership and accountability for effectively managing the Councils budgets, is front and centre of the organisation's priorities. It is only with this attitude and approach that the Council's will achieve financial sustainability. This review will result in:

- Adoption of budget setting procedures, that will be built on the principle of a bottom-up approach
- Financial Sustainability Working Group (Cross-party member group) monthly briefings
- Appropriate, effective and efficient levels of control on spending
- Accountability being unambiguous, with clearly stated consequences of failure eg budget managers overspending their allocation
- Improved in-year monitoring and reporting, and agile decision making

KEY OBJECTIVES

- An underspend in 2021/22 in order to bolster reserves
- A realistic and achievable budget for 2022/23
- Reduced reliance on one-off funding solutions
- A brave, bold and ambitious MTFS for 2023/24-2026/27
- A greater focus on sustainability and the longer-term
- Greater engagement and accountability with budget managers across the Council
- An appropriate and affordable attitude to risk

KEY DELIVERABLES

- A revenue and capital budget for 2022/23
- A sustainable MTFS for 2023/24-2026/27
- A revised risk appetite
- New Financial Operating Framework and procedure

KEY RISKS

- An underspend in 2021/22 is not delivered
- The 2022/23 budget has an unacceptable reliance on one-off funding
- Genuine transformation in service delivery is not undertaken in a timely manner
- Government fails to fully fund changes in legislation, such as social care reform
- Mitigations against these risks include;
    - Real-time monitoring in 2021/22 of discretionary spend lines, with immediate actions taken
    - Working up for further budget savings that can be delivered in-year in 2022/23 that were not sufficiently worked-up for inclusion in the approved budget in March 2022
    - Issuing of a S114 notice

FINANCIAL SUSTAINABILITY WORKSTREAM 2
ASSETS STRATEGY

The CIPFA report recommended a review of assets to create a consolidated picture of all assets across the Council. At the moment, the Council holds a significant number of assets either on its own or though partners and a new and ambitious strategy is needed to drive inclusive growth and financial sustainability.

1. REVIEW OF THE ASSET BASE

Our updated Asset Management Strategy (AMS) will be based on asset rationalisation where there is no commercial, community or strategic case for retaining the property. In line with the MTFS theme the utilisation of assets will form part of the root and branch review of everything we do and how we do it. The changes to operating practices as a result of the pandemic have demonstrated the possibilities of reducing the use of physical assets while still providing services to residents, clients and customers. It is expected that the decision taken on changes to service delivery will make a number of operational assets redundant and this work will complement the Organisational Capacity and Delivery theme.

2. ASSET DISPOSALS

Receipts from asset disposals will be utilised to meet current commitments, provide additional cash flow into the Council to mitigate budget pressures of servicing past debts (in line with the key Financial Health Indicators referenced in the MTFS section), and if required to provide an alternative funding source for a transformational programme that delivers savings over the period of the MTFS subject to Government approval.

Any disposals must comply with the AMS and the Asset Management Plan. We cannot make short-term decisions that could harm future values. The sites which are recommended for sale will be disposed in accordance with Best Value to ensure the greatest value within the timescales set out in Workstream 1 – MTFS. This will ensure that only asset sales are 'at the right price' and will not be rushed into 'fire sales'.

To achieve asset disposals we will:

- Complete a review of our Asset Management Strategy and Plan
- Bring in a subject matter expert to see how we can add value to the existing estate
- As a result of the above, compile a list of possible disposals, and consider and manage the implications of each potential disposal such as
    - revenue loss,
    - maintenance liabilities, and
    - current and potential future issues which may affect valuations
- Where option appraisals are required an external property advisor will be commissioned
- Set up an effective project management to manage all asset disposal activities in accordance with the timescales of this Plan and MTFS and reporting in accordance with the governance of the Plan
- Mitigate any risk in asset sale realisation by continually reviewing and expanding the list of assets recognised for disposals

KEY OBJECTIVES

- To have an asset strategy that ensures value is maximised over the short, medium and long term
- To commission a report that identifies how we can maximise the value of our existing estate
- Compile a list of assets for disposal between now and March 2023

KEY DELIVERABLES

- An asset strategy approved by Council in July 2022
- A target figure for asset disposals in 2022/23
- Reduced liabilities, both revenue and capital, as a consequence of the asset disposal programme

KEY RISKS

- Capital receipts are not realised in sufficient quantum for 2022/23
- Assets are sold before their values are maximised
- The wrong assets are sold
- Revenue income or potential income is lost and cannot be replaced
- Condition surveys adversely impact on purchase price

FINANCIAL SUSTAINABILITY WORKSTREAM 3
CAPITAL PROGRAMME

Peterborough Council has a high level of debt. The borrowing costs associated with that debt represent 16% of the 2021/22 revenue budget. This must and will be reduced over the medium term. The 2020/21 Statement of Accounts, including internal borrowing, shows total debt at £598m. Total realisable assets held by the Council are shown at £368m.

There are historic reasons for this position, such as investment in assets no longer on our balance sheet (academy schools) and investments in no-realisable assets (eg roads). This is not unusual, but it does mean that maximising our assets through service provision or disposals, is critical

Turning the debt to realisable assets ratio into a more positive and proportionate balance will take time. The following elements will be implemented:

1. REVIEW OF THE EXISTING CAPITAL PROGRAMME

This is already underway. The Section 151 officer has issued an instruction to the organisation that 'the Council must stop all capital expenditure that is not legally required that is funded by Council Resources'. Interim controls have also been introduced until this Improvement Plan is approved and will remain in place until a revised Capital Strategy, developed as appropriate with our partners and the voluntary sector, with associated controls, is approved.

2. CAPITAL STRATEGY

A new Capital Strategy will be presented to Council in March 2022 for approval. This will be based around six basic 'rules':

1. No new borrowing unless failure to do so would result in a breach of our statutory duties (see next bullet)
2. Borrowing for projects that will result in future savings with a payback period of five years or less
3. A two-stage approval process: approval to plan (which allows a project to be included in the capital programme) and approval to spend (required before a contract is entered into that commits the Council to expenditure)
4. A prioritisation process based on need and financial benefit.
5. A review of the current governance and control framework
6. A review of funding sources

3. BALANCE SHEET MANAGEMENT

The level of debt, the cost of debt repayment, and the negative equity shown in the balance sheet are a big concern. The Asset Review section sets out our objectives for asset disposals, which will be used in part to repay debt. Whilst any debt repayment from receipts will reduce the future debt repayment costs (which will be one of our key Financial Health Indicators referenced in the MTFS section) it is unlikely to improve the negative equity situation (unless assets are sold for more than their book valuation). We will therefore only sell assets 'at the right price' and will not be rushed into 'fire sales'. At this stage however, we cannot rule out needing to use some capital receipts to support the 2022/23 revenue spend, subject to Government approval.

KEY OBJECTIVES

- To review the existing capital programme to 'shrink to fit' affordability
- To reduce debt costs as an overall percentage of the revenue budget
- To have a Capital Strategy that reflects the perilous state of our balance sheet
- To have a capital programme that properly reflects the Capital Strategy
- To revisit the Asset Management Plan, to ensure we have the right assets in the right place, and that we have fully budgeted for lifecycle costs

KEY DELIVERABLES

- Propose a revised Capital Programme to Council in March 2022
- Propose a new Capital Strategy to Council in March 2022
- Ensure we have a fit for purpose process for agreeing and prioritising projects
- Present an updated Asset Management Plan to Council in March 2022, along with recommendations for an asset disposal programme (see Financial Sustainability Workstream 2 – Assets)

KEY RISKS

- Council does not adopt the March 2022 recommendations
- More debt is needed to meet our statutory obligations
- Inflation and supply adversely impacting on cost of materials and delivery of projects

THEME TWO Service Reviews

The purpose of this theme is to describe the Council's approach to examining its current service delivery and operating model.

SERVICE REVIEWS WORKSTREAM 1
DEEP DIVES

For the first six-month period of the plan, the focus will be on deep dives into the service areas which are highlighted through benchmarking in CIPFA's report. These deep dives will determine if there is scope to make savings quickly in these areas by applying best practice and learning from other councils. We have commissioned CIPFA to work with our service leads and practitioners to review these service areas.

The key driver for the deep dives, over the next six months, is to challenge the service areas to determine how we could do things differently and save money. We will only be able to make the really tough decisions if we have the right mindset. Where we can make the case for change, we must then have the will and determination to stop doing things that (a) don't meet our statutory duties (b) are not core to our corporate priorities or (c) we simply cannot afford to deliver.

We need to reconsider everything we do and focus only on our priorities and on what we can afford. We have to change our mindset to focus on the things that are essential and important.

Initially and between now and April 2022, we will carry out service deep dive reviews into five key areas:

PHASE 1:	Children's Services and Adult's Services (start November 2021, ends December 2021).
PHASE 2:	Housing and Planning (starts December 2021, ends January 2022).
PHASE 3:	Community and Leisure Services (starts and ends February 2022).
PHASE 4:	Companies and other commercial interests (starts Dec '21 ends May '22)
PHASE 5:	Is a cross-cutting theme and comprises assets and contracts. These will be reviewed on a service-by service basis as we conduct each of the reviews in Phases 1-4.

We will review services using external expertise and challenge from CIPFA and other partners. We will also draw on the wide range of experience from our Improvement Panel and we will "borrow with pride" by challenging our current thinking and being open about adopting new ways of working.

We aim to have reviewed and have key options and recommendations for the first phase of services within the next six months. This work will be undertaken on an iterative basis. For Children's and Adults' we expect to be having conversations about what we could do differently during December 2021 with a view to rapid implementation in early 2022.

The approach to the deep dives will be focused, direct and have a quick turnaround. Our deep dive methodology will comprise a fact finding and diagnostic phase, where we will conduct interviews with service leaders and experts. Our analysis and solution development will be based on reliable data points. We will only move forward to mobilisation and implementation once we have agreed that the proposed changes will deliver better outcomes and maximise efficiencies.

Existing performance data along with sector benchmarking data provided by external partners will be used to review the performance of our services and to help us focus where improvements are required.

We will apply a set of criteria in order to inform the next phases. These criteria will include (a) those services showing a benchmarked high spend, (b) services with a known high spend, (c) statutory then non statutory based on total service spend, (d) services with significant reliance on support services including business support, contracts and other assets including borrowing.

SERVICE REVIEWS WORKSTREAM 2
OUTCOMES BASED SERVICE REVIEWS AND TARGET OPERATING MODEL

After the first set of deep dive reviews, we will take a more cross cutting view of outcomes and services, looking for opportunities for transformation and innovation. There will be a clear line of sight from strategic objectives to service delivery supported by a common business planning and business prioritisation approach; allocation of financial and people resources where they are most needed.

Underlying this, we will ensure that the linkages between service demand and volumes are aligned to our performance reporting framework. Strategic planning and the allocation of money will be done by focusing on the outcomes rather than by where resources sit in the organisation. We will be smarter at linking up finance information and service activity data to help us do this.

For each service review we will apply a standard set of design principles including the following:

- Protect areas of expertise and professionalism that underpin the current service operating models while at the same time challenging if the operating model is still fit for purpose.
- Explore the scope for productivity increases while also looking at whether demand/service consumption can be reduced. Where elements of services should be no longer continued, we will call these out.
- Every individual counts towards the whole and there is a need to ensure that we have the right skills and competency focus for delivering our services including the structure of teams and the make-up of the teams themselves.
- Enable cross functional working wherever possible appreciating that services are rarely delivered in organisational silos.
- Relating to the points above, thinking outside of the box by considering more radical ideas for service delivery including increasing the scope of our existing partners where they are better placed to deliver.
- Ensuring that the assets and other underlying infrastructure (eg, support services, the corporate centre, ICT, applications, data and information) are fit for purpose.
- That commercial activity should happen in one place eg, where the professional accountability for contracts lies within the Procurement function.
- Spans and layers are reviewed to ensure that controls sit at the right level and that unnecessary layers are removed where they don't add value to the service chain.

The service reviews (and taking account of the design principles) will enable us to reframe our view of the services we deliver and how we deliver them. We will gain a better view of how we want to deliver services in the future accepting that some of our new proposals may require further work in the form of business cases and stakeholder consultation.

In order to help us draw a more composite picture of what the future might look like, we will create a high-level target operating model (TOM). A TOM sets out the desired future state for an organisation. Articulating our future vision will help us to understand the journey we need to go on to get there and this will include key considerations such as:

- What a new TOM would look like for the Council.
- What its implications might be for staff, managers, stakeholders, partners and customers.
- What it might cost to implement and what the financial and non-financial benefits might be.
- How it would improve and indeed further the outcomes we need to achieve at Council and service level.
- How we need to change the way we work together and act together.

Many public sector organisations face significant financial issues and their financial constraints only increase year-on-year. There comes a point where salami-slicing services to save money takes these organisations into the laws of diminishing returns.

The organisations that tend to recover and survive on a more sustainable footing are those that take the brave decisions about focusing on the "minimum viable product", allowing them to channel their resources into delivering the outcomes that have the greatest impact on those that they serve. This is why the creation of a TOM will allow the Council to see the relationship between the services that it must continue to deliver against the outcomes, the performance regime, the skills, competences and resources that it needs to deliver them.

KEY OBJECTIVES

- To maximise our ability to achieve our priority outcomes by increasing the efficiency of service delivery.
- To rationalise and simplify our modes of delivery and influence under a coherent strategy.
- Review shared service arrangements to ensure that they remain fit for purpose and where they are not, propose alternative (costed) ways of delivering services.
- Deliver a set of service-based reviews against the Council's priorities and against a backdrop of what it can afford over a two-year programme, with the criteria for the remainder of reviews not detailed in this Plan, to be agreed by the Council's management team during Q4 of the current fiscal year.
- Ensure that the outcomes from the deep dives described in this Plan are consistent with setting a deliverable budget for 2022/23 and a sustainable budget beyond that.
- Review high priority services with the first six months. Agree alternative options for delivery, new ways of working, highlight investments that need to be made (drawing on the capital programme where appropriate to fund transformation).
- Develop business cases for change/transformation focused on changes that will give us the best return on our investment and ones where we can deliver an improved set of outcomes.
- Focus on changes that can be designed, tested and delivered using an agile approach.
- Ensure that the underpinning infrastructure (capital, assets, contracts, commercial arrangements, support services, assets) are challenged to ensure they are fit for purpose and aligned with the services.

The result of this programme, starting now, will be a prioritised, more modern and open Council that acts together to serve its customers and deliver its outcomes in the most efficient way possible with the resources it has available to it. Iterative deep dives will become a common feature of delivering our services so that we constantly review what we do.

KEY DELIVERABLES

- Clear line of sight for the immediate reviews as detailed in this Plan.
- Development of prioritisation criteria for the remaining services.
- Clear scope of each review with key personnel from each service identified along with achievable but demanding start and end dates.
- Key findings and options for change supported by evidence, analysis of performance and financial data including benchmarking and data analysis.
- As the reviews deliver conclusions, ensuring there is close alignment to existing discussions and plans regarding the 2022/23 budget and being cognisant of existing and planned savings plans and initiatives.

KEY RISKS

- Lack of resources from the Council to participate in the deep dives
- Resistance to change or change fatigue leading to lack of new ideas from service areas

- Insufficient engagement from the service areas.
- Lack of resources to deliver the proposed changes.
- Difficulty in unlocking savings and changes in support services (e.g., assets, contracts etc.)

SERVICE REVIEWS WORKSTREAM 3
CONTRACT REVIEWS

The contracts that we have in place are many and wide-ranging. Our contracts support a whole raft of service delivery functions and almost no contract is the same I.e., different terms and conditions, different contractual clauses, different exit arrangements and payment terms etc. Our contracts portfolio fulfils varying functions in our day-to-day service delivery with some contracts acting as additional and supplementary support whilst other contracts are integral to the work of the service and are part of the "fabric" of a given service.

The purpose of this work stream is to review our contracts with a view to getting a common understanding of what contracts are of vital importance to the running of our services and which contracts could (with careful transition planning and service re-design) be terminated.

1. PROPOSED SCOPE

It is vital that our commissioning, procurement and contract management arrangements are commercially driven and result in value for money services whilst providing support to our service delivery operations. By May 2022 we will:

- Have reviewed those existing contracts that give us most cause for concern
- Ensure every contract has an assigned contract manager
- Provide refresher training to all contract managers and reinforce the interfaces between the services and Procurement including a clear understanding of respective roles and responsibilities.
- Refresh the Contract Management Manual to ensure managers are clear what is expected of them
- Ensure a Commissioning Strategy exists for all services and sub-services the Council delivers, either through an external provider or in-house
- Ensure that those commissioning strategies are supported by a detailed market analysis
- Work with key providers and potential providers on shaping the market, to meet our needs
- Develop procurement plans in line with the commissioning strategies
- Review the need to strengthen the head of profession role for commissioning and contract management

2. UNDERSTANDING THE IMPACT AND THE KEY INTERDEPENDENCIES

We will approach the review of contracts in two ways acknowledging that with the first service reviews in Children's and Adult's Services, we will review the key contracts that support these services. As we progress with the service reviews, we will review the specific contracts for these services as appropriate. We will also undertake a fundamental review of all contracts across the Council to assess a range of factors including but not limited to the following:

- Is the contract still required?
- Is the contract performing as it needs to?
- Could the services delivered by the contract be delivered in a more efficient and cost-effective way including the termination of the contract and transferring the contracts functions in-house?
- Are any contracts inhibitors to the transformational changes we need to make?
- Would transferring the contracts functions to another provider (potentially through competition) better support out priorities?

- How does changing the contract arrangements affect other elements of delivery including the impact on business support functions?

Getting the right balance of contracts, being delivered in the most cost-effective way with the right levels of management and control is just as important as getting the right commercial arrangements from the contracts themselves. As we progress the service reviews and the review of contracts, we need to maintain the right balance between the needs of the centre (commercial and financial) with the needs of the services.

KEY OBJECTIVES

- Ensure existing contracts are being effectively monitored and managed
- Ensure that there is a well understood strategy and approach to reviewing all contracts in line with financial, commercial and service delivery objectives.
- Contract management skills and roles and responsibilities are clear between contract management and service functions
- A programme of commissioning strategies is a fundamental part of our MTFS
- Procurement Plans are approved prior to any engagement with possible providers

KEY DELIVERABLES

- A review of specific contracts in line with the service reviews being conducted by CIPFA starting in Children's and Adult's
- Each contract will have a set of KPIs that will be reported against
- Large spend contracts that have a major impact on service delivery will be taken through Scrutiny Committees.
- The Contracts Register will be reviewed to ensure it holds the appropriate level of information
- Providers of services will be engaged in order to inform our strategies and planning

KEY RISKS

- We are paying for services that are not being delivered, or not delivered to the required standard
- We have entered into poor contracts, resulting in poor value for money
- We may not have the required penalty clauses in the contract for poor performance
- We are perceived as uninformed purchasers
- We are prevented from existing contracts due to onerous exit terms and conditions

SERVICE REVIEWS WORKSTREAM 4
REVIEW OF COMPANIES

The Council has a plethora of arrangements for service delivery in pursuing its aims and objectives and this includes a number of subsidiaries, joint ventures and associated companies. Over the years, the Council's interests have grown in an ad-hoc manner, with little attention paid to an overarching structure or strategy.

It is important that appropriate governance arrangements are in place in order that the Council has visibility on performance and risk and that the synergies between our interests are maximised.

In order to achieve this, by May 2022 we will:

- Carry out a review of existing companies (supported by CIPFA).
- Run an in-housing /outsourcing process for selected companies, reviewing the process used to create the initial justification and the objective justification (Business Case) for future commercial arrangements.

- On completion of each company review, an evaluation of divestment and disposal options and alternative delivery arrangements where these considerations are appropriate.
- Review of governance arrangement for oversight of the Council's portfolio of companies, including options for a new group holding structure.
- Review of internal governance and oversight arrangements from an officer and elected member perspective, ensuring there are no conflicts of interest and that all members and officers are appropriately trained to carry out their role.
- Review the frequency and content of the reporting arrangements for each entity to the Council and develop a standard report framework for Cabinet decision making for any future proposals to transfer in-house services to a new or existing entity, or for any new activity aimed at growth and/or commercial opportunity for the Council.

1. PROPOSED SCOPE

Over a number of years the Council has secured delivery of its services through a number of different arrangements. These have ranged from wholly owned companies of the Council, joint venture partnerships, and charities through to private outsourced arrangements. The list of companies in scope for the review are as follows:

- Peterborough Limited
- Blue Sky Peterborough
- Empower Peterborough
- Opportunity Peterborough
- Peterborough Investment Partnership LLP
- Medesham Home LLP
- NPS Peterborough Ltd
- Peterborough Museum and Art Gallery Trust
- The Mayor's Charity
- Peterborough HE Property Company Ltd
- Smart Manufacturing Alliance Ltd

2. COUNCIL OWNED COMPANY REVIEW

As part of this work we have commissioned CIPFA to undertake a review of our company and wider commercial portfolio. CIPFA will review each of the companies in turn according to a pre-determined priority based on a range of factors including risk. They will provide an independent analysis of each company including performance, financials, strengths and weaknesses, and the Council's exposure to risk. Where appropriate and where the documentation exists, CIPFA will also review the original business case and commercial and financial justification for the companies to ensure that the original tenet for establishing each company is based on a sound set of principles.

This work will inform individual decisions on whether to maintain, revise focus, in-house or divest from Council companies. The companies under review will form part of a work package agreed between the Council and CIPFA.

3. COMPANY GOVERNANCE ARRANGEMENTS

The Companies theme will focus on the development of Council policy with regard to executive and non-executive directors, establishing a clear role for senior officers through a Shareholder Unit function, ensuring all forms of parental support to companies within the group are subject to effective controls and clear decision making.

4. COMMERCIAL STRATEGY AND COMPANY RULEBOOK

Where Council companies offer reasonable levels of assurance of future financial returns, the Council will seek to maximise this benefit through the development and application of an overarching Commercial Strategy. This will include an assessment of directly delivered charging activity and the treatment of surpluses generated by the companies. Existing and future requirements for Council funding and capital will be evaluated using a combination of risk profile, return on investment and prevailing market conditions.

We will formalise the work of companies and other commercial interests through the development of a Company Rulebook. The Company Rulebook will:

- Provide guidance on the key considerations when the Council is looking to establish new commercial ventures including the creation of new companies.

- Provide officers with a series of guiding principles including reference to existing professional body guidance (e.g. the CIPFA Code) as part of managing the oversight of the companies' portfolio.
- Provide the Shareholder Unit with a set of principles enabling it to provide the checks and balances required of good company oversight and sound commercial management principles.

KEY OBJECTIVES

- Provide greater visibility of company performance and risk profile of the wider Council group.
- To reduce overall complexity and simplify the management and oversight of all core Council activities by reducing the number or alternative delivery vehicles. (This needs to be undertaken with close alignment to the customer services strategy/model being deployed by the Council.)
- To strip out duplication of overhead and management costs by bringing core functions in-house where there is no imperative to maintain externalised delivery vehicles.
- To identify opportunities to generate capital receipts to the Capital Programme through divestment of interests in profitable activities.
- To establish robust shareholder controls and assurance mechanisms for those companies the Council maintains.

KEY DELIVERABLES

- Overarching Commercial Strategy.
- Establishment of a link between individual company performance and the Council's wider performance management system and production of corporate key performance indicators.
- Decisions on the direction for each company/commercial interest.
- Options appraisal and potential creation of a new Shareholder Unit.
- Review of the effectiveness of the Shareholder Cabinet Committee.
- Following the Public Interest Reports into the London Borough of Croydon and Nottingham City Council's EnviroEnergy, review the interface between each company's governance and decision making and the Audit Committee and the Scrutiny Committee for Growth, Environment and Resources.

KEY RISKS

- Loss of opportunity for financial returns as a result of decision-making delays.
- Over financial exposure where companies are struggling financially post-COVID.
- Lack of oversight and governance with regard to companies, resulting in the potential for financial and reputational damage to the Council.
- Medium to long term company performance (based on an independent review of each company's financials and up-to-date Business Strategy and business plans).

THEME THREE Goverance and Culture

Delivery of the Improvement Plan is dependent upon a number of interrelating factors, not least of all is having an organisational culture and strong governance that supports the need for the change, understands what is required alongside an absolute determination to succeed. Whatever plans are put in place can only succeed when everybody is determined to adopt the behaviours required and to live the new culture. The most pressing need is a culture that is focused on performance, delivery and accountability. Immediate work will concentrate on enabling the organisation to focus on this.

There is a positive base to start from, the External Governance Review led by Andrew Flockhart paid tribute to the political will of the Leader and Cabinet to take ownership in resolving the financial challenges. The Review also recognised the positive and open relationship between Councillors and Officers and the willingness to learn. However, the review recognised the past lack of challenge and scrutiny from members and officers alike has contributed to the financial situation being allowed to deteriorate.

All parts of the Council's system of governance (including Full Council, Cabinet, Scrutiny, Audit and regulatory committees) must play their part effectively, enabling the Council to fulfil its ambitions for the city and its duties to the public.

This will require a shared commitment by all Members in Full Council, strong and decisive leadership by Cabinet, constructive and well-informed Scrutiny, and inquisitive and challenging Audit. All the right parts of the machinery of governance exist - they need to work together better to help the Council get through this very tough period

GOVERNANCE AND CULTURE WORKSTREAM 1
MEMBER GOVERNANCE AND ASSURANCE

The external assurance review report on Governance asked us to commission and support a development/ support programme for councillors, particularly the new Leader and Cabinet, the Chairs of the Scrutiny Committees and the Audit Committee and for the leaders of all the political groups of the Council. The report also highlighted the need for us to strengthen the leadership of our Audit Committee and to elevate the role of the Audit Committee's annual report to Full Council so that a considered discussion could take place regarding any concerns raised and a robust response given.

We are committed to ensuring members have the structures, knowledge and skills needed to effectively scrutinise and challenge the Council's financial decisions, governance and procedures. We will review existing governance structures to see if improvements can be made and work with CIPFA to conduct a skills analysis assessment of both the Audit and Scrutiny Committees in order to deliver a targeted and appropriate training and development programme.

1.AUDIT & ACCOUNTS COMMITTEE

The governance assurance report found that our Audit Committee was not currently scrutinising the Council's financial challenges with sufficient urgency or focus or paying sufficient attention to the strategic risks and issues facing the Council or the Council's MTFS processes.

CIPFA has been provided with details of the training that was provided in-house by the S151 officer and his team and the Internal Auditor for the Audit Committee after the May elections in 2021. Committee members have also all received the CIPFA handbook "Audit committees - Practical Guidance for Local Authorities and Police (2018 Edition)" which sets out best practice and helpful checklists when reviewing the effectiveness of audit committees.

The DLUHC Finance Review report recommended that the membership of our Audit Committee should be strengthened by the appointment of external independent members in order to improve its expertise and independence and this is in line with industry best practice of every local authority audit committee having at least one independent member. A report recommending the recruitment of independent members of the audit committee, one of whom would chair the Audit Committee, will go to the Special Council meeting on 16 December for approval. This will include draft job advertisement and amended terms of reference for the Audit Committee. CIPFA will be supporting the Council on the recruitment process.

If approved by Council on the 16 December 2021, the roles will be advertised immediately with a view to interview in the second week of January 2022. The induction process will then commence immediately, subject to ratification of the appointment at end of January 2022 at Full Council.

2. SCRUTINY COMMITTEES

The Council has four Scrutiny Committees – Adult's and Health Scrutiny Committee, Children and Education Scrutiny Committee, Communities Scrutiny Committee and Growth, Environment and Resources Scrutiny Committee - which also meet jointly to scrutinise budget proposals.

The Governance assurance report found that the checks and balances that should be offered by the scrutiny role were not strong enough and did not focus enough on the strategic dimensions of our challenges, in particular the MTFS and annual budget plans. There needed to be a stronger willingness to challenge the assumptions and information presented to them.

CIPFA has been asked to consider how best to strengthen the skills and approaches of members of the Scrutiny Committees and are considering this against the training that has already been delivered.

We will make the necessary changes to our Constitution to incorporate the role of the Improvement and Assurance Panel in the Council's governance structures, including reporting to Full Council every six months and the Cabinet's response to its recommendations. The Growth, Environment and Resources Scrutiny Committee will review the Cabinet's actions and report on progress directly to Full Council every six months.

3. CONSIDERATION OF MOVING TO “ALL OUT ELECTIONS” EVERY FOUR YEARS TO ADD STABILITY

The Governance Assurance report recommended that the Council formally consider a report on moving to all out elections every four years instead of electing by thirds by March 2023, via an evaluation process. The Council is also required to discuss the outcome of the evaluation with DLUHC. The report recommended this change in order to bring stability to our decision-making and encourage the development of more strategic long-term solutions. The timetable set out the Governance Assurance report states that the formal evaluation of the option of a four-year electoral cycle should be initiated by July 2022 and Full Council should consider a report outlining the results of the evaluation process by March 2023. Any such decision would require a two-thirds majority of members voting in favour.

A report is therefore due to come back to Full Council in 2022 asking it to consider the recommendation to commence an evaluation process on the proposal to change from elections by thirds to all-out elections every four years.

3. RISK MANAGEMENT

A good foundation for risk management exists, although the organisation has been traditionally risk averse. In order to deliver the Improvement Plan, we may need to embrace a higher level of risk appetite.

RISK APPETITE	DESCRIPTION
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Our risk management approach and methodology is articulated within the Risk Management Policy and overseen by the Risk Management Board. Key risks are recorded using the Council's online project management tool (POWA) and the Risk Management Board provides formal oversight and challenge of corporate and departmental risk registers. There is good risk management representation across all Directorates and management engagement in the risk management process.

To oversee the delivery of the Improvement Plan, each Theme will have a series of actions which will be risk assessed and regularly monitored against. Based upon a standard 5 x 5 risk matrix we will ensure consistent treatment and identification of risk at all levels of the organisation. Links will be included if there are clear synergies between a risk in a department and the Improvement Plan so that they are recorded only once to avoid duplication.

Senior Responsible Officers (SROs) and delivery teams will be accountable for ongoing reviews ensuring that risks are identified early, and mitigating actions are developed at pace to get projects back on track. By using POWA as the central repository for all risks this will enable greater coordination and ability to produce regular reports to Officers and Members.

GOVERNANCE AND CULTURE WORKSTREAM 2
PERFORMANCE MANAGEMENT

Monitoring performance at an organisational and individual level is a vital component of delivering the Improvement Plan.

There will be appropriate mechanisms to recognise, applaud and share success whilst also recognising that there has to be consequences for under performance. Every member of the workforce has a role to play and is responsible and accountable for the work they do. This will be supported by consistent process, systems and messaging across the organisation.

The Independent Assurance and Improvement Panel will provide external advice, challenge, and expertise to us in driving forward the development and delivery of our Improvement Plan and they will provide assurance to the Secretary of State on our progress on delivering the plan.

To provide assurance to the Improvement Panel and the Council, that the Improvement Plan is on track to deliver the agreed outcomes, we will implement a robust monitoring process. Monitoring will focus on the successful achievement of key milestones, monitoring of financial implications, and the identification and management of risks and issues across each theme.

1. BUSINESS ASSURANCE AND PROJECT MANAGEMENT OFFICE

A Business Assurance Function will be established which will work hand in hand with each of the theme and action leads and other corporate functions like finance, assets and communications to ensure the delivery of the Improvement plan. It will:

- Act with the authority of the Chief Executive, the Cabinet and the Improvement Panel.
- Bring together, in one place, a high level plan of all improvement activities with focus on improving the immediate financial stability of the Council within the next six months and consequently holding "one version of the truth".
- Act as a 'critical eye' by providing scrutiny and proactively challenging risks, issues and variations from plans across Improvement Plan activity.
- Provide organisational wide support on governance, project portfolio management best practices, tools and standardised processes.
- Provide regular reports to Leadership team and Independent Improvement Panel.
- Work with senior responsible officers (SROs) to develop six monthly delivery and resourcing plans and the necessary support to secure appropriate resources required to deliver.
- Track benefits, ensuring that activity delivers to the intention of the Improvement Plan.

The Business Assurance Function will produce a report for each meeting of the Improvement Panel which will contain the following:

- Summary of the key deliverables and milestones against the plan.
- Things that have been achieved early – things that are late with explanation.
- Key risks and mitigating factors/status of risks etc.
- A financial summary explaining achievement of financial performance in the last period and a forecast outlook for the next period.
- Plans for the next period.
- Other matters arising to be brought to the attention of the Panel.

2. INDIVIDUAL PERFORMANCE AND ACCOUNTABILITY

In order to bring about the requisite culture change individual goal setting and performance management will be scrutinised and altered as necessary. This work will be underpinned by a cultural transformation programme, jointly delivered with partners. This will be designed around driving the behaviour change essential to delivering the Improvement Plan and foremost, making the Council more financially sustainable and will include:

- A clear set of organisational goals which hold the Chief Executive and senior officers to account for their delivery and which are embedded throughout the organisation, so everybody is clear what they are and their role in achieving them.
- A performance management framework has recently been introduced that focuses on outcomes. The governance of the framework will be reinforced to ensure that it is consistently applied and is focused on both outcome and delivery. The performance framework will focus on the key priorities and should be updated on an annual basis.

- On the appointment of the new CEO, developing a culture of individual accountability and a more forensic focus of what we do and why we do it. We need the whole organisation to have “change conversations” in order that we can progressively change the way we work.

GOVERNANCE AND CULTURE WORKSTREAM 3
CAPACITY AND CAPABILITY

The impact of this plan and the level of change on the organisation must not be underestimated and it will place capacity strains in areas of the Council that are already resource constrained. Such issues will have to be managed and additional skills and experience brought in if and as required. A key outcome from this stream of work will be to equip the Council’s officers with the experience and toolkit to deliver change within their teams, using external resources as and when required.

Delivery of the plan is heavily dependent on the organisation having the capacity and capability to both deliver it and to ensure it is sustainable. The Council will critically review its structure to ensure it is able to meet the demands of the plan, has the appropriate skills deployed in the right places and where skills are deficient has a plan to close the gap.

1. ORGANISATIONAL STRUCTURE

There has been significant change in leadership across the Council – for both Members and officers – which will continue into 2022. To ensure that the council is well equipped for the change and improvement it will undertake over the next two years, a review of senior roles and their portfolio of accountabilities has been agreed in phase one of the budget.

With the arrival of the new chief executive in February 2022, the organisational structure will be rigorously examined to ensure it is best suited to deliver the plan. Changes will be made where necessary and, in part, will be influenced by the outcomes of the service reviews.

The review will examine resources, spans of control and layers within departments to ensure that it can work in the most effective manner, be staffed at a level which allows for focus on the key deliverables, avoids duplication and ensures that accountability is clear and understood.

The structure must be continually evaluated against the Improvement Plan and assurance given that it will deliver the plan, whilst balancing this with the resource consumed by continuous structural change. As with other areas of the plan, change will only be made where it has a positive impact on outcomes and delivery of the Improvement Plan.

2. SKILLS AND CAPABILITY

The skills requirement falls into two groups, firstly the skills that are needed immediately to ensure the plan can be met, most significantly within the first six to twelve months, ensuring that financial stability is achieved. Secondly the skills for the slightly longer term to close the gaps identified further on in this Improvement Plan and to ensure the future is sustainable.

The scale and breadth of the work now needed to deliver the Improvement Plan is significant and will require a review of capacity, skills and delivery options, some of which will be addressed by the service reviews. Urgent prioritisation of outcomes and activity through the new Corporate Strategy will be undertaken and a clear resource plan against these priorities will be developed. This resource and delivery plan will be considered in six-month cycles, so that capacity is developed and used as it is needed - not too early or too late.

Against this resourcing plan, we will determine if we have the right skills, experience, and attitudes in the right numbers to sustain the delivery of the plan. Gaps, where identified, will be accompanied by a plan to close them. We recognise that this is likely to be a two phased: the requirement to bring in short term resource to provide support to deliver the plan, followed by the need to grow skills for the future.

Not immediately, but over time, a skills development programme will be put in place and will include a succession planning exercise, which will give additional information on skills strength, future needs and recruitment priorities.

3. IMMEDIATE CAPACITY DEMANDS

Over the last three years, the focus of much of the Council's corporate resources has been on creating governance and systems to strengthen financial performance and control and on fixing some foundational issues in IT contracts and systems. Work on the Financial Improvement Programme has consumed what limited change capacity the Council has.

Services have put forward proposals for incremental improvement and, overall, these have been delivered. However, as noted in both the LGA Peer Review and DLUHC reports, the organisational capacity to deliver fundamental transformational change is very limited – both in service teams and in corporate services.

The LGA and DLUHC reports identified some key areas where additional capacity is needed urgently. The first of these was the appointment of a single Chief Executive to focus on Peterborough City Council. This recruitment has been successfully completed, with the new Chief Executive starting in January 2022.

The LGA Peer Review also highlighted the need for a greater strategic focus on place shaping, engagement with communities and work with partners across the city and system. The report recommended that additional strategic capacity was required to link inclusive growth and economic development with people services, demand management and community work. The accountability and skills required to strategically link place and people will be considered as part of the review of the corporate management team.

There is currently no internal resource for business assurance, programme and project management, policy development, transformation, business analysis, design or behaviour change as these functions sit within outsourced arrangements. It is well understood that this contract no longer meets our needs and urgent work is required through the contracts theme to release the funding to build internal capability to deliver transformation and improvement.

The final area highlighted in all reports is the need to carefully consider and plan for the impacts of the pandemic, making sure that the new Corporate Strategy, Improvement Plan and service plans capture additional skills and activity required to respond to increased and new demand.

KEY OBJECTIVES

- Strong governance and assurance from Members, Officers and the Independent Improvement Panel
- Risk appropriately identified and managed
- All stakeholders from public through to DLUHC can transparently see performance against the Improvement Plan.
- Clear ownership and accountability of delivery, performance and risks
- Assurance that the overarching Improvement Plan is being delivered against the stated commitments, milestones, outcomes and that benefits realised in each programme are monitored
- Ensuring the current structure can meet the plan
- Addressing existing capacity and capability gaps to deliver the Improvement Plan

KEY DELIVERABLES

- Training for Members and Officers
- Business Assurance and Project Management Office (PMO) function established
- An organisational structure fit for the task to deliver the key outcomes of the Plan in the next six months
- Detailed delivery and resourcing plans developed with skills needed identified and secured

KEY RISKS

- Unable to engage the skills needed
- The organisational review is unsettling, and some key skills and experience leave the organisation
- Underestimating the amount of resource required to deliver the plan
- Lack of clarity on what is required, who is accountable for delivery and when it has to be delivered by
- Ineffective monitoring of performance and risk leads to plan slippage and potential additional expense

GLOSSARY

TERM	DESCRIPTION
RIT	Rapid Implementation Team is an officer led group which ensures all budget related initiatives are implemented and effective including: savings and income generating initiatives, capital programme, HR and finance controls, debt management and risk.
CMT	The Council's Corporate Management Team, is otherwise known as the CMT. This structure chart outlines the Council's management team
FSWG	Financial Sustainability Working Group is a cross party member working group, established to review the Council's financial position, develop sustainable budget proposals and consider the types of decisions that must be taken. In order to achieve financial sustainability. This will include Involvement of all parties, and will play a vital role in the delivery of financial sustainability for the Council.
CPF	Cabinet Policy Forum is an unofficial (non-public) meeting of Cabinet which reviews the Council's financial position, develops sustainable budget proposals and considers the types of decisions that must be taken In order to achieve financial sustainability.
DLUHC	The Department of Levelling up, Housing, and Communities is the government department that sets policy on supporting local government; communities and neighbourhoods; regeneration; housing; planning, building and the environment; and fire and rescue, in addition to a wider levelling up agenda. It has an important role in supporting local development and promoting economic growth and aspires to create great places to live and work, and to give more power to local people to shape what happens in their area.
CIPFA	CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance, which issues a code of practice and guidance and advice to finance professionals.
MTFS	Medium Term Financial Strategy (MTFS) is a key strategic document which expresses the delivery of the corporate strategy in monetary terms. It takes account of all the various factors and influences that may impact the Council over a multi-year period. An MTFS ensures that we have a clear policy framework to enable us to allocate funds in accordance with our priorities as we go through the service planning and budget setting process.
MTFP	Medium Term Financial Plan is a short term, financial plan, usually covering a one year period.
BUDGET	A statement which reflects the Council's policies in financial terms and which sets out its spending plans for a given period. The revenue budget (spending other than capital spending) is finalised and approved in March before the start of the financial year on 1 April. Actual spending is monitored against the budget each month as part of the Budgetary Control Report (BCR) Process and reported to the Corporate Management Team and Cabinet.
BCR	The Council's Budgetary Control Report (BCR) is the name of the revenue budget monitoring process. This is there the Council's financial performance is monitored and reported on by the finance team and the Budget Manager, on a monthly basis.
FINANCIAL REGULATIONS	The regulations outlining the officer's responsibilities relating to financial matters. **https://shorturl.at/epvlJ**
THE COUNCILS CONSTITUTION	The Council's constitutional document which;- allocates powers and responsibility within the Council;- sets out delegations for its Executive including the cabinet members and delegation to officers;-sets out the rules of procedures, codes and protocols. **http://shorturl.at/czUW8**
CPCA	Cambridgeshire and Peterborough Combined Authority.
POWA	The Council's online project management tool (POWA) Microsoft Project Online is a cloud-based Project Management service product that is delivered through Office 365.
TOM	Target Operating Model.
TA	Temporary Accommodation, used to provide short term housing when a family or individual has presented as homeless to the Council.

Appendix J- Dedicated Schools Grant and the Schools Budget 2022-23

On the 16th December 2021, the Department for Education (DfE) published the Dedicated Schools Grant (DSG) allocations for 2022-23. Full details can be found on the DfE website at the following link -
https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2022-to-2023

The Dedicated Schools Grant is the main source of funding for education although there is a required on Councils to fund some elements of delivery through its own resources.

The 2022-23 Dedicated Schools Grant (DSG)

The DSG announcement made by the DfE in December 2021 included the Schools Block, the Central Services Schools Block, the High Needs Block and Early Years Block (indicative). The actual amount to be received by the local authority during the 2021/22 financial years is subject to change. The Local Authority doesn't fund academies directly so the final calculated budgets for these schools will be returned to the DfE for allocation by them. The 2022-23 allocations for Peterborough are set out in table below, which also provides for comparison the 2021-22 allocations.

DSG Block	2021-22 Allocation £m	2022-23 Initial Allocation £m	Increase v 2021-22 Allocation £m
Schools Block (incl. growth and business rates)	185.367+	194.261+	+8.893
High Needs Block	38.447	41.864	+3.417
Central Services Schools Block	1.517	1.549	+0.032
Early Years Block	17.584*	17.571*	-0.013
Total	242.915	255.245	+12.329

+ The Schools Block figures above, and school level figures include estimates in respect of business rates which will not form part of the actual funding to be received as will be paid directly by the Education Skills Funding Agency (a part of the Department for Education) as part of the new centralised national process.

* Early Years Block indicative figures are currently based on January 2021 data. Adjustments expected to 2021/22 figures based on actual take-up.

The net increase in the Schools Block for 2022-23 totals approximately £8.9m or 4.8%. This uplift is as a result of a combination of the additional investment through the national funding formula and the net increase in pupils between October 2020 and October 202 -

- Primary (Reception – Year 6) – net reduction of 100 pupils
- Secondary (Year 7 –Year 11) – net increase of 859 pupils

The High Needs Block, which funds support for all children with additional needs, has increased by £3.147m. Unlike most other Local Authorities, we have a small surplus on this budget which is being used to increase the capacity within the City for support Special Education Needs.

The Early Years Block indicative figures are currently based on January 2021 data and as such will be amended to reflect actual levels of take-up. Adjustments are also expected to 2021/22 figures based on receipt of the January 2022 census data.

Supplementary Funding

In addition to the DSG, mainstream schools will receive an additional grant in 2022 to 2023 worth £1.2 billion nationally. The grant is being provided in respect of both the Health and Social Care Levy and other cost pressures. Details have been published at:

https://www.gov.uk/government/publications/schools-supplementary-grant-2022-to-2023

Initial indicative figures for Peterborough suggest an allocation of circa £6m. Finalised school level figures are due to be published in the Spring. The current allocation basis is below -

	Area Cost Adjustment	1.01284
	Base Rate	ACA Adjusted Rate
Per-pupil funding rate for early years provision in schools, and for maintained nursery schools	£24.00	£24.31
The base funding rates for 5-16 schools will be:		
Per-pupil rate for primary pupils	£97.00	£98.25
Per-pupil rate for key stage 3 pupils	£137.00	£138.76
Per-pupil rate for key stage 4 pupils	£155.00	£156.99
Lump sum of £3,680	£3,680.00	£3,727.25
FSM6 per-pupil rate per eligible primary pupil	£85.00	£86.09
FSM6 per-pupil rate per eligible secondary pupil	£124.00	£125.59
Per-student funding rate for 16-19 provision in schools, including 16 to 19 schools and academies	£35.00	£35.45

Alongside the mainstream allocation, an additional £325 million of high needs funding has been allocated nationally for 2022 to 2023. This is payable via a separate grant to the DSG but is subject to the same conditions of grant.

Initial indicative figures for Peterborough suggest an allocation of circa £1.4m, however this additional funding will not be calculated at school level and as such further work will be required to agree how the funding is applied. This decision-making rests with the Local Authority and the budget will be finalised in February and reported to Schools Forum, the representative body of education providers in the City. The Cabinet Member for Education, Skills and the University is an observer member for this meeting.

Proposed 2022-23 Peterborough Schools Funding Formula

Part of the statutory role of the Local Authority is to propose each year a school budget. The role of Schools Forum is to be consulted on this budget proposal and the Local Authority is response for deciding the final schools' budget.

Following receipt of the revised datasets from the DfE on 16th December 2021, further budget modelling has been undertaken reflecting the approach agreed by Schools Forum during the autumn –

Align funding rates with the National Funding Formula (NFF) (excluding Area Cost Adjustment)
Apply weighting to relevant unit values should affordability allow
Apply revised sparsity criteria
Apply the maximum 2% Minimum Funding Guarantee

After adjusting the Schools Block for £1.2m for the centrally retained growth fund (see later section), the total available for distribution (including business rates) is £193.061m.

Annex 1 shows a comparison between the current funding formula rates and the base NFF rates to be used to allocate the total schools block to primary and secondary schools for 2022-23. These unit values reflect the national funding formula rates, including the revised minimum per pupil levels (MPPL) - £4,265 for primary and £5,525 for secondary.

The proposed final budget allocation at school level can be seen in Annex 2.

In this settlement, the key points to note:

- The cost to meet the revised minimum per pupil level funding is circa £534k
- The cost to meet the 2% minimum funding guarantee is £886k.
- These figures are still illustrative at this stage and are subject to change as final data validation is undertaken.
- Published figures will include an allocation for business rates for 22/23. However, this is for information only and will not form part of the actual funding to be received as will be paid directly by the ESFA as part of the new centralised process. Awaiting further guidance on treatment.
- Actual amounts to be received by academies will be notified directly by the ESFA for the 22/23 academic year and may differ due to pupil numbers and protections applied.

Schools Forum considered these proposals at their meeting on the 19th January and there was unanimous agreement to support the budget proposals.

New Schools and Growth Funding

New Schools

The table below outlines the three schools which will open during the 2022/23 financial year. We continue to use the existing arrangement for funding new schools. Funding has been based on guaranteed numbers for the 7/12th period (September 2022 to March 2023). 2 new schools continuing to grow to capacity will be funded via variation to pupil numbers

Schools	Description
Hampton Lakes Primary School	New school still filling to capacity - to be funded via variation to pupil numbers for 22/23. To be funded on actual numbers from 23/24.
Hampton Gardens Secondary School	New school still filling to capacity - to be funded via variation to pupil numbers for 22/23. To be funded on actual numbers from 23/24.
Manor Drive Primary	New School opening September 22. To be funded via variation to pupil numbers. Guaranteed 60 pupils.
Manor Drive Secondary	New School opening September 22. To be funded via variation to pupil numbers. Guaranteed 120 pupils.
St John Henry Newman	New School opening September 22. To be funded via variation to pupil numbers. Guaranteed 60 pupils.

Growth Fund

There are no changes to approach for funding growth. The growth funding is allocated to meet additional revenue costs associated with significant growth between October 2021 and October 2022. Schools will receive growth funding where they meet the following criteria:

a. There has been a structural change to the school where the increased PAN is working its way through the school. Or;
b. There is a future planned structural change to the school. Or;
c. The projected increase in pupil numbers exceed 5% of the roll.

And:

a. In every case the growth is resulting from basic need and has been agreed by the local authority.

Funding will be allocated by applying the increase in pupil numbers between October 2021 and October 2022 to Peterborough's funding formula. The unit rates of funding will be reduced to 75% of those used in the funding formula to manage the cost of growth within the agreed resource available. Initial estimates will be provided when budgets are published but these will be revised in March 2022 for up-to-date admissions data. There will be no clawback of funding once allocations have been finalised in March 2022. This is to allow schools plan for the projected increase in pupil numbers.

Based on forecasts from place planning schools to be considered for growth funding:

School	**Oct 21 Census**	**Oct 22 Forecast**	**Change**	**% Change**	**Comments**
Eye CofE Primary School	445.0	467.0	22	5%	Asked to run additional FE in 22/23. Growth funding may be required, although initial 1st preferences lower than forecasts.
Oakdale Primary School	313.0	338.0	25	8%	Received growth funding in 21/22 to support structural change working its way through the school. Growth funding required in 22/23.
The Duke of Bedford Primary School	211.0	223.0	12	6%	Asked to run additional FE in 22/23. Growth funding may be required, although initial 1st preferences lower than forecasts.
Woodston Primary School	560.0	590.0	30	5%	Received growth funding in 21/22 to support structural change working its way through the school. Growth funding required in 22/23.
Jack Hunt School	1,600.0	1,641.0	41	3%	Received growth funding in 21/22 to support structural change working its way through the school. Growth funding required in 22/23.
Ken Stimpson Community School	997.0	1,048.0	51	5%	Small year 11 leaving. Maybe a requirement for growth in 22/23, although initial 1st preferences lower than forecasts.
Nene Park Academy	1,142.0	1,188.0	46	4%	Received growth funding in 21/22 to support structural change working its way through the school. Growth funding required in 22/23.
Ormiston Bushfield Academy	935.0	1,001.0	66	7%	Received growth funding in 21/22 to support structural change working its way through the school. Growth funding required in 22/23.
Queen Katharine Academy	1,112.0	1,202.0	90	8%	Received growth funding in 21/22 as hit growth funding trigger. Year 7 intake results in

					requirement for growth funding in 22/23.

Applying the proposed 2022/23 unit values (at 75%) to the growth within these schools results in an initial growth fund requirement of £1.025m. It is proposed to set the growth fund at £1.2m for 2022/23 to allow for changes in final admissions and any other schools which may qualify. Schools Forum agreed this funding allocation in their meeting on the 19th January.

Central Schools Services Block

The Central Schools Service Block provides funding to the Local Authority for the responsibilities it retains for delivering Education within its area. The budget allocation is decided by Schools Forum based upon proposals made by the Local Authority. The proposal is outlined below -

Central Schools Services Block (CSSB)	2022/23 £
Funding for Historic Commitments	164,606
Funding for Ongoing Commitments	1,383,907
Total CSSB to be received	**1,548,513**
Planned Expenditure	
A – Admissions	483,364
B – Copyright Subscription	235,043
C – Pension Liabilities	282,705
D – Retained Duties	537,592
E – Servicing Schools Forum	9,809
Total CSSB planned expenditure	**1,548,513**

The details of the planned expenditure areas are outlined below –

A) Admissions – This top-slice meets the cost of the local authority admissions function.
B) Copyright Subscription – Since 2015-16 the Department for Education (DfE) has procured copyright licences for all state maintained schools in England.
C) Historic Schools Pension Liabilities – The local authority can retain funding with Schools Forum approval for historic pension liabilities. This top-slices represents historic pension liabilities arising from premature retirement costs following the closure of several schools.
D) Retained Duties Funding – This covers costs incurred by the local for statutory duties it holds on behalf of maintained schools and academies.
E) Servicing Schools Forum - This top-slice is made to meet the costs of facilitating Schools Forum i.e. cost of the venue, clerking, refreshments etc… No increase allowed from previous years.

High Needs Block and Early Years Block

At the time of writing, the final budgets for both High Needs and Early Years are being finalised and will be considered by Schools Forum in February. The final decision over the high needs block rests with the Local Authority and Schools Forum agree the Early Years block allocation to our providers.

Schools Forum

Details of the constitution, papers and minutes of these meetings are here - https://www.cambslearntogether.co.uk/peterborough-school-improvement/peterborough-schools-forum

Annex 1 - Proposed 2022-23 funding formula factors and rates

NFF Factor		Peterborough Unit Rates 2021-22 (£)	National Funding Formula (NFF) Unit Rates 2022-23 (£)	1.0078 National Funding Formula (NFF) Unit Rates 2022-23 (Weighting Applied) (£)
Basic per pupil entitlement (AWPU)	AWPU: Primary	3,150	3,217	3,242
	AWPU: Secondary KS3	4,442	4,536	4,572
	AWPU: Secondary KS4	5,006	5,112	5,152
	Minimum per pupil funding Primary	4,180	4,265	4,265
	Minimum per pupil funding Secondary (KS3 and KS4 combined)	5,415	5,525	5,525
Deprivation (based on ever 6 free school meal numbers)	FSM current - Primary	460	470	470
	FSM current – Secondary	460	470	470
	Ever6 FSM – Primary	575	590	590
	Ever6 FSM – Secondary	840	865	865
	IDACI Band F: Primary	217	220	222
	IDACI Band F: Secondary	313	320	323
	IDACI Band E: Primary	262	270	272
	IDACI Band E: Secondary	419	425	428
	IDACI Band D: Primary	414	420	423
	IDACI Band D: Secondary	585	595	600
	IDACI Band C: Primary	449	460	464
	IDACI Band C: Secondary	635	650	655
	IDACI Band B: Primary	479	490	494
	IDACI Band B: Secondary	686	700	705
	IDACI Band A: Primary	625	640	645
	IDACI Band A: Secondary	872	890	897
Low Prior Attainment	Primary	1,104	1,130	1,139
	Secondary	1,674	1,710	1,723
English as an Additional Language	Primary	555	565	569
	Secondary	1,498	1,530	1,542
Pupil Mobility	Primary	908	925	932
	Secondary	1,301	1,330	1,340
Lump Sum	Primary	117,800	121,300	121,300
	Secondary	117,800	121,300	121,300

Annex 2 – Provisional School by School Budget – 2022/23

DfE No	School Name	Sector	2021/22 Pupil Numbers	2022/23 Pupil Numbers	Change in Pupil Numbers	2021-22 Revised Baseline (including business rates)	2022-23 Budget (including business rates)	Illustrative £ Change compared to 2021/22 Baseline	Per Pupil Funding (excluding premises)	
									21/22 Baseline	22/23 Draft
						1	2	3	4	
			35,451.16	36,048.57	597.41	£184,247,437	£193,060,929	£8,813,492	£5,108	£5,265
8743376	All Saints' CofE (Aided) Primary School	Primary	411.00	411.00	0.00	**£1,848,958**	£1,883,358	£34,400	£4,472	£4,556
8745417	Arthur Mellow s Village College	Secondary	1,309.00	1,314.00	5.00	**£7,144,915**	£7,417,545	£272,630	£5,415	£5,602
8743077	Barnack CofE (Controlled) Primary School	Primary	164.00	167.00	3.00	**£722,771**	£755,650	£32,879	£4,304	£4,423
8742288	Bishop Creighton Academy	Primary	205.00	205.00	0.00	**£1,052,551**	£1,078,044	£25,493	£5,115	£5,240
8742296	Braybrook Primary Academy	Primary	207.00	207.00	0.00	**£1,024,866**	£1,056,659	£31,793	£4,920	£5,073
8742269	Brew ster Avenue Infant School	Primary	174.00	168.00	-6.00	**£864,568**	£855,728	-£8,840	£4,826	£4,946
8743078	Castor CofE Primary School	Primary	185.00	190.00	5.00	**£806,666**	£838,389	£31,723	£4,261	£4,315
8744003	City of Peterborough Academy	Secondary	814.00	817.00	3.00	**£5,295,417**	£5,540,001	£244,584	£6,477	£6,752
8743385	Discovery Primary Academy	Primary	571.00	540.00	-31.00	**£2,563,966**	£2,518,980	-£44,986	£4,472	£4,645
8742006	Dogsthorpe Academy	Primary	374.00	378.00	4.00	**£1,751,666**	£1,851,840	£100,174	£4,668	£4,883
8742264	Dogsthorpe Infant School	Primary	261.00	265.00	4.00	**£1,304,627**	£1,346,638	£42,011	£4,982	£5,065
8743079	Eye CofE Primary School	Primary	423.00	445.00	22.00	**£1,802,700**	£1,949,841	£147,141	£4,180	£4,304
8742007	Eyrescroft Primary School	Primary	304.00	260.00	-44.00	**£1,513,627**	£1,336,871	-£176,756	£4,955	£5,113
8743384	Fulbridge Academy	Primary	839.00	841.00	2.00	**£3,766,118**	£3,847,659	£81,540	£4,477	£4,564
8742008	Gladstone Primary Academy	Primary	581.00	554.00	-27.00	**£2,966,961**	£2,929,601	-£37,360	£4,907	£5,079
8744004	Greater Peterborough UTC	Secondary	203.00	306.00	103.00	**£1,510,382**	£2,229,542	£719,161	£7,188	£7,119
8742013	Gunthorpe Primary School	Primary	395.00	402.00	7.00	**£1,808,960**	£1,897,362	£88,402	£4,560	£4,701
8744082	Hampton College	All-through	1,413.00	1,421.00	8.00	**£7,418,388**	£7,697,084	£278,696	£5,136	£5,303
8744005	Hampton Gardens Secondary School	Secondary	919.66	1,023.41	103.75	**£5,136,016**	£5,964,046	£828,030	£5,565	£5,810
8742456	Hampton Hargate Primary School	Primary	629.00	628.00	-1.00	**£2,708,068**	£2,757,268	£49,200	£4,180	£4,265
8742016	Hampton Lakes Primary School	Primary	89.50	189.16	99.66	**£447,018**	£819,292	£372,273	£4,992	£4,330
8742015	Hampton Vale Primary Academy	Primary	576.00	575.00	-1.00	**£2,424,008**	£2,468,703	£44,695	£4,180	£4,265
8742453	Heritage Park Primary School	Primary	210.00	211.00	1.00	**£963,537**	£988,142	£24,605	£4,443	£4,539

DfE No	School Name	Sector	2021/22 Pupil Numbers	2022/23 Pupil Numbers	Change in Pupil Numbers	2021-22 Revised Baseline (including business rates)	2022-23 Budget (including business rates)	Illustrative £ Change compared to 2021/22 Baseline	Per Pupil Funding (excluding premises)	
8742000	Highlees Primary School	Primary	378.00	374.00	-4.00	**£1,872,920**	£1,920,298	£47,378	£4,933	£5,112
8745405	Jack Hunt School	Secondary	1,562.00	1,600.00	38.00	**£10,023,961**	£10,637,556	£613,595	£6,085	£6,313
8742233	John Clare Primary School	Primary	137.00	141.00	4.00	**£619,653**	£643,968	£24,315	£4,498	£4,497
8744081	Ken Stimpson Community School	Secondary	1,006.00	997.00	-9.00	**£6,653,859**	£6,723,298	£69,439	£6,171	£6,295
8742307	Leighton Primary School	Primary	373.00	365.00	-8.00	**£1,824,281**	£1,858,197	£33,917	£4,774	£4,972
8742009	Lime Academy Abbotsmede	Primary	389.00	399.00	10.00	**£1,969,021**	£2,111,719	£142,698	£5,044	£5,276
8742010	Lime Academy Parnwell	Primary	313.00	333.00	20.00	**£1,592,216**	£1,785,612	£193,397	£5,062	£5,339
8742011	Lime Academy Watergall	Primary	358.00	342.00	-16.00	**£1,748,964**	£1,707,524	-£41,439	£4,863	£4,969
8742297	Longthorpe Primary School	Primary	414.00	412.00	-2.00	**£1,778,788**	£1,812,208	£33,420	£4,268	£4,370
8749997	Manor Drive Primary	Primary	0.00	35.00	35.00	**£0**	£206,067	£206,067		£5,888
8749998	Manor Drive Secondary	Secondary	0.00	70.00	70.00	**£0**	£475,862	£475,862		£6,798
8742014	Middleton Primary School	Primary	383.00	379.00	-4.00	**£1,892,521**	£1,909,011	£16,490	£4,923	£5,018
8744000	Nene Park Academy	Secondary	1,070.00	1,142.00	72.00	**£6,217,067**	£6,774,836	£557,769	£5,771	£5,895
8742457	Nene Valley Primary School	Primary	313.00	314.00	1.00	**£1,317,232**	£1,348,102	£30,870	£4,180	£4,265
8742004	Newark Hill Academy	Primary	467.00	440.00	-27.00	**£2,065,648**	£1,990,188	-£75,460	£4,406	£4,505
8743080	Newborough CofE Primary School	Primary	213.00	202.00	-11.00	**£947,868**	£940,434	-£7,434	£4,297	£4,495
8742234	Northborough Primary School	Primary	189.00	193.00	4.00	**£794,024**	£827,149	£33,125	£4,180	£4,265
8742295	Norwood Primary School	Primary	205.00	207.00	2.00	**£961,456**	£993,697	£32,242	£4,577	£4,688
8742251	Oakdale Primary School	Primary	272.00	313.00	41.00	**£1,183,808**	£1,389,846	£206,038	£4,180	£4,291
8742215	Old Fletton Primary School	Primary	417.00	407.00	-10.00	**£1,868,723**	£1,872,552	£3,829	£4,402	£4,519
8746906	Ormiston Bushfield Academy	Secondary	880.00	935.00	55.00	**£5,465,485**	£5,909,865	£444,381	£6,167	£6,280
8742003	Ormiston Meadows Academy	Primary	177.00	182.00	5.00	**£856,551**	£892,096	£35,545	£4,799	£4,863
8745205	Orton Wistow Primary School	Primary	417.00	418.00	1.00	**£1,752,160**	£1,791,870	£39,710	£4,180	£4,265
8742449	Paston Ridings Primary School	Primary	448.00	445.00	-3.00	**£2,228,231**	£2,299,124	£70,893	£4,858	£5,050
8743374	Peakirk-Cum-Glinton CofE Primary School	Primary	201.00	201.00	0.00	**£864,830**	£886,671	£21,841	£4,283	£4,392
8744006	Queen Katharine Academy	Secondary	961.00	1,112.00	151.00	**£6,921,068**	£8,136,932	£1,215,864	£6,848	£6,967
8742270	Queen's Drive Infant School	Primary	264.00	267.00	3.00	**£1,310,998**	£1,347,939	£36,941	£4,889	£4,972

DfE No	School Name	Sector	2021/22 Pupil Numbers	2022/23 Pupil Numbers	Change in Pupil Numbers	2021-22 Revised Baseline (including business rates)	2022-23 Budget (including business rates)	Illustrative £ Change compared to 2021/22 Baseline	Per Pupil Funding (excluding premises)	
8742330	Ravensthorpe Primary School	Primary	393.00	381.00	-12.00	**£1,838,141**	£1,844,767	£6,626	£4,662	£4,827
8743379	Sacred Heart Catholic Primary School	Primary	210.00	209.00	-1.00	**£973,539**	£997,855	£24,316	£4,613	£4,751
8743386	Saint Michael CofE Primary School (Voluntary Aided)	Primary	422.00	409.00	-13.00	**£1,773,125**	£1,757,140	-£15,985	£4,180	£4,274
8742223	Southfields Primary School	Primary	603.00	582.00	-21.00	**£2,625,490**	£2,617,576	-£7,914	£4,243	£4,382
8743377	St Augustine's CofE (Voluntary Aided) Junior School	Primary	233.00	233.00	0.00	**£1,083,071**	£1,102,206	£19,135	£4,627	£4,709
8743076	St Botolph's Church of England Primary School	Primary	386.00	375.00	-11.00	**£1,622,082**	£1,608,551	-£13,530	£4,180	£4,267
8745413	St John Fisher Catholic High School	Secondary	645.00	658.00	13.00	**£4,189,969**	£4,353,575	£163,606	£6,442	£6,563
8749999	St John Henry Newman	Primary	0.00	35.00	35.00	**£0**	£206,067	£206,067		£5,888
8743380	St John's Church School	Primary	398.00	391.00	-7.00	**£1,989,743**	£1,993,570	£3,827	£4,972	£5,071
8743378	St Thomas More Catholic Primary School	Primary	411.00	404.00	-7.00	**£1,924,545**	£1,952,322	£27,777	£4,666	£4,816
8744002	Stanground Academy	Secondary	1,162.00	1,131.00	-31.00	**£6,996,990**	£6,990,594	-£6,396	£5,962	£6,120
8742001	Stanground St Johns CofE Primary School	Primary	206.00	206.00	0.00	**£982,626**	£1,017,223	£34,597	£4,749	£4,917
8742325	The Beeches Primary School	Primary	599.00	608.00	9.00	**£2,880,168**	£2,976,099	£95,930	£4,736	£4,824
8742244	The Duke of Bedford Primary School	Primary	212.00	211.00	-1.00	**£948,845**	£961,143	£12,298	£4,392	£4,471
8745404	The King's (The Cathedral) School	All-through	842.00	841.00	-1.00	**£4,426,032**	£4,545,390	£119,358	£5,094	£5,242
8746905	Thomas Deacon Academy	All-through	2,040.00	2,031.00	-9.00	**£11,967,341**	£12,188,213	£220,872	£5,771	£5,905
8742012	Thorpe Primary School	Primary	515.00	510.00	-5.00	**£2,297,819**	£2,320,959	£23,140	£4,442	£4,531
8742316	Welbourne Primary Academy	Primary	199.00	205.00	6.00	**£990,754**	£1,058,122	£67,369	£4,955	£5,139
8742002	Welland Academy	Primary	410.00	413.00	3.00	**£2,030,599**	£2,110,487	£79,888	£4,927	£5,085
8742451	Werrington Primary School	Primary	409.00	409.00	0.00	**£1,716,731**	£1,751,496	£34,765	£4,180	£4,265
8742005	West Town Primary Academy	Primary	415.00	391.00	-24.00	**£1,995,620**	£1,922,869	-£72,752	£4,789	£4,897
8743382	William Law CofE Primary School	Primary	618.00	585.00	-33.00	**£2,594,888**	£2,510,035	-£84,853	£4,180	£4,271
8742313	Winyates Primary School	Primary	195.00	207.00	12.00	**£1,099,169**	£1,179,790	£80,620	£5,450	£5,524
8742324	Wittering Primary School	Primary	330.00	321.00	-9.00	**£1,385,900**	£1,376,064	-£9,836	£4,180	£4,267
8742225	Woodston Primary School	Primary	534.00	560.00	26.00	**£2,336,165**	£2,497,951	£161,786	£4,346	£4,434

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PETERBOROUGH CITY COUNCIL

Treasury Management Strategy 2022/23 to 2024/25

Including:
Minimum Revenue Provision (MRP) Policy 2021/22 & 2022/23

1. Introduction

1.1. Background

1.1.1. The Council is required to operate a balanced budget, which means that cash raised through the year will meet its cash expenditure. The Treasury Management Strategy (TMS) has four fundamental roles:

- Manage external investments - security, liquidity and yield
- Ensure debt is prudent and economic
- Produce and monitor the Prudential Indicators
- To ensure that decisions comply with regulations.

1.1.2. The role of treasury management is to ensure cash flow is adequately planned so that cash is available when it is needed. Surplus monies are invested in low-risk counterparties commensurate with the Council's low risk appetite ensuring that security and liquidity are achieved before considering investment return.

1.1.3. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.1.4. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.1.5. Whilst any loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.1.6. In Financial Sustainability Workstream 3 – Capital Programme, one of the key objectives is to reduce borrowing costs as a proportion of the annual revenue budget. This will require an almost zero tolerance to new borrowing across the medium-term. This will help ensure that one of the four fundamental roles of this TMS (Ensure debt is prudent and economic) is met. This TMS reflects the key objectives of the Council's Improvement Plan, where appropriate.

1.1.7. CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2. Reporting Requirements

1.2.1. **Capital Strategy**

1.2.2. The CIPFA revised 2017 Prudential and Treasury Management Codes requires all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing; and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed;
- the implications for future financial sustainability;
- Asset Investment Strategy – this was previously a separate report however due to the changes in PWLB borrowing after the recent consultation the this has now been included within the Capital Strategy.

1.2.3. The aim of this Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.4. This Capital Strategy is reported separately from the Treasury Management Strategy Statement and non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and investments usually driven by expenditure on an asset. The Capital Strategy will show:

- the corporate governance arrangements for these types of activities;
- any service objectives relating to the investments;
- the expected income, costs and resulting contribution;
- for non-loan type investments, the cost against the current market value;
- the risks associated with each activity.

1.2.5. Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

1.2.6. Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the DLUHC (Department for Levelling Up, Housing and Communities) Investment Guidance and CIPFA Prudential Code have not been adhered to.

1.2.7. The Council does not hold any non-treasury investment for purely yield and financial return purposes. However, if a loss is incurred on any non-treasury investment during the final accounts and audit process, the strategy and revenue implications will be reported through the budgetary control process.

1.3. Treasury Management Reporting

1.3.1. The council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

1.3.2. **Prudential and Treasury Indicators and Treasury Strategy** - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a Minimum Revenue Provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

1.3.3. **A Mid-Year Treasury Management Report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

1.3.4. **An Annual Treasury Report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3.5. **Scrutiny**

1.3.6. The above reports are required to be adequately scrutinised before being recommended to the Council and this role is undertaken by the Audit Committee and Cabinet.

1.4. **Treasury Management Strategy for 2022/23**

1.4.1. The strategy for 2022/23 covers:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the MRP policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

1.4.2. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the DLUHC MRP Guidance, the CIPFA Treasury Management Code, and the DLUHC Investment Guidance.

1.5. **IFRS16 - Leases**

1.5.1. A new International Financial Reporting Standard (IFRS) on leases is due to be adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) with effect from 1st April 2022. IFRS 16 defines a lease as a contract or part of a contract, which conveys the right to use as asset (the underlying asset) for a period of time in exchange for a consideration. The CIPFA/LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 *Leases* until the 2022/23 financial year, CIPFA/LASAAC has taken this decision in response to pressures on council finance teams as a result of the COVID-19 pandemic.

1.5.2. Under the standard the distinction between finance leases and operating leases under the previous leasing standard is removed and all leases are treated in the way the finance leases currently are. A 'right of use' asset is shown on the balance sheet with a corresponding liability of the discounted value of the future lease payments. There are exceptions for short dated leases (under a year, or with less than a year remaining at transition) and low value leases (low value to be determined by the Council using its approach to determining de minimus items).

1.5.3. This means that all leases that do not meet the exceptions will be treated as capital expenditure from 2022/23 and form part of the Capital Financing Requirement. An estimate of the impact of the transition to the new standard has been built into the relevant indicators. The full impact will not be known until the 2022 Code has been issued and the detailed assessment completed. If this has a material impact on the

Prudential Indicators then an amendment will be made in the mid-year Treasury Management Report once the detailed impact is known.

1.6. Training

1.6.1. The CIPFA Code requires the responsible officer to ensure that Council members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are reviewed regularly as part of the monthly supervisions- “our conversations”.

1.7. Changes to the Treasury Management Code and Prudential Code

1.7.1 CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG (Environmental, Social and Governance) issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to TMP1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

1.7.2 Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMS report.

1.8. **Treasury Management Advisors**

1.8.1. The Council uses Link Group, Treasury solutions as its external treasury management advisors who have a contract until September 2023.

1.8.2. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon external advisors.

1.8.3. The Council also recognises that there is value in employing external providers of treasury management services in order to access specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subjected to regular review.

1.9. **Treasury Management Policy Statement**

1.9.1. The Treasury Management Policy Statement sets out the policies and objectives of Treasury Management Activities which is revised annually. It reflects December 2017 guidance.

1.9.2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

1.9.3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.9.4. Investments using the above definition cover all financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns such as existing investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework.

1.9.5. The Council's high-level policies for borrowing and investments are set out below.

- to invest available cash balances with a number of high-quality investment counterparties over a spread of maturity dates in accordance with the Council's lending list;
- to reduce the revenue cost of the Council's debt in the medium term by obtaining financing at the cheapest rate possible;
- to seek to reschedule or repay debt at the optimum time.

1.10. **The Treasury Management Role of the Section 151 Officer**

The S151 (responsible) officer must do the following:

- recommend clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submit regular treasury management policy reports;
- submit budgets and budget variations;
- receive and reviewing management information reports;
- review the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long-term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing -risk management of all non-financial investments and long-term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority. This is done by regular training presentations to the Audit Committee;

- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above. This is done by regular attendance at course and conferences and joint working with Link Group;
- creation of Treasury Management Practices (TMPs) which specifically deal with how non treasury investments will be carried out and managed, to include the following -
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken to the various committees;
  - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

2. Capital Prudential Indicators 2022/23 to 2024/25

2.1 The Council's capital programme is the key driver of the treasury management activity. The output of the capital programme is reflected in the prudential indicators which are designed to assist member's overview and confirm the capital programme.

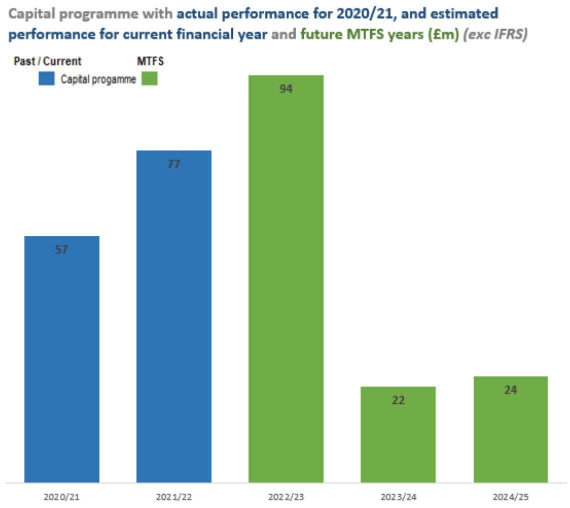
2.2 **Indicator 1** – Capital Expenditure – this Prudential Indicator is a summary of the Council's estimated capital expenditure for the forthcoming financial year and the following two financial years including how it will be funded either from grants, contributions, or capital receipts with the remaining being the 'net financing requirement'

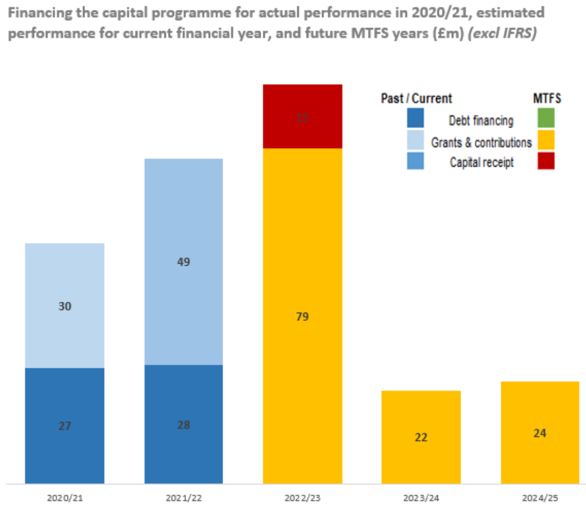
Capital Expenditure	**2020/21 Actual £m**	**2021/22 Est £m**	**2022/23 Est £m**	**2023/24 Est £m**	**2024/25 Est £m**
Customer & Digital Services	1.6	3.1	3.2	2.1	3.0
People & Communities	15.5	37.8	22.4	7.2	15.7
Place & Economy	27.9	32.3	71.5	21.1	13.6
Resources	8.0	4.6	2.9	1.5	1.5
Capitalisation Direction	0.8	-	-	-	-
Invest to Save	3.0	8.9	3.2	-	-
Target Reduction tbc		-10.0	-9.2	-9.8	-9.4
Total	**56.8**	**76.7**	**94.0**	**22.1**	**24.4**
Financed by:					
Capital receipts (repayment of capital loans)	-	-	15.0	-	-
Capital receipts (used to fund capital programme)	-	-	-	0.2	0.2
Capital grants & contributions	29.5	48.6	79.0	21.9	24.2
Net Financing Requirement	27.3	28.1	-	-	-
Total	**56.8**	**76.7**	**94.0**	**22.1**	**24.4**
IFRS16 Transition			22.0		

2.3 The capital receipts (repayment of capital loans) shown in the table above relate to:

- 2022/23 - Hotel – capital loan - £15m

2.4 The Invest to Save schemes are included in total capital expenditure and the funding resources to be used. However, these schemes will either generate income or generate savings on revenue budgets elsewhere in the Council's services. Therefore, the borrowing costs associated with these projects will have a minimal impact on the Council's MTFS position.





2.5 **Indicator 2** – Capital Financing Requirement (CFR) – the CFR is the total historical capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing requirement. Any capital expenditure which has not immediately been paid for will increase the CFR.

2.6 The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

2.7 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases) included on the Council's balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The following table shows the CFR estimates for the next three financial years for Council approval:

Capital Financing Requirement	**2020/21 Actual £m**	**2021/22 Est £m**	**2022/23 Est £m**	**2023/24 Est £m**	**2024/25 Est £m**
CFR brought forward	588.4	598.8	609.0	613.1	595.2
Borrowing / Repayment	6.6	1.3	(21.1)	(17.1)	(16.7)
Invest to Save	3.0	8.9	3.2	-	-
IFRS16 Transition adjustment	-	-	22.0	(0.8)	(0.8)
Capitalisation Direction	0.8	-	-	-	-
CFR carried forward	598.8	609.0	613.1	595.2	577.8
Movement in CFR	**10.4**	**10.2**	**4.1**	**(17.9)**	**(17.5)**
Net financing requirement	27.3	28.1	-	-	-
Lease Liability (Est IFRS16 adj)	-	-	22.0	-	-
Less MRP & other financing	(16.9)	(17.9)	(17.9)	(17.9)	(17.5)
Movement in CFR	**10.4**	**10.2**	**4.1**	**(17.9)**	**(17.5)**

2.8 **Indicator 3 –** Actual and estimates of the ratio of financing costs to net revenue budget. This indicator identifies the proportion of the revenue budget which is taken up in financing capital expenditure i.e., the net interest cost and the provision to repay debt.

Ratio of Gross Financing Costs to Net Revenue Budget	**2020/21 Actual**	**2021/22 Est**	**2022/23 Est**	**2023/24 Est**	**2024/25 Est**
Total Ratio	12.8%	14.0%	16.5%	17.0%	16.2%
Ratio with gross MRP charge (capital receipts to redeem debt not factored into financing)	16.1%	16.7%	19.5%	17.0%	16.2%
Relating to Capitalisation Direction	0.2%	0.2%	0.2%	0.2%	0.2%

3. Minimum Revenue Provision (MRP) Policy Statement

3.1 Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g., buildings, vehicles, equipment, etc. Such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual MRP.

3.2 DLUHC Regulations require full Council to approve an MRP statement in advance of each year. A variety of options are provided to Councils to calculate this revenue charge and the Council must satisfy itself that the provision is prudent.

3.3 A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory MRP, voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Previous accumulated overpayments were fully utilised as at 31 March 2021.

3.4 Councils are allowed by statute to use capital receipts for the repayment of any borrowing previously incurred. The application of capital receipts to repay debt would reduce the level of MRP chargeable to revenue, but statutory guidance does not address how such a reduction should be calculated. When the Council uses its capital receipts to redeem borrowing, the value of the MRP which would otherwise have been set aside for that year will be reduced by the amounts which have instead been repaid from capital receipts. This results in a prudent level of MRP, as there will be no reduction in the overall level of funding set aside to redeem debt.

3.5 During 2019/20 detailed discussions were held with DLUHC with regards to the council's application of capital receipts to redeem debt. On 30 November 2021 DLUHC released a consultation on changes to the Capital Framework – Minimum Revenue Provision. The paper primarily covers the concerns that the government has in respect of compliance with the duty to make a prudent revenue provision, which in their view, results in an underpayment of MRP. The consultation document states that the DLUHC are not intending to change the statutory MRP guidance, but to clearly set out in legislation the practices that authorities should already be following. The proposed change to the regulation is set out below

The government is proposing additional text to be added to the 2003 Regulations to make explicit that:

1. Capital receipts may not be used in place of the revenue charge. The intent is to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It is not the intention to prevent authorities using capital receipts to reduce their overall debt position, which may have the effect of reducing the MRP made with respect to the remaining debt balance.

2. Prudent MRP must be determined with respect to the authority's total capital financing requirement. The intent is to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Authorities should still be able to charge MRP over the period in which their capital expenditure provides benefits and begin charging MRP in the year following capital expenditure, in accordance with proper accounting practices set out in the government's statutory guidance on Minimum Revenue Provision.

The proposal is that the changes will first come into force for the financial year beginning 1 April 2023.

The council has amended its approach from the 2023/24 financial year where capital receipts received will be used to either fund capital expenditure or fund the revenue costs of transformation projects under the Capital Receipts Flexibility programme.

The closing date for responding to the consultation is 8 February 2022 and the Council intends to submit a response.

3.6 Repayments for the PFI scheme and finance leases are applied as MRP, and the associated amounts are included in these Prudential Indicators.

3.7 The following table summarising the MRP Policy.

Capital Expenditure Incurred	MRP Policy Update 2021/22 & 2022/23
Expenditure funded by unsupported borrowing	Asset Life, annuity method – MRP will be based on the prevailing PWLB interest rate for a loan with a term equivalent to the estimated life of the project. If capital receipts have been used to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the amounts which have instead been repaid from capital receipts. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Chief Finance Officer (S151), taking into account forecasts for future expenditure, the generation of further receipts and alternative uses which may provide better value for money for the Council's financial strategy. The same process will apply for S106, POIS and CIL receipts.
Private Finance Initiative (PFI) - Finance Lease	Use the annuity method of calculation over the remaining asset life
Other Finance Leases	The MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability. Where a lease (or part of a lease) is brought onto the balance sheet, having previously been accounted for off- balance sheet, the MRP requirement would be regarded as having been met by the inclusion in the charge for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.
Secured Loans to third parties repaid in bullet form.	No MRP will be charged each year as reliance can be placed on the capital receipt that will be generated when the loan is repaid or, in the event of a default, the realisation of the security. If realisation of the security does not equate to the original loaned amount the Council will recognise the associated impairment and will charge MRP for the outstanding loan amount over the next MTFS periods or remaining life of the asset, whichever is longer. Impairment relating to IFRS9 adjustments will attract the same treatment.
Secured Loans to third parties repaid over the life of the loan	MRP will be charged each year equal to the Annual Base Repayment Amounts profiled in the legal agreement. Where additional repayments are made by the borrower the Council will make voluntary MRP charges to match. In the event of default reliance will be placed on the capital receipt that will be generated on realisation of the security. If realisation of the security does not equate to the remaining balance of the loan the Council will recognise the associated impairment and charge MRP on this amount over the next MTFS period or remaining life of the asset, whichever is longer. Impairment relating to IFRS9 adjustments will attract the same treatment.

4 **Current Treasury Position**

4.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.2 The overall treasury management portfolio as at 31 March 2021 and for the position as at 14h January 2022 are shown in the following table for both borrowing and investment.

Treasury Portfolio	Actual 31.03.21 £'000	Actual 31.03.21 %	Current 14.01.22 £'000	Current 14.01.22 %
Treasury Investments				
Banks	8,125	45	4,785	17
DMADF (HM Treasury)			14,000	49
Money Market Funds	10,000	55	10,000	34
Total Treasury Investments	**18,125**	**100**	**28,785**	**100**
Treasury External Borrowing				
Local Authorities	(82,500)	18	(50,000)	12
PWLB	(369,587)	79	(365,087)	84
LOBOs	(17,500)	3	(17,500)	4
Total External Borrowing	**(469,587)**	**100**	**(432,587)**	**100**
Net Treasury Investment / (Borrowing)	**(451,462)**		**(403,802)**	

4.3 **Indicator 4** - The Council's treasury position at 31 March 2022, with estimates for future years, is summarised below. The table below shows the actual external borrowing (Gross Debt) against the CFR

Gross debt & capital financing requirement	2020/21 Actual £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m	2024/25 Est £m
External Borrowing					
Market Borrowing	477.6	469.6	479.8	461.9	444.9
Repayment of borrowing	(110.5)	(82.0)	(32.2)	(17.0)	(16.7)
Expected change in borrowing	102.5	92.2	14.2	-	-
Capitalisation Direction	-	-	-	-	-
Other long-term liabilities	48.8	48.0	69.2	67.5	65.8
Gross Debt at 31 March	**518.4**	**527.8**	**531.0**	**512.4**	**494.0**
CFR	598.8	609.0	613.1	595.2	577.8
% of Gross Debt to CFR	**86.6%**	**86.7%**	**86.6%**	**86.1%**	**85.5%**

4.4 Based on the prudential indicators there are a number of key measures to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its total borrowing does not, except in the short-term, exceed the total of the CFR in the year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.

4.5 The Chief Finance Officer (S151) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in this Medium-Term Financial Strategy (MTFS).

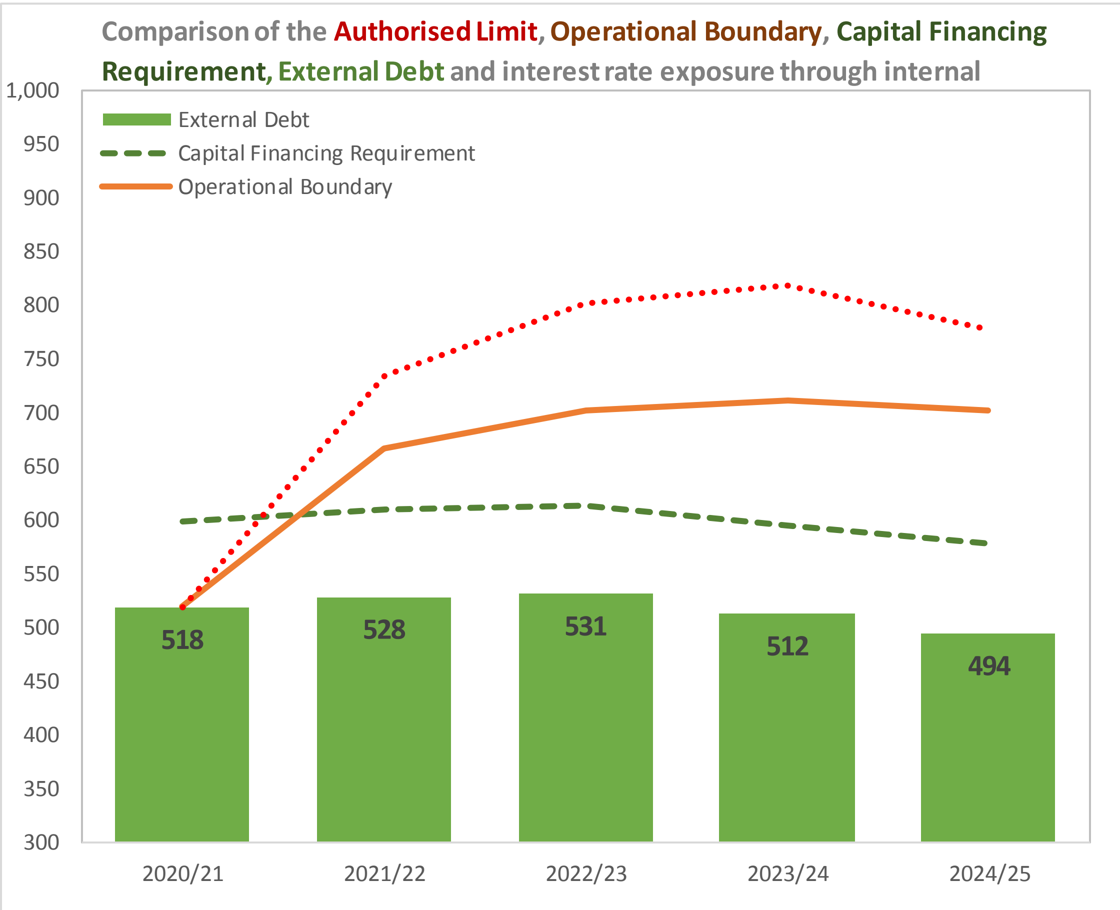
4.6 **Indicator 5** - The Operational Boundary - external borrowing is not normally expected to exceed this limit. If the operational boundary was exceeded this would be reported immediately to the members of the Audit Committee with a full report taken to the next committee meeting. In the current year it has not been exceeded. The Operational Boundary is set out below:

Operational Boundary	2020/21 Actual £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m	2024/25 Est £m
Borrowing	469.6	619.0	633.1	643.1	635.2
Other long-term liabilities	48.8	48.0	69.2	67.5	65.8
Total	**518.4**	**667.0**	**702.3**	**710.6**	**701.0**

4.7 **Indicator 6** - The Authorised Limit for external borrowing - this represents a limit beyond which external borrowing is prohibited. This limit is set and revised by full Council.

Authorised Limit	2020/21 Actual £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m	2024/25 Est £m
Borrowing	469.6	687.0	732.3	750.6	711.1
Other long-term liabilities	48.8	48.0	69.2	67.5	65.8
Total	**518.4**	**735.0**	**801.5**	**818.1**	**776.9**

4.8 This is a statutory limit determined under section 3 (1) of the Local Government Act 2003. Government under sections 4(1) and 4(2) may limit either the total of all Council borrowing, or those of a specific Council, although this power has not yet been exercised.



Prospects for Interest Rates

4.9 The Council utilises the treasury services of Link Group and part of their service is to assist the Council to formulate a view on interest rates to assist with borrowing and investment decisions.

4.10 The Link Group forecast for bank base rate (as at 20.12.21) and PWLB new borrowing as at 20.12.21 is as follows (note that the PWLB Borrowing Rate includes the Certainty Rate adjustment)

Interest Rate (All rates shown as %)	Bank Rate View	5yr PWLB Rate	10yr PWLB Rate	25yr PWLB Rate	50yr PWLB Rate	Budget Assumption
Mar-22	0.25	1.50	1.70	1.90	1.70	1.70
Jun-22	0.50	1.50	1.80	2.00	1.80	1.90
Sep-22	0.50	1.60	1.80	2.10	1.90	
Dec-22	0.50	1.60	1.90	2.10	1.90	
Mar-23	0.75	1.70	1.90	2.20	2.00	
Jun-23	0.75	1.80	2.00	2.20	2.00	2.05
Sep-23	0.75	1.80	2.00	2.20	2.00	
Dec-23	0.75	1.80	2.00	2.30	2.10	
Mar-24	1.00	1.90	2.10	2.30	2.10	
Jun-24	1.00	1.90	2.10	2.40	2.20	2.25
Sep-24	1.00	1.90	2.10	2.40	2.20	
Dec-24	1.00	2.00	2.20	2.50	2.30	
Mar-25	1.25	2.00	2.30	2.50	2.30	

4.11 Following the conclusion of the PWLB Lending terms consultation, revised lending terms were published of which one of the main features was that authorities will be asked to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. This process is closely modelled on the existing application process that authorities follow to access the Certainty Rate. The Council applied to be one of the principal local authorities that would qualify for the Certainty Rate, during the period 1 April 2021 to 31 March 2022. This results in the Council being able to benefit from reduced interest rates on PWLB loans by 20 basis points (0.20%).

4.12 When borrowing is undertaken an assessment of the prevailing interest rates is performed across the different period lengths and the debt taken will represent best value for money in accordance with the existing debt maturity profile and capital financing budget performance.

4.13 Link Group interest rate forecasts, detailed above, are based on their views of the future economic climate, and below are some extracts taken from their economic forecasts:

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Significant risks to the forecasts

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
- **The Monetary Policy Committee** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.
- **The Government** acts too quickly to cut expenditure to balance the national budget.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.
- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- **Geopolitical risks,** for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.

- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.
- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16H DECEMBER 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.
- **On 10th December we learnt of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.
- **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.
- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.
- **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other

commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

- **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.
- Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking.
- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".
- On the other hand, it did also comment that **"the Omicron variant is likely to weigh on near-term activity".** But it stressed that at the November meeting it had said it <u>would</u> raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)
- On top of that, there were no references this month to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.
- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only **a "modest tightening"** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.
- In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory,** and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.
- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by

Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
  - Raising Bank Rate as "the active instrument in most circumstances".
  - Raising Bank Rate to 0.50% before starting on reducing its holdings.
  - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
  - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

5 Investment and Borrowing Rates

5.1 Investment returns are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations

5.2 Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years

5.3 On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme.

5.4 Borrowing for capital expenditure - greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

5.5 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Chief Finance Officer (S151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

5.6 There will remain a cost of carry to any new long-term borrowing that temporarily increases cash balances. This revenue cost is the difference between borrowing costs and investment returns.

6 Borrowing Strategy

6.1 The Council is currently maintaining an under-borrowed position, where the CFR balance is greater than gross debt, see Indicator 2, and chart on page 10. This is in line with the agreed strategy that the Council's cash balances be used to fund capital expenditure before additional borrowing is undertaken. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

6.2 The capital programme consists of three main types of capital projects:

- Invest to Save – Self Funding Schemes
- Specific Schemes – e.g. School Extensions
- Rolling Capital Projects e.g. Enhancing current assets

6.3 Any borrowing decisions will be reported to the appropriate decision-making body at the next available opportunity.

6.4 The MTFS is based on the following borrowing strategy for the next three years. The borrowing strategy is under constant review throughout the year monitoring changes in interest rates and borrowing opportunities. The proposed strategy for 2022/23 financial year is:

a) To consider the rescheduling (early redemption and replacement) of loans to maximise interest rate savings and possible redemption discounts.

b) Significant risk of a sharp fall in long and short-term rates may arise. In this case long-term borrowings will be postponed, and potential rescheduling from fixed rate funding into short-term borrowing will be considered.

c) Significant risk of a much sharper rise in long and short-term rates than currently forecast may arise. This may arise due to a greater than expected increase in world economic activity or a sudden increase in inflation risks. In this case the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

d) To maintain an appropriate balance between PWLB, Local Authority and other market debt in the debt portfolio and a balance in the maturity profile of debt.

e) To give full consideration to other debt instruments e.g. Local Authority Bonds as an alternative to PWLB borrowing. Due regard will be given to money laundering regulations. The Council is monitoring the development of the scheme and may participate if this proves beneficial.

7 Approaches Considered for New Borrowing Requirements

7.1 To realign the loan maturity profile with the rate of the existing CFR debt will be financed by taking out shorter term Local Authority Loans. In the current climate this will reduce interest costs in the short term.

7.2 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding at cheaper rates from Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates) and the Municipal Bonds Agency. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

7.3 Maturing long-term debt is replaced by new borrowing. To achieve long-term financial sustainability the Council should aim to reduce its overall debt and the associated financing costs including interest. A high value of outstanding debt represents a financial risk because of potential interest rate changes.

7.4 The use of Capital receipts or S106 receipts to make MRP is a one-off revenue saving. Using these funds in this way means they are not available to fund Capital assets and reduce the overall borrowing requirement.

7.5 Interest rates are liable to change. In the event of significant changes, the Council seeks to avoid an increased revenue cost on its capital financing charges.

7.6 The Treasury Management Strategy uses the planned Capital Programme to calculate the borrowing requirement. Typically, the Council does not spend at the planned level in any financial year.

7.7 Link Group have a product that will allow the Council to borrow from the market at current interest rates with a small premium but not draw down the funds until they are required - 'forward borrow'.

8 Treasury Debt Prudential Indicators

8.1 There are three debt treasury indicators which ensure debt structure remains within appropriate limits. This manages risk and reduces the impact of any adverse movement in interest rates.

8.2 **Indicator 7** – Upper limit on fixed interest rate exposure. This identifies a maximum limit for fixed interest rates based upon the debt position net of investments. This has been set at 100% of the borrowing requirement.

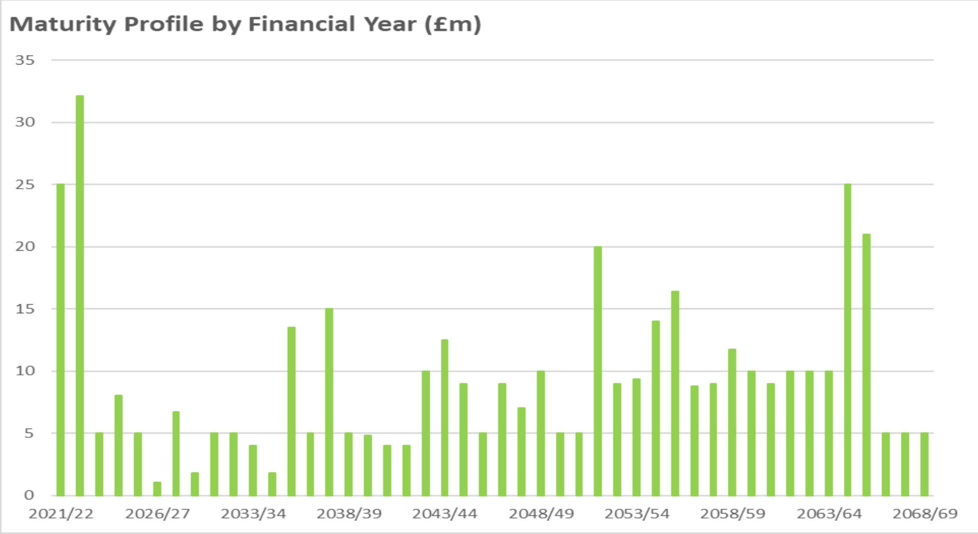
8.3 **Indicator 8** - Upper limit on variable rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments. This has been set at 25% of the borrowing requirement.

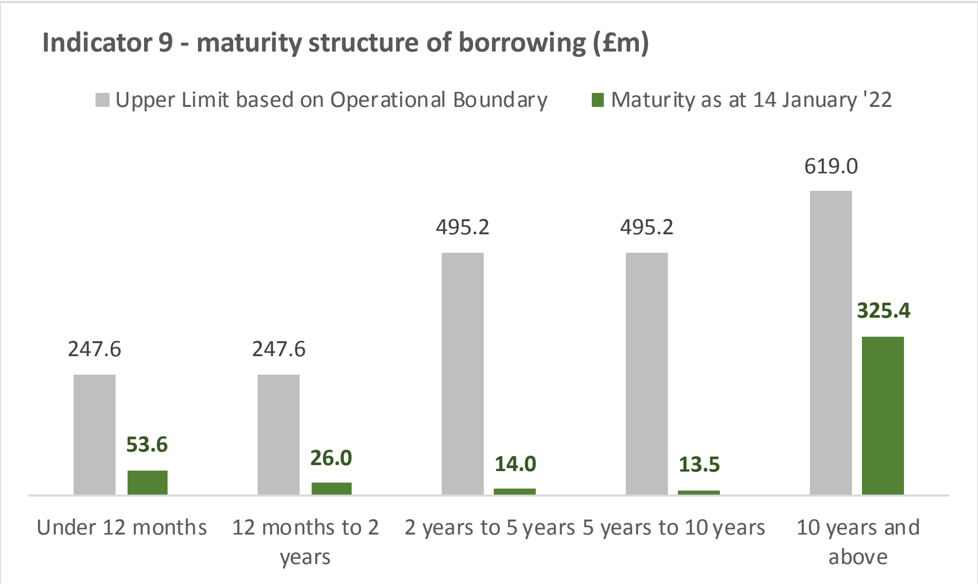
Interest Rate Exposure (Upper Limits)	**2020/21 Actual £m**	**2021/22 Est £m**	**2022/23 Est £m**	**2023/24 Est £m**	**2024/25 Est £m**
(7) Limits on fixed interest rate net debt	469.6	643.1	663.1	683.1	645.2
% of fixed interest rate exposure	100%	100%	100%	100%	100%
(8) Limits on variable interest rate on net debt	-	160.8	165.8	170.8	161.3
% of variable interest rate exposure	-	25%	25%	25%	25%

8.4 **Indicator 9** - Maturity structure of borrowing. These gross limits are set to reduce the Council's immediate exposure to large fixed rate sums falling due for refinancing.

Maturity Structure of borrowing	**Upper Limit**	**As at 14th January 2022**
Under 12 months	40%	12.40%
12 months to 2 years	40%	6.01%
2 years to 5 years	80%	3.24%
5 years to 10 years	80%	3.12%
10 years and above	100%	75.23%

8.5 The following chart shows the Council's debt maturity profile by financial year as at 14th January 2022:





9 Policy on Borrowing in Advance of Need (Future Capital Expenditure)

9.1 The Council will not borrow more than it requires, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. However, at any time the Council may obtain a loan or other financing at what are considered advantageous terms in anticipation of future capital expenditure. The money borrowed will be invested temporarily. The Council may also borrow in the day-to- day management of its cash flow operations or as an alternative to redeeming higher yielding investments.

9.2 The Council will ensure there is a clear link between the capital programme across the future years and the maturity profile of the existing debt portfolio which supports the need to take funding in advance of capital expenditure.

9.3 The Council will ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered and factored into the MTFS.

9.4 Consideration will be given to the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

10 Debt Rescheduling on Existing Debt Portfolio

10.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

11 Investment Strategy Principles

11.1 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

11.2 The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

11.3 The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team).

12 Investment Counterparty Selection Criteria and Financial Investment Strategy

12.1 As the Council has run down its cash balances, surplus cash will be generated from cash flow movements e.g., a grant received in advance of spend or from borrowing in advance of need. Therefore, investment activity will be kept to a minimum.

12.2 However, where it is necessary for investments to be undertaken in order to manage the Council's cash flows, the Council's primary principle is for the security of its investments. After this main principle the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

12.3 The Chief Finance Officer (S151) will maintain a counterparty list in compliance with the set out below. Any revision of the criteria will be submitted to Council for approval as necessary.

12.4 The Councils minimum criteria will apply to the lowest rating for any institution according to the type of investment account being used. For instance, the credit rating criteria for the use of the Council's call accounts and Money Market Funds, which are used for short-term investments only, will use the Short-Term credit ratings in the table shown within 12.5. If an institution is rated by the three credit agencies and two meet the Council's criteria and the other one does not, the institution will fall outside the lending criteria.

This complies with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice 2017.

12.5 In order to minimise the risk to investing, the Council has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The Council uses the creditworthiness service provided by Link Group which uses ratings from all three rating agencies, Fitch, Moody's and Standard and Poor's, as well as Credit Default Swap (CDS) spreads. Link Group monitors ratings on a real time basis and notifies clients immediately on any rating changes or possible downgrades. Minimum Credit Ratings Criteria – further explanations are given in Annex 1.

Minimum Credit Ratings for Group 2 Banks		
Agency	**Short-Term**	**Long-Term**
Fitch	F1	AA+
Moody's	P-1	Aa1
Standard & Poor's	A-1	AA+

12.6 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three rating agencies by Link creditworthiness service

12.7 The Council does not place sole reliance on the use of Link Groups advice as the Council uses internal expertise and knowledge to make decisions. Market data, market information, information on government support for banks and the credit ratings of that government support are also considered when making treasury decisions.

12.8 The criteria for providing a pool of high-quality investment counterparties (both Specified and Non-Specified investments), and is shown in the order of use by the Council, all of the following are subject to continuous credit rating reviews:

- Money Market Funds
- UK Government (including gilts and the Debt Management Account Deposit Facility (DMADF)).
- Bank of Scotland call account (part of the Lloyds Banking Group).
- UK Local Authorities.

12.9 The Council also uses Barclays Bank, the Council's own banker. If Barclays fall below the criterion in 12.5 then the following strategy will be followed:

- with regard to the three credit rating agencies, if one reduces its rating but the other two remain the same or improve, the Council will reduce the maximum of £15m in the call account to £5m and a keep a low balance in the current account.
- if two or more credit rating agencies reduce their ratings below the criteria in 12.5 the Council will still require to use the Barclays accounts for transactional purposes, so maximum balance of £500k will be left overnight in the current account to prevent the account becoming overdrawn and incurring overdraft fees.
- Seek advice from Link Group

12.10 The above action applies to Barclays only due to its status as the Council's banking provider. Use of other bank accounts would be subject to criteria set out in the point 12.5. The above approach to Barclay's Bank has been developed following consideration that the Council needs banking facilities to process daily banking transactions, and such activity presents a lower risk profile compared to investment activity the significant impact, resource requirement, and risk exposure of changing bank provider the possible state and stability of the banking sector and viable alternative suppliers.

- Banks Group 1 - Part nationalised UK banks - Lloyds Banking Group Plc. (Bank of Scotland and Lloyds) and Royal Bank of Scotland Group Plc. (National Westminster Bank, The Royal Bank of Scotland and Ulster Bank Ltd). These banks can be included if they continue to be part nationalised and / or they meet the ratings in 14.6.
- Banks Group 2 – good credit quality - the Council will only use banks which are UK banks and have the minimum credit ratings criteria relating to the type of investment being undertaken.
- Building Societies – if they meet the ratings above
- Money Market Funds – AAA - rated by Fitch
- Bill Payment Service – The Council currently has a contract with Santander UK who collect payments of Council Tax through the post office via various methods of payment such as Paypoint. The funds that are collected are transferred to the Council daily thus minimising the risk of Santander UK holding the Council's cash. This arrangement for the bill payment service falls outside the investment criteria for investments therefore any downgrade of Santander UK will not affect this service. However, this arrangement will be closely monitored to ensure funds continue to be transferred daily.

12.11 The Council's lending list will comprise of the institutions that meet the investment criteria above. Each counterparty on the list is assigned a counterparty limit as per the table in Annex 1. Counterparties that no longer meet the investment criteria due to a credit rating downgrade will be removed from the list and any changes will be approved by Council. Approval will also be required if any new counterparties are added to the lending list.

12.12 Link Group approach to assessing creditworthiness of institutions is by combining credit ratings, credit watches and credit outlooks to produce a colour coding system. The Council will use counterparties within the following maximum maturity periods, in order to mitigate the risk of investing in these institutions:

Link Asset Services Banding	Description
Blue	1 year (only applies to nationalised / semi nationalised UK banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	The Council will not invest with these institutions

12.13 The proposed criteria for Specified and Non-Specified investments are shown in Annex 1 for approval.

12.14 **Indicator 10** - Upper limit for total principal sums invested for over 365 days excluding loans. This limit is set with regard to the Council's liquidity requirements and to reduce the need for an early sale of an investment and is based on the availability of funds after each year-end and up-dates are reported to the Audit Committee at midyear.

Overall limit for sums invested over 365 days	2020/21 Actual £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m	2024/25 Est £m
Principal sums invested 365 days	0.0	0.0	10.0	10.0	10.0

13 Loans Made to Third Parties

13.1 The Council makes secured loans to third parties to advance the Council's strategic interests.

13.2 Loans are only made after the Council's formal decision-making process has been followed. This includes formal approval by the Chief Finance Officer (S151).

13.3 As part of the formal decision to make the loan, the security for the loan will be assessed as to its adequacy in the event of the third party defaulting on repayment.

13.4 Non treasury investments are disclosed in the Capital Strategy.

13.5 A facility for an unsecured loan to Peterborough Limited, a Council wholly owned company, of £1.75m was agreed at the end of the 2019/20 financial year for a period of five years. As at 31st March 2021, the full £1.75m of this loan had been draw down, £0.15m of which was a capital loan, and £0.83m had been repaid.

13.6 Further unsecured loans to Council owned Local Authority Trading Companies (LATCo's) only may require to be issued during the financial year and will only be issued in accordance with the governance set out in point 13.2 above.

14 Non-financial Investments

14.1 The Council does currently not hold any non-financial investments whose purpose is to generate revenue to support core services. For further information see the Acquisitions Policy.

15 Treasury Management Scheme of Delegation

15.1 The following is a list of the main tasks involved in treasury management and who in the Council is responsible for them:

<u>Full Council / Audit Committee</u>

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of the Annual Strategy.

<u>Audit Committee / S151 Officer (Chief Finance Officer (S151))</u>

- Approval of / amendments to the Council's adopted clauses, Treasury Management Policy Statement and Treasury Management Practices.
- Budget consideration and approval.
- Approval of the division of responsibilities.
- Receiving and reviewing regular monitoring reports and acting on recommendations.

<u>Section 151 Officer (Chief Finance Officer (S151)) / Deputy Section 151 Officer</u>

- Reviewing the Treasury Management Policy and procedures and making recommendations to the responsible body.
- Recommending clauses, treasury management policy/practices and making recommendations to the responsible body.
- Submitting regular treasury management reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.

- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit and liaising with external audit.
- Recommending the appointment of external service advisors

16 Housing Revenue Account (HRA)

16.1 The Regulator of Social Housing confirmed the Council as a Registered Provider on 2nd November 2020. This follows the Cabinet decision of September 2019 to explore the viability of opening an HRA and engaging in the supply of affordable housing. Discussions have taken place with Homes England to explore potential funding opportunities. Once the strategic direction of this area has been agreed any plans will be included in future Treasury Management strategies.

16.2 If it is agreed to move forward with an HRA a revised Treasury Management Strategy will be produced which will include separately identified HRA capital expenditure and associated accumulated debt and further indicators relating to the affordability of this expenditure.

Specified Investment Credit Criteria and Limits
Specified Investment:

- Offer high perceived security such as placements with Central Government Agencies, Local Authorities or with organisations that have strong credit ratings
- They offer high liquidity i.e. short-term or easy access to funds
- Are denominated in £ sterling
- Have maturity dates of no more than 1 year
- For an institution scheme to qualify as a 'Specified Investment' it must have a minimum rating

Investment Type	Maximum Maturity Period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
Deposit accounts with regulated UK Banks and UK Building Societies	Repayable on call, without notice	Minimum of two short-term rating criteria	100	15
Money Market Funds repayable on call, no notice	Call	Minimum rating – AAA (Fitch)	50	10
Debt Management Agency Deposit Facility	6 months currently	UK Government backed	N/A	75
Term Deposits UK Government & Local Authorities	Maturities of up to 1 year	Sovereign risk high security not credit rated	100	20
Term Deposits & Certificates of Deposit Banks Group 1	Maturities of up to 1 year	Minimum of three short-term rating criteria	100	75
UK Government & Local Authority Stock Issues	Maturities of up to 1 year	Sovereign risk high security not credit rated	100	20
Term deposits & Certificates of Deposit Banks Group 2	6 months	Minimum of three short-term rating criteria	50	10
Forward Term Deposits with Regulated UK Banks	Maturities of up to 1 year	Minimum of three short-term rating criteria	100	15

Non-specified Investment Credit Criteria and Limits

- With the same institutions classified as "specified" investments but have maturity dates in excess of one year – once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity -, or
- Are offered by organisations that are not credit rated or the credit rating does not meet the criteria set out above
- In the current economic climate, the Council has run down its cash balances as an alternative to borrowing and investments have been made short-term and the Council would not consider using investments that fall under the 'Non-Specified' Investments category at this time
- If the Council decide to use these investments then Indicator 11 will need to be revised

Investment Type	Maximum Maturity Period	Minimum Credit Criteria	Collective Limit £m	Individual Limit £m
Term deposits with UK Government & Local Authorities	1-5 years	Sovereign risk high security not credit rated	20	20
Term deposits & Certificates of Deposit with Banks Group 1	1-5 years (tradable)	F1(Fitch – short-term) AAA (long-term)	10	10
UK Government & Local Authority Stock Issues	1-10 years (tradable)	Sovereign risk high security not credit rated	10	10
Term deposits & Certificates of Deposit with Banks Group 2	1-5 years (tradable)	F1 (Fitch-short-term) A (long--term)	20	10
Deposit accounts with regulated UK building societies	1 – 5 years	F1 (Fitch short-term) A (long-term)	5	5
Term deposits UK building societies no formal credit rating	Up to 1 year	Financial position assessed by Chief Finance Officer (S151).	5	5
Bonds issued by financial institution guaranteed by UK Govt	1-10 years (tradable)	UK Govt backed AAA (Fitch, S&P etc.)	5	5

In the current economic climate, the Council has run down its cash balances as an alternative to borrowing and investments have been made short-term and the Council would not consider using investments that fall under the 'Non-Specified' Investments category at this time.

Explanation of Credit Ratings

Agency	Short-Term	Long-Term
Fitch	F1-Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; a "+" may be added to denote any exceptionally strong credit feature.	AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
Moody's	P-1- Ratings of Prime-1 reflect a superior ability to repay short-term obligations.	Aa- Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
Standard & Poor's	A-1-The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's/issuer's capacity to meet its financial commitment on these obligations is extremely strong.	AA-more susceptible to the adverse effects of changes in circumstances and economic conditions. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

PETERBOROUGH CITY COUNCIL

CAPITAL AND INVESTMENT STRATEGY 2022 – 2027

1. INTRODUCTION

The CIPFA Prudential Code 2017 requires the Council to prepare a Capital Strategy to ensure all capital expenditure and investment decisions take account of stewardship, value for money, prudence, sustainability and affordability,

This Capital Strategy outlines how Peterborough City Council (PCC) manages its assets and investment resources to help achieve the strategic priorities of the Council, in compliance with the Prudential Code. This Strategy covers the next five years and beyond, and it is reviewed on an annual basis to reflect the changing needs and priorities.

The Capital Strategy underpins the Council's Corporate Priorities and provides a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services along with an overview of how associated risk is managed and the implications for future financial stability. The Strategy is an integral part of the Medium-Term Financial Strategy (MTFS) and intrinsically linked with the Asset Management Strategy (AMS), the Asset Management Plan (AMP) and the Treasury Management Strategy Statement (TMSS).

2. OBJECTIVES

The Capital Strategy is intrinsically linked to the Asset Management Strategy (AMS). The AMS is based on asset rationalisation and disposal of assets where there is no commercial, community or strategic case for retaining the property. In line with the MTFS, the utilisation of assets forms part of the root and branch review of everything we do and how we do it. The changes to operating practices as a result of the pandemic have demonstrated the possibilities of reducing the use of physical assets while still providing services to residents, clients and customers. It is expected that decisions taken on changes to service delivery will make a number of operational assets redundant.

Receipts from asset disposals will be utilised to meet current commitments, providing additional cash to mitigate budget pressures of servicing past debts (in line with the key Financial Health Indicators referenced in the MTFS section), and if required, to provide an alternative funding source for a transformational programme that delivers savings over the period of the MTFS (subject to Government approval). Any disposals must comply with the AMS, and we will not make short-term decisions that could harm future values. The sites which are recommended for sale will be disposed of in accordance with Best Value principles, to ensure the greatest value within the agreed timescales.

To achieve the right approach to asset disposals we will:

- Complete a review of our Asset Management Strategy and Plan
- Bring in a subject matter expert to see how we can add value to the existing estate

A review of assets will be undertaken to create a consolidated picture of all assets across the Council. The Council holds a significant number of assets either on its own or though partners and a new and ambitious strategy is needed to drive inclusive growth and financial sustainability.

We will set up effective project management systems to manage all asset disposal activities in accordance with the timescales of the AMS, this Capital Strategy and the MTFS, reporting in accordance with the approved governance framework. The list of assets recognised for disposals will be subject to continuous review.

The Capital Strategy is based around the following rules:

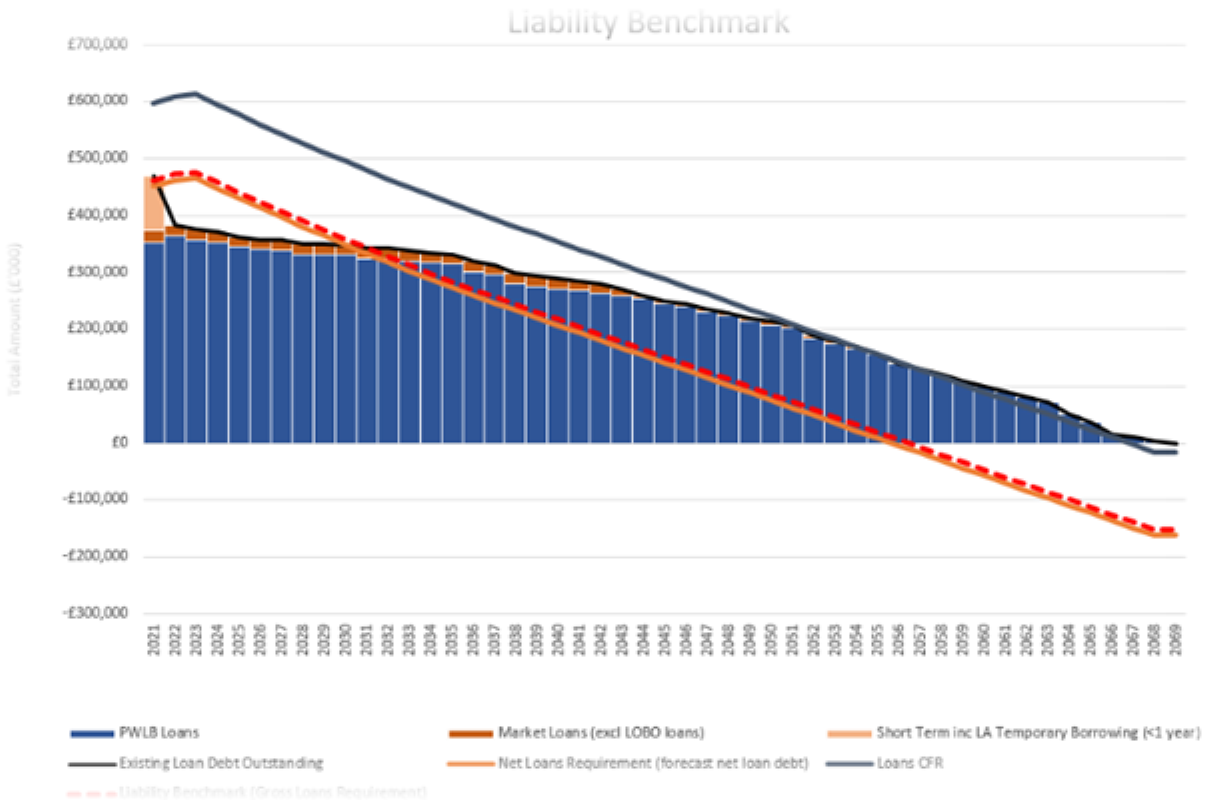
- No new borrowing unless failure to do so would result in a breach of our Health & Safety/Statutory duties
- All borrowing for projects that will result in future savings should have a payback period of five years or less
- Fully Grant Funded with no revenue cost impact.
- Medium Term Financial Plan Savings – Projects which underpin the delivery of revenue savings in the MTFP.
- A two-stage approval process: approval to plan (which allows a project to be included in the Capital Programme) and approval to spend (required before a contract is entered into that commits the Council to expenditure)
- A prioritisation process based on need and financial benefit.
- A review of current governance and controls, with stricter arrangement and greater oversight and ownership of all capital priorities and expenditure at a senior level and with appropriate member involvement.

3. Current Position

Peterborough Council has a high level of debt. The borrowing costs associated with that debt represent 16% of the 2021/22 revenue budget. This must and will be reduced over the medium term. The 2020/21 Statement of Accounts shows the Capital Financing Requirement at £598m. Total realisable assets held by the Council are shown at £368m. There are historic reasons for this position, such as investment in assets no longer on our balance sheet (academy schools) and investments in non-realisable assets (e.g. roads). This is not unusual, but it does mean that maximising our assets through service provision or disposals, is critical

The level of debt, the cost of debt repayment, and the negative equity shown in the balance sheet are a big concern, and the key objectives for asset disposals will be in part to repay debt. Whilst any debt repayment from receipts will reduce the future debt repayment costs, it is unlikely to improve the negative equity situation.

PCC's debt position is shown in the Liability Benchmark Graph below. The graph illustrates PCC's Capital Financing Requirement (CFR – underlying borrowing need) compared to actual borrowing over the next 50 years. The graph is updated annually to reflect changes.



4. Governance

The nature of capital schemes means that they are often, complex, high risk, high profile and are delivered over a multi-year period. It is therefore important that the Council adopts and maintains a consistent and robust approach to the development, prioritisation and delivery of capital schemes.

The Council has established a Capital Review Group (CRG), which oversees the Capital Programme and property related decisions and recommends new projects to the Corporate Management Team (CMT). The remit of the CRG will be reviewed, with a view to introduce stricter controls with greater oversight and ownership by senior management and members. A two-tier governance structure proposed, where the Strategic Capital Group (SCG) will review, challenge and ultimately prioritise capital projects, ensuring alignment to the Council's overall corporate priorities within the overall resources that are available.

At the initial stage, services will complete an outline business case which demonstrates high level proposals with indicative financial requirements, the anticipated financial and non-financial returns and how the proposal would contribute to the Council's priorities and Corporate Strategy as set out in the Improvement Plan. The SCG, will rank each outline business case based on the initial assessment against the scoring criteria described in Table 1 and the Council's vision as show below:

Table 1:

No	Criteria	Score 1-10	Weighting	Commentary
1	Does the proposal deliver efficiency (financial and non-financial) and / or clear return on investment?		30%	
2	Will the proposal lever in other funding sources and investment? E.g. voluntary sector, private sector		30%	
3	What are the measurable outputs / outcomes?		20%	
4	Is there a clear and robust evidence base for doing the scheme?		20%	

Those proposed schemes and projects that meet the threshold for further work will be referred to the Operational Capital Group (OCG) for the preparation of a detailed business case.

All outline and detailed business cases will be prepared in line with the principles of the Treasury Green Book. This guidance advises on how to appraise policies, programmes and projects and provides guidance on the design and use of monitoring and evaluation before, during and after implementation.

The Council's vision is:

"To create together a Peterborough residents are proud to live, work and grow up in and where services deliver what local people need and give value for money"

This strategy signals a strong commitment to:

- **Our communities** - seeking engagement and contribution, ensuring everyone can play a part in improving their own lives and the lives of others living in Peterborough; and
- **Our environment** - which is central to how we think and act. Reversing the trend of increasing consumption and delivering on our commitments to becoming a truly sustainable city.

Our priorities and priority outcomes are:

- Pride in our communities, our places and our environment.
- First rate futures for our children & young people, quality support for our adults and elderly
- Better jobs, good homes and improved opportunities for all

The specific objectives of this strategy are to ensure:

- Physical assets and related resources support the Council's priorities.
- Issues related to property and other assets are fully reflected in the Council's planning process
- Asset management plans are regularly reviewed to identify surplus assets for disposal, to generate capital receipts to fund current priorities
- The potential for joint working and match funding with partners and stakeholders is maximised

The SCG undertakes a full assessment of the business case and scores each one against the Council's vision and the criteria shown in Table 1 above. Progress is reported throughout the governance framework as show below:

In accordance with the Prudential Code, the whole-life considerations on new investment are considered at the outset. In-year progress against the Capital Programme is reported monthly to CMT and quarterly to members, including adjustments, variances and slippage.

5. FUNDING APPROACH

PCC complies with the CIPFA Prudential Code, and the Capital Programme may be funded from a range of sources. All Prudential borrowing must be Prudent, Affordable and Sustainable, and there must be sufficient headroom in the Revenue Budget to fund principal repayment if required, interest and Minimum Revenue Provision (MRP). Due to the existing pressures on the Council's revenue budget, additional borrowing is currently not prudent, affordable or sustainable, it is therefore essential that all new borrowing is funded from Capital Grants, Capital Receipts, S106 / CIL and external / partnership funding, except where there is a strong business case to do so, e.g. significant revenue savings or future revenue streams.

Invest to Save projects will be considered based on a sound business case in accordance with the following principles:

- Schemes should deliver savings that improve the financial position of the Council as presented in the MTFS, or maintain the MTFS position but contribute towards the delivery of service improvements or achieve Council priorities.
- Payback will commence in the same year as the project starts, if this is not the case additional analysis including a full net present value analysis and an outline of how the finance will be covered across financial years if the schemes are not cost neutral within each financial year.
- All proposals will be subject to the Council's decision making requirements as set out in the financial regulations.

Table 2

	2022/23	2023/24	2024/25
	£m	£m	£m
Capital Receipts from Asset Disposals	-	0.2	0.2
Capital Receipts from Loan Repayments	15.0	-	-
Grants &Third Party Contribution	79.0	21.9	24.2
Leasing (IFRS16)	22.0	-	-
Invest to Save / future income streams	3.2	-	-
Prudential Borrowing	-	-	-

Prudential indicators

Ensuring Borrowing is only for Capital purposes

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is a key indicator of prudence.

		2021/22 Est. £m	2022/23 Est. £m	2023/24 Est. £m	2024/25 Est. £m
CFR		**609.0**	**613.1**	**595.2**	**577.8**
Debt					
	Borrowing	479.8	461.8	444.9	428.2
	PFI Liabilities	48.0	69.2	67.5	65.8
Total Debt		**527.8**	**531.0**	**512.4**	**494.0**

Total debt is expected to remain below the CFR during the forecast period.

Affordable Borrowing Limits

The Authorised Limit for external borrowing – this represents a limit beyond which external borrowing is prohibited. This limit is set and revised by full Council.

		2021/22 Est. £m	2022/23 Est. £m	2023/24 Est. £m	2024/25 Est. £m
Authorised Limit					
	Borrowing	687.0	732.3	750.6	711.1
	PFI Liabilities	48.0	69.2	67.5	65.8
Authorised Limit		**735.0**	**801.4**	**818.1**	**776.9**

The Operational Boundary – external borrowing is not normally expected to exceed this limit. If the operational boundary was exceeded this would be reported immediately to the members of the Audit Committee with a full report taken to the next committee meeting. In the current year it has not been exceeded.

		2021/22 Est. £m	2022/23 Est. £m	2023/24 Est. £m	2024/25 Est. £m
Operational Boundary					
	Borrowing	619.0	633.1	643.1	635.2
	PFI Liabilities	48.0	69.2	67.5	65.8
Operational Boundary		**667.0**	**702.3**	**710.6**	**701.1**

6. Minimum Revenue Provision (MRP) for Debt Repayment

Where capital expenditure is financed by debt, statutory guidance requires it to put aside revenue resources to repay that debt in later years, known as MRP. Statutory guidance requires the Council to approve an Annual MRP Statement each year, and whilst it provides a range of options for the calculation of MRP, the guidance also notes that other options are permissible if they are fully consistent with the statutory duty to make prudent revenue provision.

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g., buildings, vehicles, equipment, etc. Such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. DLUHC Regulations require full Council to approve an MRP statement in advance of each year.

Councils are allowed by statute to use capital receipts for the repayment of any borrowing previously incurred. The application of capital receipts to repay debt would reduce the level of MRP chargeable to revenue, but statutory guidance does not address how such a reduction should be calculated. When the Council uses its capital receipts to redeem borrowing, the value of the MRP which would otherwise have been set aside for that year will be reduced by the amounts which have instead been repaid from capital receipts. This results in a prudent level of MRP, as there will be no reduction in the overall level of funding set aside to redeem debt.

During 2019/20 detailed discussions were held with DLUHC with regards to PCC's application of capital receipts to redeem debt. On 30 November 2021 DLUHC released a consultation on changes to the Capital Framework – Minimum Revenue Provision. The paper primarily covers the concerns that the government has in respect of compliance with the duty to make a prudent revenue provision, which in their view, results in an underpayment of MRP. The consultation document states that there is no intention to change the statutory MRP guidance, but to clearly set out in legislation the practices that authorities should already be following. The proposed change to the regulation is set out below:

1. Capital receipts may not be used in place of the revenue charge. The intent is to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It is not the intention to prevent authorities using capital receipts to reduce their overall debt position, which may have the effect of reducing the MRP made with respect to the remaining debt balance.

2. Prudent MRP must be determined with respect to the authority's total capital financing requirement. The intent is to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Authorities should still be able to charge MRP over the period in which their capital expenditure provides benefits and begin charging MRP in the year following capital expenditure, in accordance with proper accounting practices set out in the government's statutory guidance on Minimum Revenue Provision.

The proposal is that the changes will first come into force for the financial year beginning 1 April 2023. Therefore, PCC has amended its approach from the 2023/24 financial year where capital receipts received will be used to either fund capital expenditure or fund the revenue costs of transformation projects under the Capital Receipts Flexibility programme. Repayments for the PFI scheme and finance leases are applied as MRP.

7. THIRD PARTY CONTRIBUTIONS / COMMUNITY INFRASTRUCTURE LEVY (CIL)

Developers are required to contribute towards infrastructure, either through direct provision of community assets or via a financial contribution to the Council (CIL). Legislation requires the Council to hand over a "neighbourhood proportion" to Parish Councils if there is a Neighbourhood Development Plan in place, less an admin fee. The Council has provisionally agreed that the remaining CIL receipts are to be split via the thematic areas outlined below (though it is important to note that such thematic areas will receive other funding via other sources in addition to the CIL).

Neighbourhood Proportion

	Proportion of CIL to be allocated where development has taken place
Administration	5%
Parishes / neighbourhoods without a neighbourhood plan	15% - capped at £100 per Council tax dwelling
Parishes / neighbourhoods with an adopted neighbourhood plan	25% - uncapped

Remaining CIL receipts - Proposed funding split by infrastructure theme

Transport and Communications	30%
Education and Learning	40%
Community and Leisure	10%
Health & Adult Social Care and Emergency services	10%
Environment	10%

8. WORKING WITH PARTNERS AND STAKEHOLDERS

The Council works closely with a range of community groups, housing associations and Registered Social Landlords, businesses, other local authorities, the NHS and government agencies in order to make best use of all combined resources and to deliver cross cutting outcomes. These include:

Climate Change – in July 2019, full 2030 and ensuring that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to zero carbon. Council agreed to make the Council's activities net-zero carbon by 2030 and to support the city to achieve the same. This commits the Council to achieving 100 per cent clean energy across its buildings and services by 2030 and ensuring that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to zero carbon. In addition to this Peterborough has been selected as a pilot area to develop a Local Area Energy Plan. This work is funded by Innovate UK and will be delivered by Catapult Energy Systems working closely with Council officers and colleagues at key partner organisations. As part of the property review process, the cost of achieving climate targets will be considered in decisions to retain or dispose of property assets

The Local Plan – To facilitate and coordinate growth, the City Council has a fully adopted Local Plan which sets out the Council's long-term vision and objectives for the city and surrounding villages, setting out the policies and proposals for growth and regeneration until 2036.

Housing – Peterborough remains one of the fastest growing cities in the UK. The Local Plan makes provision for 19,440 new homes in the period 2016 to 2036. During the first 5 years (2016 to 2021) the annual requirement is for 942 dwellings per year, increasing to 982 per year between 2021 and 2036. The greater proportion of new dwelling provision is planned within urban extensions.

The Council transferred the housing stock to Cross Keys Homes (CKH) in October 2004 under Large Scale Voluntary Transfer. Full Council subsequently agreed to the creation of a housing Joint Venture - Medesham Homes LLP. All activity involving Council land or Council funding is subject to business case and market valuations of land and property.

A Housing Strategy is being developed by the Council and once adopted, the Council's Capital Strategy will recognise its strategic aims.

Schools - The Council is responsible for ensuring there are sufficient early years, childcare and school places within its area to meet the needs of the population. There has been increased growth in the number of children living in Peterborough in recent years, mainly due to population growth identified above and that Peterborough has one of the highest birth rates in the country. The Council is also responsible for providing transport where children must access schools some distance from their home.

SEND – Places for children and young people with Special Educational Needs and Disabilities (SEND)

The Government has committed £215m to help local authorities create new school places and improve existing facilities for children and young people with SEND. This funding can be invested in mainstream schools and academies, special units, special schools, early years settings and further education colleges, or to make other provision for children and young people.

We have established a network of hubs to grow resilience and expertise in Peterborough mainstream schools. Every hub has an area of SEN specialism, and their principal duty is to provide a center of expertise that can be accessed by all schools in Peterborough to provide training, advice and modelling of best SEN practice. Some hubs have specialist places for children with EHCPs but the majority do not.

Transport – The directly elected Mayor and the Cambridgeshire and Peterborough Combined Authority hold strategic transport powers and are the Local Transport Authority for the Cambridgeshire and Peterborough area. They are responsible for allocating local transport funding to the most important transport needs to help improve traffic flow, reduce congestion, improve road safety, increase walking and cycling and improve accessibility amongst other things. The Combined Authority sets the overall transport strategy for Cambridgeshire and Peterborough, called the Local Transport Plan.

Peterborough Highway Services

Peterborough Highway Services (PHS) is a partnership between the Council and Milestone Infrastructure Ltd (previously known as Skanska) that commenced in October 2013. PHS is responsible for: improving and maintaining Peterborough's highway network including roads, drainage, street lighting and bridges; seeking funding to develop major capital schemes, building new infrastructure or improving the existing network; supporting development and ensure highway is constructed to the necessary standards; and behavioural change initiatives to increase the use of sustainable travel - all of which help to ensure that our statutory duties are met and that the city is able to meet its growth objectives.

PHS operates through a lean client structure and a strong collaborative relationship with Milestone. The PHS budget has reduced significantly over recent years, whilst the asset has continued to grow, resulting in the service operating significantly below the national average (£66.54 GBP per person against an average of £107.06). Next year the PHS capital programme is approximately 75% funded through external funding. Annually the budget is usually made up of the following two sources of funding:

- Funding received from the CPCA to develop, design and construct specific improvement schemes. Examples include the recently completed works at the A605 Pondersbridge.
- Highway Maintenance funding from the Department for Transport (DfT) calculated using a needs-based formula. This is based on several factors including; total road length by classification and condition; the number of bridge structures and whether they require significant maintenance or strengthening; and the number of street lighting columns over 40 years old. This funding is available for supporting highway enhancements; road safety statistics; public transport patronage; traffic congestion; accessibility; and tackling pollution.

The Council uses corporate borrowing to fund the remaining 25% of the programme. This typically includes:

- Funding to support the Highway Maintenance funding of approximately £805k per year.
- Funding to support specific schemes on the network that are required to keep the highway safe. Current examples include the work to the Nene Bridge Bearings and replacing the safety barriers across the parkway network.
- Capital funding to support changes in approach in conjunction with revenue budget reductions.

The proposed capital budget from 22/23 includes reductions totalling approximately 21% from the corporate element of the PHS capital programme increasing to 50% by 24/25. This includes:

- Reprofiling the scheduled works to replace safety barriers. This proposal will still allow the required work to be completed but it will be undertaken over a longer period of time. The budget profile suggested here will mean that the safety barriers on lower speed roads will be replaced gradually, on a needs basis, over a number of years.
- Reducing the annual parkway maintenance budget by 50%. This will reduce the volume of proactive work that we are able to undertake and carries a risk that if failures were to occur in year, capacity funding may be required.
- Delay work to review the Strategic Network which involves updating the way in which strategic routes in the city are named/numbered and signed. Whilst a project has now been developed it is feasible to undertake the implementation of this work in future years.
- Cease allocating corporate funding to support the Highway Maintenance annual programme of work for the next three years. At the time of writing this paper the DfT have not confirmed the annual allocation it will be awarding to Peterborough and therefore it is not possible to fully detail the impact this reduction will have. However, officers will prioritise work to focus on statutory duties including safety which is likely to mean that less essential non-statutory work will not be undertaken. Examples may include: installing EV charging facilities, grants to businesses to support active travel, bus stop improvements and dropped kerbs; the annual highway treatment programme may be reduced which could lead to more extensive costs in future years; less proactive work to the Council's structures to prepare future work packages; and a reduction in the volume of street lighting cables that can be replaced each year increasing the risk of failure in some areas of the city.

City Centre – The Local Plan is a key driver in helping the city centre become more vibrant, dynamic and diverse. Offering a high-quality built environment, employment, and learning and leisure opportunities by encouraging new investment into the city. The Council takes a strategic approach to all property related matters where capital investment supports both growth in the city and wider regeneration within the boundary area. All proposed schemes and projects are subject to a robust business case, as set out in this strategy, and should ideally be self-financing / income generating to protect the revenue budget from future pressures. Asset disposals should always be at full market value unless Council policy supports subsidy for statutory reasons.

Regeneration – Through its Local Plan, the City Council is translating the Sustainable Community Strategy into a series of land allocations and planning policies to guide public and private investment decisions. The Local Plan identifies the spatial distribution and broad areas of growth in Peterborough and identifies the sites required to deliver the future growth requirements which will require funding for the infrastructure requirements it generates. This sits alongside S106 agreements and CIL towards funding and maintaining this infrastructure. The Local Plan suggests that Peterborough's population will rise from its current level of 201,000 to over 230,000 by 2036. This rate of growth will create challenges as well as opportunities: for example, despite significant growth in housing stock locally, housing demand increasingly outstrips supply.

Culture & Leisure – The assets held for the provision of cultural and leisure services are owned by the Council. Leisure services are provided from those assets by Peterborough Ltd and the cultural services by City Culture Peterborough. The AMP highlights the requirement of £500k of immediate work, however, the majority of facilities have been closed due to COVID-19. The Council, PL, and CCP continue to liaise with Sport England and the Arts Council to secure funding for these facilities.

Strategic Property - The Council keeps its property portfolio under constant review; ensuring assets are held only for identified operational, growth or investment purposes. Co-location and further portfolio rationalisation are expected to improve overall efficiency of the operational portfolio and will be used to contribute to the overall growth of Peterborough. A full cost recovery methodology and market testing is applied to all leasing and rental arrangements, the Council cannot subsidise non-statutory organisations or services.

ICT - IT and Digital services are critical to the efficient delivery of Council Services. The Joint IT and Digital Strategy for Peterborough City Council and Cambridgeshire County Council is centred on building a shared IT infrastructure and shared IT, Business and Digital systems. Infrastructure projects include converging the storage and networking environments of the Councils as well as looking at converging and simplifying the end user devices (laptops & mobiles) and productivity systems (Microsoft Office 365) to remove duplication and allow for economies of scale within IT and maximise the efficiency of staff.

Trading Services - PCC has a wholly owned trading company, Aragon Direct Services, which provides services including bin collections and street cleaning. To support these services, the Capital Programme includes investment for fleet and improved recycling and waste collection.

9. LOANS TO THIRD PARTIES

PCC may make loans to third parties to support the Council's strategic interests. All loans are subject to due diligence (including external support as appropriate), sign-off by the Chief Financial Officer (S151) and Council approval. All loans are approved in line with the principles of Security, Liquidity and Yield and a robust risk assessment. Loans may be secured against assets, if possible and appropriate. An expected loss model is applied throughout the life of the loan in line with the requirements of IFRS9 Financial Instruments and disclosed in the annual Statement of Accounts. The following loans have been approved to date:

Third Party Details	Reason for loan	Current Loan Advanced	Repaid to Date	Maximum Exposure	Repayment date
Hotel Loan	Growth, Development and Regeneration Purposes	£10.0m	-	£15.0m	Refinance of the loan is due by June 2022
Peterborough Limited	Teckal PCC co.	Revenue Loan £1.6m Capital Loan £0.2m	£0.8m	£1.0m	

Third Party Details	Reason for loan	Current Loan Advanced	Repaid to Date	Maximum Exposure	Repayment date
Peterborough Positive Limited	Growth, Development and Regeneration Purposes	£0.1m	-	£0.1m	Within the duration of the first five year term of the Business Improvement District

10. Commercial Activity

The Department for Levelling Up, Housing and Communities (DLUHC) – has announced that there is a complete prohibition on Councils borrowing from Public Work Loans Board (PWLB) to invest in commercial property for yield only. Given that the Council relies on the PWLB to fund its existing Capital Programme this means that the previous Investment Acquisition strategy is no longer applicable. Borrowing via the PWLB will still be permissible for regeneration projects, and over the next ten years it is important for the Council to focus on regeneration which will improve the city, create local jobs and encourage private sector investment.

11. Summary Capital Programme

Capital Programme	2022/23 £000	2023/24 £000	2024/25 £000
Customer & Digital Services	3,164	2,080	3,000
People & Communities	22,441	7,203	15,720
Place & Economy	71,457	21,147	13,586
Resources	2,965	1,510	1,560
Total Capital Programme	**100,027**	**31,940**	**33,866**
Grants & Third-Party Contributions	78,994	21,871	24,213
Capital Receipts repayment of loans	15,000	-	-
Capital Receipts - used to fund capital programme	-	233	233
Borrowing	6,033	9,836	9,420
Total Capital Financing	**100,027**	**31,940**	**33,866**
Invest to Save	3,201	-	-
IFRS16 Transition (estimated)	22,000	-	-
Target reduction (tbc)	(9,234)	(9,836)	(9,420)
Total Capital Programme (Including Invest to Save, IFRS16 & reduction to programme)	**115,994**	**22,104**	**24,446**

Appendix M- Budget Consultation Feedback

Budget Survey

The following table outlines the budget consultation received via the online survey up to 10 February.

Do you have any comments to make about the phase two budget proposals?	how much do you now feel you understand about why the council must make savings of £17.8m?	If you have any specific ideas about how the council can save money or generate additional income to protect services, please state these here:
Culture is an investment. The city will be poorer if it is cut.	Nothing at all	Investigate the sale of assets and prosecute those involved if appropriate. NO MORE GIFTS OF PUBLIC MONEY to the millionaire owner of the football club!

I work in the library service, so first of all, I want to keep my job. This proposal is couched in euphemisms like "remodel" and "efficiency" but is scanty on details. A lot of the comments from Mr Fitzgerald and others have stressed that the council has flexibility in how it offers a statutory library service, but seem to ignore that the service is staffed by paid professionals. Everyone in the library service is anxious that they're about to lose their job, but we've been given no actual details. Will there be redundancies? Will libraries close? Which libraries? I'd be able to offer you a more informed comment if I knew what the proposal actually was. I note that we haven't been given a pay rise this year, and yet the City Council has voted one for itself. Morale in the library service has been decimated by a year and a half of mismanagement by the City College, and now we have this hanging over us. Not exactly the best environment in which to deliver a good service. Speaking of mismanagement, I note two things regarding the City College. - They have already cut the library service, with no consultation, and without telling the public this is what they've done. We've had a lot of people leave without being replaced, including the fellow that used to drive the mobile library. We now have one member of staff that can drive it, who of course isn't Superman. The service can't run if he's on leave or ill, and has been reduced to three days a week. The Open+ self service system that makes up a lot of library opening hours was stopped at the first lockdown in March 2020, and hasn't been brought back. Are these not cuts? We have burned out staff working harder than ever and scrambling to cover sickness absences and holiday because the service is simply not staffed adequately. It wasn't before we had ten odd people leave. Now it's a permanent crisis. - The Mini Vine was a total mistake, a complete white elephant of a project. If it's a City College project, fine, let them have it, but they were using library staff to run it. So, it's a new library? In which case, why have you opened a new library in a totally unsuitable building with unsolvable issues when you're, I can only assume, looking at closing established community libraries. The Mini Vine project decimated morale and put immense pressure on a service that, as I've said above, was already haemorrhaging staff. It only got worse. I know colleagues who left purely because they didn't want to work in the Mini Vine anymore. Stop wasting money on stuff like this and spend that money on the established community spaces we already know and love. Working in the libraries, I see first hand, every single day, or at least the days we're still allowed the good grace to open, the impact we have on communities. There are older people who rely on us for a sense of community; we might be the only people they speak to in a given week. There are people who rely on us to access the internet and search for jobs. Correct me if I'm wrong, wasn't there a point the libraries were kept open during this pandemic purely so people could come in and job search? We have storytime and rhymetime sessions that bring together new parents and aid children's development. We offer books, and my God, wouldn't that be enough? Reading is a good in and of itself and should be encouraged at every turn. Successive Tory governments have failed to properly support working people and patched over gaping holes in our social fabric by trying to encourage people to self-start and be entrepreneurs. Is there anything more	A fair amount	Give back your pay increase, consider taking a paycut until you get this crisis under control. Stop wasting money on projects like the Mini Vine, or the new university (we already had one). And Fletton Quays. I understand the council is in a difficult position but these cultural services are some of the only things that make living in Peterborough bearable.

entrepreneurial than a library, a complete education waiting for you if only you'd grasp it? This should be encouraged, not denied people. I used to live in Bretton, and I know what a great resource that library is to that community. I now live in Paston. No library. Paston is one of the most deprived areas in the country, let alone Peterborough. Think about what a boon a library would be to Paston. Libraries should be invested in and taken seriously, not cut. You're talking about investing in digital services, but do you understand the sheer amount of people who rely on the library service to access anything digital at all? I've helped people with their Universal Credit. I've helped people apply for visas. I've helped people get on Facebook and get back in touch with family members. There are people I see every day that we are open who use every minute on our computers that they are allowed. Access to a computer is a need, and a need that at the moment is being served by access to libraries. Again, if we want to be a serious city, this is the kind of thing we should invest in, not cut. If you're concerned about how much money libraries make, you have only yourselves to blame. Most of our libraries are falling apart. Have you seen the carpet in Central Library? Between that and the pandemic, it's no wonder fewer people are using libraries. If you underfund services and they fall apart, then who was at fault? I'll give you another example. It's 2022, and the library service can't take card payments, and can't print documents directly from someone's phone. A lot of our custom comes from people wanting to use a printer, and I have personally had to turn away a lot of money because of these limits. The library service in a lot of ways is not fit for purpose, and that should be your cue to invest, not cut. Everything I've said applies to the museum and Flag Fen. The proposal has a very impersonal "budget cut by 50%", but doesn't acknowledge the human cost. Yes, these cultural services are helped by volunteers, but the professionals who run these services are underpaid and underappreciated, and are now fearing for their jobs, and to see rhetoric in the news about not having to keep places open if Mr Fitzgerald doesn't want to is sickening. Some of our libraries offer job clubs, drop in sessions where you can get help browsing the job market and putting together your CV. Were I to lose my job, I'd be looking to go along to one of those sessions. I face losing my job and not thereafter having the comfort of a library to go to and get aid from, because my job was in a library, and after what's been a difficult two years, when I think of the future, all I feel is fear.

1. Short-term financial savings are being made which will have long-term negative financial impacts, such as: - The city was "selling off its family silver" and once done that these resources, which are essential for regeneration, community safety and inclusion, and prosperity, will be more expensive to replace. - Investment from the Town's Fund to develop the museum to host the Must Farm Boats would be lost. - The ability to lever in additional finances will be stopped when services such as Metal, and other cultural organisations, who have proven track record in leveraging substantial funds for arts and culture in the city, are put at risk by these cuts. This additional funding, from £15K for individual artists' projects to 1000's of people spending money in the city centre for free events such as the heritage festival to Diwali to the Christmas Light Swithc on, to £100Ks for programmes such as Harvest, the Street Arts Festival to the Green Festival, will shrink the local economy (inc city centre retailers and car parking) and restrict its potential to bounce back from the pandemic and current economic shocks. 2. The Corporate Strategy states that it's priorities are young people, the elderly and vulnerable but these will be most affected by the cuts: - Young people's education, already an area of concern in the city, will be impacted by reduced access to libraries and to Flag Fen and the museum, which are instrumental for all schools in delivering the national curriculum. - Civic cultural spaces, such as libraries and museums provide safe spaces for those most likely to be affected by loneliness and are essential for supporting well-being, mental health and community cohesion. - Digital poverty will be increased by lack of access to library facilities. - Stopping all city centre free events, restricting free, physical access to libraries and the museum, and turning all leisure facilities into profit-making set-ups, will have a disproportionate impact on the city's poorest people, most of whom are working, at a time when household budgets are under greater pressure than ever before. 3. The unique characteristics of each of the cultural provisions should be preserved in the new delivery models, such as Flag Fen for research and occasional large-scale public engagement events, or the role of the museum and libraries in delivering statutory services, from the National Curriculum for schools to mental health support for communities. or Metal's role in supporting the creative sector. 4. There is a focus in the Corporate Strategy on the development of the new university, particularly as provision to raise educational attainment in the local population, but the restriction of access to libraries will undermine this aspiration of life-long learning for the local population. The wider cultural cuts will also reduce the attractiveness of the city for students from elsewhere, and also nullify the positive wider change of the city that a university population can bring. 5. That the city's proposed Corporate Strategy lacks any ambition or care for the quality of life for residents, and should include a service priority to, at least, develop partnerships to deliver aspirations and ambitions for residents to have happy, healthy and fulfilled lives.	Not very much	If the council are only delivering statutory services then all renumeration, from wages of the CEO to councillor fees, should be reduced accordingly.
Culture and the arts must continue to be supported in Peterborough	A fair amount	

I am shocked and saddened to see the proposed huge cut to the Culture & Leisure budget. Born in Stamford, I chose to move back to Peterborough from London 5 years ago and I was drawn by low house prices, excellent green spaces and a diverse population - a place where I wanted my child to grow up. I had always heard it said that Peterborough was a "cultural desert" but over the past five years, I have found the opposite to be true. Peterborough is a place with tremendous cultural possibility. Over the past year, my family and I have visited and paid or donated to: Flag Fen, Peterborough Museum, the Cathedral, the Key Theatre, and Nene Park. We visit the library (Woodston and Central Library) every month. These places are key assets to Peterborough, and they are key reasons we live here, come into central Peterborough, and spend our money here. You have committed to cultural services being a "net zero cost" to the council. If that is your commitment, then I assume you also want them to be a net zero benefit. Investment in culture reaps many benefits for places and local authorities - both in terms of physical and mental health, and in money spent. If you disinvest from the museum and Flag Fen, Peterborough will lose two key heritage assets. If you disinvest from the libraries, Peterborough children will lose out - rolling back the real gains made over the National Literacy Trust's Peterborough Reads project.	A fair amount	Peterborough needs a Cultural Strategy. As the Local Government Association "Cultural strategy in a box" toolkit says in its introduction, only this will ensure that further investment can come into Peterborough: "Having a cultural strategy in place as well as strategic partnerships with combined authorities or other independent cultural institutions increases the likelihood of securing larger amounts of funding, such as from Arts Council England. This is because those councils are seen as demonstrating a strategic commitment to culture and the role it can play for society. The inability to produce a cultural strategy for some councils not only results in a lack of a strategic cultural vision for the area, but also a lack of funding, which is already problematic against the challenging funding circumstances that most councils are currently facing"

The response to the question is from City College Peterborough Governing Board and in relation to the two areas of the budget directly related to the college. This response to the budget consultation is made by the Governing Board of City College Peterborough and relates to the two areas of the budget directly related to the college. Namely City College Peterborough – Utilisation of Surplus balances - £1m on page 15 and City College Peterborough Operating Modal review £500k on page 14. The erroneous assumptions were highlighted to officers w/c 24th January 2022. The first point is made in reference to the utilisation of surplus balances £1m. (page 15) This erroneous assumption has been highlighted to the city council. It refers to this being a one-off payment from the college reserves however unfortunately, the college does not hold £1m in its reserves. The money held in the college bank account is the college total funds (not just reserves). This total fund consists of monies for; 1. Operating costs and allocated funds 2. Ring fenced monies to cover liabilities 3. A small pot for reinvestment and the College 4. Undesignated funds to assist in any windup costs, should future contracts be lost (reserves) Even if ring fenced monies, investment and wind-up costs were totalled up (circa £823k) and taken back into the council fund, this still would not equate to £1m stated and with the money going into the core councils budget, the liabilities would also transfer with them. It is also worth noting this transfer of committed funds would also remove any contingency, however small, for unforeseen costs. As such this is a payment that simply cannot be made from the college to the city council and should be removed from the budget assumptions. Operating model review - £500k (p14) The need to review the operating model in order to create a more sustainable and vibrant model, that gives benefit to local residents, businesses, communities and Peterborough City Council is another unrealistic assumption. The board have alerted the council to this. The college currently pays £250k rent to the council for the for Brook Street campus and to add an additi onal £500k pa operating surplus payment into the college operating model cannot be realised within this or future financial years. The college does not deliver surpluses anywhere near this amount, it just about breaks even and to deliver this amount of surplus, a new model would need to be developed that significantly increases revenue into the college. This will take significant time on current trends and would not be realised for at least 3 / 5 years, especially taking point one into account.	A great deal	

Please do not cut street cleaning! I'm really impressed that you can drastically cut the Serco budgets but please go a little further, we all know they waste so much in middle-management. Street cleaning is vital to not only how Peterborough appears and feels to new residents and businesses, but it's also vital for mental health of residents. We all know the logic in keeping an area clean and respectable means that members of the public are less likely to litter themselves, so we should be putting more into improving the worst offending areas. Particularly, the fascias of so many buildings just out of the centre of town are atrocious. Particularly the buildings on Broadway, around the market area and on the southern end of Eastfield Road. Is there not provision to enforce that businesses and/or building owners have to maintain a clean look and feel for their premises? There is so much mold and stains and graffiti in areas that it can't help but bring down the area and the mood of the public who then go on to feel like the area is beyond repair, and so they ultimately contribute to it's degradation. I think that reducing grass cutting from 3 to 2 is a fine idea, as it likely promotes a healthier natural environment and wildflowers offer a cheap and easily manageable way to keep areas looking fresh as well as promoting biodiversity. I also agree with disbanding the tourist information centre - as so many people are comfortable using online resources when travelling to a new area - but I implore you to put these savings into the look and feel and cleanliness of the city.	A great deal	Enforce that business/premises owners need to maintain a respectable clean look and feel for their buildings, as well as that betting shops and fast food businesses have to provide a bin near their premises to control litter.
How have the council voted for councillors allowance to increase if your budget is so stressed? You are burdening the residents with council tac increases.	Nothing at all	The council need to make efficiency savings. I am sure you have got a lot of people who are over inflating their project budgets. Maybe yoi should look at projects that are not important to the residents. Councillors should take an allowance decrease or each councillor gives up two months allowance
I work for LA , and have lost the work link , but as a manager I am required to sign of DOLs applications I am sure teh LA could save significant money by employing staff to complete these assessments rather than agency / locum social workers whom charge over 35 per hour	A fair amount	above
I understand the need to balance the budget and would like to say now much I value the library service and the excellent service that it provides. Every effort should be made to protect this invaluable resource.	A fair amount	

We wish to register our disagreement with the proposal in the council's budget consultation for a massive reduction in the libraries budget. We would make the following points: 1)Firstly on the budget numbers – the reduction proposed in the culture and leisure budget is over 50% in 2022-23 alone. Given that the library changes will need to be developed, consulted on etc (and therefore can only be implemented on a part year basis in the 2022-23 financial year) a 50% budget cut implies extensive closures during 2022-23. The euphemisms in the budget consultation about "remodelling" and "modernisation" don't remotely cover it. 2)The Government-arranged CIPFA report on the council's finance mentioned a number of areas where Peterborough City Council (PCC) spends above average compared with equivalent councils (such as Planning and Development). It also mentioned a number of areas where PCC spends less than average, including Culture. So it appears to make sense to the council that the highest budget cuts fall on – err – Culture? By the way, we assume that the new university will have a library. Has PCC arranged for Peterborough library card holders to have access to it – thereby making library provision at no cost to the council? 3)Libraries are, or should be, at the cutting edge of tackling many of the key issues of our time: -mental wellbeing & loneliness; libraries provide places to go, socialise and find out what is happening locally, -sustainable living; libraries are one of the original reuse schemes, -rising cost of living; libraries are free and provide a warm place to go. 4)We have visited libraries in other parts of the country in recent months and they are busy and lively, recovering from the COVID shutdowns. This is less so in Peterborough, partly because, unlike in other places, the service has not been fully restored since COVID – there are still limited opening times with no "open plus" and there are no newspapers or magazines. Is the City Council doing a Dr Beeching – and cutting the service so that fewer people will use it and there will be less complaint when closure is announced? 5)Libraries are not just about the delivery of reading materials. The place itself matters – a bright, welcoming, friendly and peaceful space. When our children were young we took them on outings to the library. When they were older they took themselves, for a place to do homework or revision or just to get some quiet space away from a busy and crowded home. This can't be replicated by mobile libraries or online resources. 6)Change is perfectly possible. Anyone who has visited Deepings Library in recent years will have seen its transformation from a run down Lincolnshire County Council (LCC) outstation under threat of closure, to a thriving community-run library, with longer opening hours and better facilities, while still fully linked into the Lincolnshire libraries book lending and computer systems. However, Deepings Library still has paid staff (supported by volunteers) and we understand LCC provided it with an income stream by refurbishing and letting out the upper floor of the library building as offices. So change can be for the better and can save money, but it needs to be carefully managed. Halving the budget in one year, with no clear plan for how to deliver the service, would not seem to cover it. 7)Our elected councillors are keen to warn us against the council's finances being taken over the Government. We are not sure why. We understand that a Government take over happened in Northants a couple of	A fair amount	From our answer to question 1: -making joint library provision with the university, -looking at where transferring libraries to the community has worked (like in Deeping) and learning from that.. Also merging library provision with a neighbouring authority and benefitting from the economies of scale that would presumably result.

years ago. Our nearest Northants town, Oundle, though small, still has a library and with longer opening hours than any library in Peterborough. We find it unlikely that even the most hard line government commissioner would expect a local authority to undertake its statutory function to provide a library service – with no budget at all, as is now proposed by PCC. 8)The Roman philosopher Cicero said "If you have a garden and a library, you have everything you need". Libraries have been a fundamental part of human civilisation down the ages, until apparently in Peterborough in the twenty-first century.		
Seems to make sense, think everyone should accept there is and has been a problem with council finances, and should accept proposals and stop doing petitions that cast more time and money	A great deal	Look VERY carefully as to money paid to Councillors and to expenses claims, there should be a set amount of meeting etc they must attend in order to get paid so to speak, do realise there are exceptions but to illness etc.
Disgusting thy you will be raising council tax. We dont get the services you supposedly say we do. The council messed up the finance, you should not put it on the residents to bail you out. Reduce council tax and go after businesses like Amazon who have a local depot and should be paying more tax. The council is a disgrace.	Nothing at all	Oh I don't know, get tax from big companies who don't pay enough, get rid of overpaid leaders, get rid of high paid CEO role, take responsibility for your mess and not rely on tax payers.
I have noticed lots of cuts. What about allowance cuts & wage cuts for council members?	A fair amount	Yes as above...Allowance cuts and wage cuts for council members

Feedback received from the Joint meeting of Scrutiny Committees, held on 9 February 2022.

The Joint Scrutiny Committee **RESOLVED** to consider and comment on the updates within the Medium-Term Financial Plan (MTFP) 2022/23 as presented to Cabinet on 31 January 2022.

The Joint Scrutiny Committee also agreed to the following actions:

Appendix D **Page 71 to 80** Financial Risk Register	**ACTION AGREED:** The Head of Service, Environment, Highways and Transport to circulate any documentation relating to the Council's plan to reduce carbon emissions to the Joint Scrutiny Committee.
Appendix E **Pages 81 to 82** Fees and Charges	**ACTIONS AGREED** The Executive Director Place and Economy to circulate a briefing note to the Joint Scrutiny Committee in relation to the Hackney Carriage licencing fee uplift, in particular on the fixed tariff rate.

Feedback Received from the Unions- received 10 February

We acknowledge the fact that the council have been operating within a difficult financial position for many years now which has also been severely impacted with the ongoing demands of Covid on the local authority. This has obviously impacted on proposed savings from renting out building space and increased revenue from parking with a high proportion of staff working agile and not being in the office full time negating the need for monthly passes.

Following the need for the council to implement an improvement plan to ensure financial stability going forward the council has been put in the position of appointing an independent improvement and assurance panel but at what cost?

We note that you have indicated that the council may have to stop providing non- statutory services - which will in effect mean job loses.

It is also noted that this year, not only has a balanced budget been forecast but there is potentially a budget surplus of £0.3m

The savings in the various departments relates to using different operating models and increasing income generation but does not go into sufficient detail to show what impact this is going to have on staffing levels. Selling services is undoubtedly a good way of bringing in additional monies as long as this is within the limitations of the current staff or is there going to be consideration that additional staff may be required?

There is a reduction in budgets in areas such as unauthorised encampments and community grant where these costs have dipped in the recent years but is this something that can be achieved going forward if these savings were only realised due to changes in the way people were living etc during the pandemic.

Redesigning of Communities and Place departments - looking at bringing these two areas together, is this a way of further reducing staff?

Since June 2020 when Vivacity first indicated that the leisure and cultural services would be coming back to the council, the n they were TUPEd across to Peterborough Limited and City Culture, the staff within these areas have faced many months of uncertainty. With closures of v arious sites due to covid restrictions our members have struggled over the past 18 months. The reduction in the Culture & Leisure service is likely to have a negative impact on staff and residents. Since City Culture have taken over Flag Fen, they have been operating a new working model to be opening all year round instead of a seasonal approach - now they are being told there is to be a reduction in operating hours. Last week, the staff heard that City Culture are handing them back to P CC and they will now have to go through more uncertain times, not knowing what the impact of the proposed changes are going to have on their roles.

It is noted that Aragon Direct Services will have a reduction in budget - part of the savings are involve grassing over wildflower areas to generate a saving - hopefully, there is still budget available for these will be maintained regularly.

Capital programme reduction in investment - when stating that essential statutory or unavoidable work will need to be funded by capital receipts - is there any? There gets to a point where the council cannot keep selling off assets

Reduction in tree management budget - will always be dependent on the impact of climate change and the fact that everywhere is experiencing more inclement weather - storms etc which impact on the tree stocks within the local area which is a big health and safety concern as w ell as costly for any insurance claims.

Disbanding Tourist Information Centre - how many staff are going to be impacted by the loss of this service?

ICT savings - over the years, staff have had to change operating systems - each one apparently better than the last. We seem to have gone round in a full circle back to where we started with Microsoft office. Changes are time consuming for staff to learn, training is another expense. Google chrome books were never fit for purpose and now we are moving to laptops at what cost?

Although there are considerable budget savings for the ASC service, there are equally high budget pressures.

The pandemic has added to the loss of income at Clare Lodge but there has also been a high use of agency staff - employing permanent staff would be more cost effective.

Home to school transport - issues arising from the direction of children to school for the duration of their time at a particularly school, instead of a nnually reviewing whether the catchment school is available. Processes need to be reviewed to stop the continued use of transport for directed children. This would reduce the pressure on the service and budget.

Housing - temporary accommodation pressure - I note that this includes creating a new team. Hopefully this would help any areas where we could be potentially losing staff, i.e. Tourist Information Centre.

Human Resources - capacity resource - perhaps the dramatic reduction in the HR team just prior to the start of the pandemic has not paned out as hoped.

Reserves - I think the unions have been saying for a very long time that keeping a high level of reserves for a rainy day is okay - but it's been pouring for several years now.

During the last year, the staff have continued to step up and assist in any way they can - helping out in the hub when required and supporting teams when staff have been off due to Covid. This has all been for a 1.75% pay rise which will be eaten up by the rise in inflation, National Insurance and surging fuel bills - but they still continue to carry out their roles with dignity and pride.

We are also disappointed to note that the councillors have awarded themselves a significant pay rise - where is the "we are all in this together" ?

Once we have more detail on specific departments, we will then be able to see what the impact is for our members and be in a better position to comment further.