

**Medium Term Financial Strategy
Budget 2017/18 Phase Two
Proposals Document from
Cabinet**

January 2017

**STRICTLY EMBARGOED UNTIL
5pm on 27 January 2017**

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1. INTRODUCTION

This document sets out the second set of budget proposals that will be considered by Cabinet to ensure Peterborough City Council has a balanced budget for 2017/18.

These proposals have been set in the context of the incredibly challenging financial position that all councils face. Peterborough is no exception to this. Since the financial crash of 2008, the public sector has seen unprecedented reductions in funding.

In the seven years to 2017/18, the council has seen its Government funding cut by £57million, which equates to over 50 per cent of its Government grant. When you include the financial pressures the council has tackled alongside reductions to grant – a total of £178million has been saved since 2010. The council is expecting grants to be reduced further by £10.8million next year.

The Local Government Provisional Finance Settlement was announced on 15 December 2016. The Government has made changes to the allocations of New Homes Bonus (NHB) funding. As such the council will receive £1.4million less in NHB grant next year. The Government is using this money to provide extra funding for Adult Social Care (ASC). However, the council will only receive £0.8million next year, meaning overall it is £0.6million worse off from these changes.

There were no further reductions in the Revenue Support Grant over and above those previously announced, following the approval from Government of the council's [Efficiency Strategy](#), submitted in October, to secure a multi-year finance settlement offer. The council is now in the second year of the four year deal that should offer greater security around Revenue Support Grant allocations (this will still reduce, but we have some level of certainty around the size of these reductions).

Our current estimate is that we will need to find nearly £28million of savings and efficiencies in total next year to balance our budget, or generate additional income to offset the reduction in our budget while protecting services for residents. We will also continue to invest in the city to ensure Peterborough is a great place to live, work, visit and stay.

In doing so, the council maintains its unerring focus on three big issues for the people of Peterborough – prosperity, education and quality of life. These issues are at the heart of everything the council does and in particular how we make increasingly difficult decisions about where to spend the money we have available to provide services.

We are also committed to delivering improved efficiency ahead of any reduction to services. In the 2016/17 budget there were no reductions to services, despite increasing pressure on services and severely reduced Government funding, and we are pleased to say that this trend has continued and there are no service reductions resulting from the proposals for the 2017/18 budget.

The first set of budget proposals, published on Friday 28 October 2016, set out how the council will make savings totalling £9.9million. These were approved by Full Council on 14 December 2016. However, since then additional financial pressures of £6.3million have also been identified, along with further grant reductions of £2.8million which will need to be addressed.

Therefore, the second set of budget proposals, published on Friday 27 January 2017, will close the remaining gap in the budget. These proposals include a further £10.8million of savings, along with the use of £7.2million from the Grant Equalisation Reserve, established from additional savings delivered in 2016/17, to balance the budget. The second set of proposals also includes an update on proposals for levying an Adult Social Care Precept on council tax.

These proposals would mean a balanced budget for the council next year.

To be clear, we still have tough challenges ahead. There are further grant reductions, increased demand for services and emerging national social care pressures; this widens the budget gap further. However, with a clear vision for the future and careful financial management, we believe we will see the city continue to develop into the strong and vibrant community we all want. This vision has already achieved the following for the benefit of the city:

- Peterborough is one of the fastest growing cities in the UK.
- Peterborough is the UK's first Gigabit city with some of the fastest internet speeds in the country.
- Unemployment continues to fall as new jobs are created. The number of residents claiming Job Seekers' Allowance is almost 5,000 lower than just four years ago.
- More than 90 per cent of schools in Peterborough are now rated good or outstanding by Ofsted - above the national average and the highest ever achieved in the city.
- The city council's energy tariff, Peterborough Energy, has saved residents who have switched a combined £1.4million. More than 6,000 households get their gas and electricity from Peterborough Energy.
- All of our libraries remain open and through self-service technology we have extended opening hours.
- City centre regeneration has continued to attract new businesses and investment to Peterborough. Projects are currently underway on Lower Bridge Street and Bishop's Road.
- Plans to regenerate Fletton Quays were approved in 2016 and work is underway on site. The scheme is led by the Peterborough Investment Partnership, of which the council is a joint partner.
- Peterborough is ranked fourth in the UK for the annual growth in the city's housing stock. In a bid to further increase the number of homes constructed in the city, the council and Cross Keys Homes are creating a joint company that will build new houses.

On Friday 27 January 2017 the council launches a city-wide budget consultation to find out what local residents and businesses think about the initial proposals presented in this document. More information is available on page 11.

This document does not seek to outline all of the services we provide or how our total budget is spent. Rather it outlines the financial challenges we face and how we intend to respond to these challenges. A chart on page 14 (Appendix 1) outlines our total budget for 2016/17 of £163.4million and how much is spent in each department.

We have also included some of the investments we are intending to make in the coming year.

We aim to be open and transparent about our proposed spending plans and publish the second round of proposals at this time to give residents, partner organisations, businesses and other interested parties the chance to give their comments.

2. APPROACH TO TACKLING THE FINANCIAL GAP

This document outlines the Cabinet's second phase of proposals for how we will tackle the financial gap. These proposals demonstrate the Cabinet's commitment to protect, as far as possible, the services you care about the most and our vision for the city.

Our approach is now focused on the following:

- Building a **strong and healthy economy** which provides jobs for our residents and helps to reduce dependency on welfare benefits. The council would then benefit financially from business rates, additional council tax receipts and the New Homes Bonus, and reinvest this to support the needs of our residents. While growth can bring additional income for the council, it also creates pressures on services.
- **Generating income** in new ways to make the council less dependent on Government funding. New income will also give us the independence to support our residents and their needs. Ways we can generate income include selling our services to other authorities, such as planning, legal and regulatory services, and through innovative energy schemes. We will also look at how we use our assets most effectively to generate a return for the council.
- Changing our culture to be **more enterprising** as a council by looking for ways to improve value for money and reduce costs.
- **Changing the way we deliver services and the way we work.** We intend to reduce the demand residents have for our specialist services by enabling them to live independent and healthy lives. Providing the right support at an early stage should reduce how often residents need critical and more expensive services. Where there is a need for specialist services, we need to ensure that they properly meet residents' needs.
- **Innovative use of technology.** This will underpin our overall approach. As a council we are recognised as a leader in this field and we will continue to identify, and take advantage of, the benefits that new technology brings.

3. PRIORITIES

The Cabinet remains firm in its priorities this year against the funding challenges it faces. It is worth reiterating those priorities:

- Growth, regeneration and economic development of the city to bring new investment and jobs. Supporting people into work and off benefits is vital to the city's economy and to the wellbeing of the people concerned.
- Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city.
- Safeguarding vulnerable children and adults.
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the city's carbon footprint.
- Supporting Peterborough's culture and leisure trust, Vivacity, to continue to deliver arts and culture.
- Keeping our communities safe, cohesive and healthy.
- Achieve the best health and wellbeing for the city.

4. COST INCREASES AND PRESSURES

Alongside the unprecedented reductions in funding, we are also experiencing significant financial pressures. We have a range of statutory services that we are required by law to provide, and demand for these services is increasing. In some cases, changes in legislation also brings additional costs. Whilst there are considerable pressures in the budget, nevertheless there is still a strong commitment by the Cabinet to invest in priority areas.

This document, therefore, also outlines the financial pressures we are facing which we need to fund. Some of the most significant are outlined below:

- Increasing demand and cost of Adult Social Care services
- Government removing the Education Services Grant, and changing the rules on how we can use other grants
- Reduction in New Homes Bonus funding
- The need to create additional school places

We remain fully committed to the growth, regeneration and economic development of the city to bring new investment and jobs. We want to build upon the progress we have made in the past year in bringing new companies into the city by continuing to position Peterborough as the destination of choice, not only for our own residents, but also for visitors and investors in the future.

5. IMPLICATIONS ON COUNCIL TAX

Council tax bills are made up of council charges and charges from other public bodies to fund their services. The remainder of the bill paid by Peterborough residents funds police, fire and parish councils, with each authority setting its own council tax charge.

We continue to have one of the lowest council tax levels in the country. Out of 56 unitary authorities across the country, Peterborough has the [fifth lowest council tax](#) (£121 per year lower than the English average and £344 lower than the most expensive).

The council has chosen to freeze council tax in four of the last six years. If the council hadn't chosen to freeze bills for residents, and instead increased council tax by the Government threshold each year, a Band D property would have been paying an extra £116 in council tax a year.

The Government's council tax freeze grant ceased to be available from 2016/17, therefore no such grant will be received in 2017/18. Freeze grants were in place to mitigate the financial impact from not increasing council tax, allowing councils to freeze council tax whilst still receiving an increased level of income. As this is no longer an option, alternative positions must be considered.

Given the scale of the challenges that the council faces going forward, the desire to keep council tax unchanged must be offset against the need to protect vital services. The current Medium Term Financial Strategy assumed a two per cent increase in council tax. Therefore, having fully considered the level of pressures identified and savings required, it is proposed that council tax rises by five per cent, which includes an Adult Social Care Precept of three per cent.

The Adult Social Care Precept was introduced by Government as part of the Provisional Local Government Finance Settlement for 2016/17. Local authorities were given the flexibility to levy an extra two per cent precept on residents to fund the increasing demands for Adult Social Care.

As part of the Local Government Provisional Finance settlement for 2017/18, local authorities were given increased flexibility to 'frontload' the effects of this and levy a three per cent precept on residents in both 2017/18 and 2018/19, removing the ability to levy an Adult Social Care Precept in 2019/20. This money can only be spent on Adult Social Care, and must continue to be spent on Adult Social Care in the future. Within the budget proposals for phases one and two, there has been investment above the level of funding generated by the precept into Adult Social Care Services.

To be clear, whereas the Government was allowing councils to increase council tax to support Adult Social Care by an extra two per cent per year for each of the next three years (six per cent in total), they are now allowing an increase of three per cent per year for each of the next two years (six per cent in total). The Government's intention is that council tax would be no higher in 2019/20 than it otherwise would have been.

Government expected all local authorities with responsibility for Adult Social Care to levy the Adult Social Care Precept and in 2016/17 95 per cent of councils did so.

Peterborough is one of the fastest growing cities in the UK. Analysis of the Peterborough population indicates an increase of 17 per cent by 2021, of which people aged 85 and over are expected to increase by 40 per cent and those aged 55 and over by 26 per cent.

As life expectancy increases older people are living with multiple long-term conditions associated with ageing. For example, supporting people with dementia is a growing pressure on Adult Social Care budgets in the UK.

Between 2014 and 2020 we expect the number of people in Peterborough living with dementia to increase by 15 per cent. There are also growing numbers of residents in Peterborough living with a learning or other disability. Further pressures on our Adult Social Care budget come from the increase in the national living wage and changes to legislation, such as those linked to Deprivation of Liberty Safeguards.

This proposed five per cent increase would mean that overall the Band D council tax charge would rise from £1,173.04 to £1,231.57 per year - an increase of £1.13 per week. The average property in Peterborough is in Band B, meaning council tax would rise from £912.37 to £957.88 per year - an increase of 88p per week. The council tax bill that households in Peterborough receive also includes elements from police, fire and in some cases parish councils. The actual increase that households face will depend on decisions taken by these bodies.

The Government continues to set limits on the maximum increase in council tax. As before, if any council proposes an increase higher than two per cent (excluding the Adult Social Care Precept), they are required to put the matter to local taxpayers through a referendum. The final council tax charge will be agreed by Council on 8 March 2017.

It is also proposed that the Adult Social Care Precept of three per cent will also be levied in 2018/19. It must be noted that where pensioners are in receipt of full council tax support, this support will remain and they will not be impacted by any increase. Other discounts, such as the Single Person Discount, will remain in place.

6. OVERALL BUDGET POSITION

The costs, pressures and investments combined with the grant reductions create a budget gap, which is outlined in the following tables broken down into phases one, two and the overall position for 2017/18.

Phase 1	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Opening budget before the GE reserve	15,289	24,347	31,170	33,807	34,285
Planned use of the GE reserve	(11,188)				
Opening Budget Gap (2016/17 Strategy)	4,101	24,347	31,170	33,807	34,285
Phase 1 - Grant adjustments					

Phase 1 - Pressures	3,330	2,377	2,844	3,136	3,428
Phase 1 - Investments	182	272	330	352	352
Add back planned use of the GE reserve	11,188				
Initial Budget Gap	18,801	26,996	34,344	37,295	38,065
Phase 1 - Efficiencies	(2,692)	(3,729)	(3,410)	(3,507)	(4,060)
Phase 1 - Income	(7,256)	(2,870)	(2,718)	(2,720)	(2,722)
Revised Budget Gap	8,853	20,397	28,216	31,068	31,283
Use of the GE reserve (£11,444)	(8,853)	(2,591)			
Total Budget Gap	0	17,806	28,216	31,068	31,283

Phase 2	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Opening Budget Gap (post-Phase 1)	0	17,806	28,216	31,068	31,283
Phase 2 - Grant adjustments	2,836	2,167	2,540	3,175	2,908
Phase 2 - Pressures	5,660	5,066	5,040	5,113	5,113
Phase 2 - Investments	653	1,616	2,048	2,110	2,242
Revised Budget Gap	9,149	26,655	37,844	41,466	41,546
Phase 2 - Efficiencies	(1,102)	(1,997)	(2,748)	(2,591)	(2,798)
Phase 2 - income	(9,706)	(8,212)	(13,850)	(10,022)	(12,285)
Total Budget Gap	(1,659)	16,446	21,246	28,853	26,463
Re-profiling the GE reserve use	1,659	(1,659)			
Total Budget Gap	(0)	14,787	21,246	28,853	26,463

Overall Position	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Opening Budget Gap (2016/17 Strategy)	4,101	24,347	31,170	33,807	34,285
Grant Equalisation reserve add back	11,188				
Grant adjustments	2,836	2,167	2,540	3,175	2,908
Pressures	8,990	7,443	7,884	8,249	8,541
Investments	835	1,888	2,378	2,462	2,594
Initial Budget Gap	27,950	35,845	43,972	47,693	48,328
Efficiencies	(3,794)	(5,726)	(6,158)	(6,098)	(6,858)
Income	(16,962)	(11,082)	(16,568)	(12,742)	(15,007)
Revised Budget Gap	7,194	19,037	21,246	28,853	26,463
Grant Equalisation reserve use - £ 11,444	(7,194)	(4,250)			
Total Budget Gap	0	14,787	21,246	28,853	26,463
Additional savings		14,787	6,459	7,608	(2,390)

The reduction in grants and pressures faced, mitigated in part with the use of the Grant Equalisation (GE) reserve, means the council still needs to find savings of nearly £14.8million in 2018/19. By 2020/21 this gap will have doubled to £29million.

When the council published its phase one proposals, the budget gap was balanced, but only with the use of £8.9million from the GE reserve. Since the first phase of proposals was approved the council has received its provisional finance settlement, which unfortunately meant we would see further grant reductions of £0.6million in 2017/18 and announcements from the DfE highlighted that we would also see a reduction of Educational Services Grant of £2.2million, over and above what we already had included within our current strategy.

In addition, financial pressures of £6.3million have been identified which also need to be addressed during phase two.

The total budget gap we face for 2017/18 will be tackled as follows:

- Phase one - savings proposals of £9.9million approved by Council on 14 December 2016

- Phase two – savings proposals of £10.8million included within this consultation document should contribute towards closing the gap in budget
- Use of £7.2million from the Grant Equalisation Reserve

7. BUDGET CONSULTATION

The Cabinet wants 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. Hard copies of the consultation document will also be available from the receptions of the Town Hall, Bayard Place and all city libraries.

Comments received up to 5pm on Thursday 23 February 2017 will be considered by Cabinet on Monday 27 February 2017.

The consultation will close at 5pm on Monday 6 March 2017. Council will consider the phase two proposals on Wednesday 8 March 2017.

The consultation will ask the following questions:

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

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2. Having read the phase two proposals document, how much do you now feel you understand about why the council must make total savings of almost £28million in 2017/18? 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:

.....

.....

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.....

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?

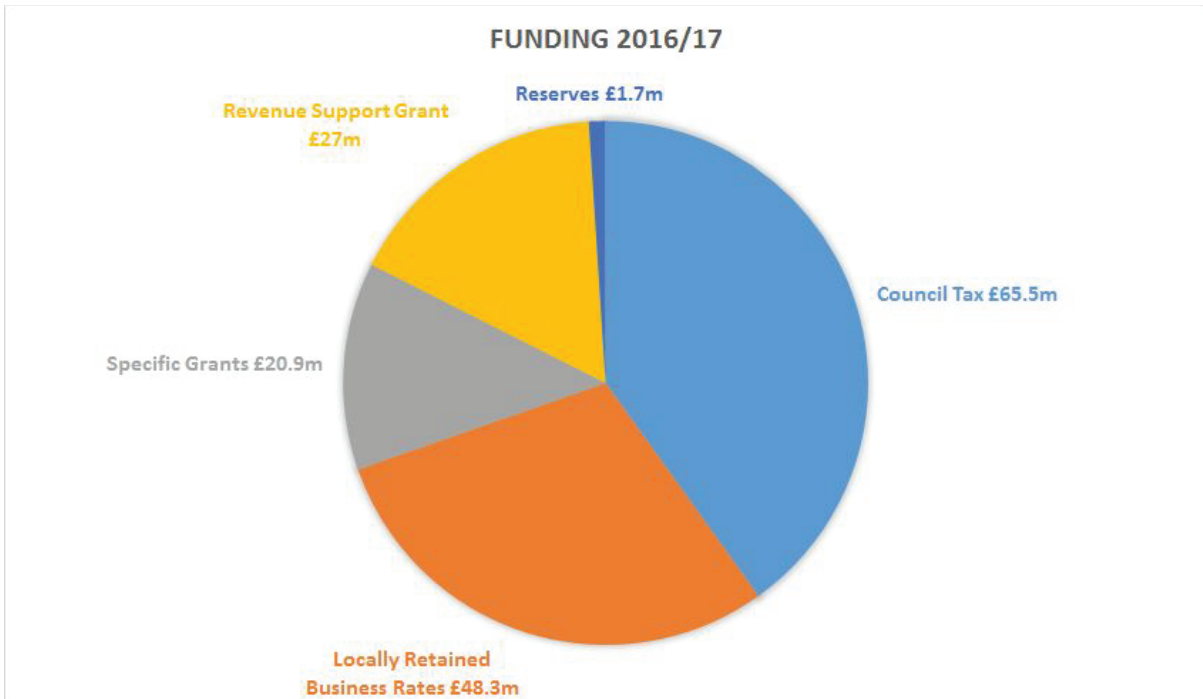
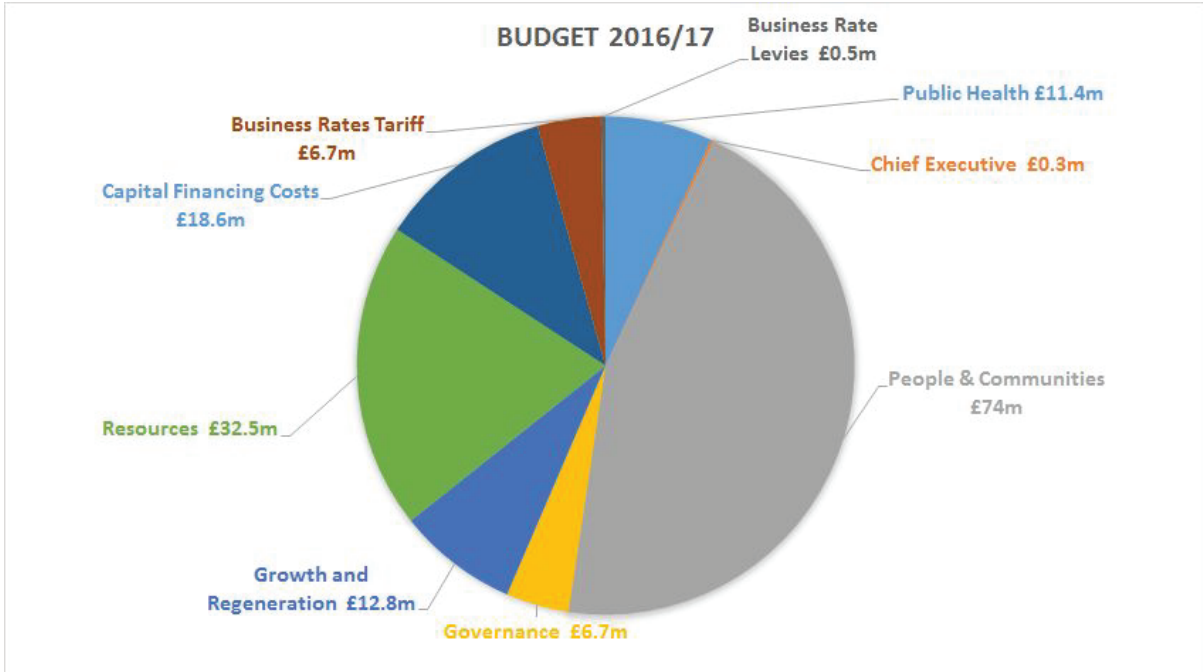
Yes.....
No

Thank you for taking the time to complete this survey

Please hand this completed questionnaire into either the reception desks of the Town Hall or Bayard Place. Alternatively they can be returned by post to: Communications Team, Peterborough City Council, Town Hall, Bridge Street, Peterborough, PE1 1HG.

APPENDIX 1 – OVERALL COUNCIL BUDGET AND FUNDING

The council’s total net budget in 2016/17 is £163.4 million (this excludes school budgets and expenditure and funding for housing benefits).



APPENDIX 2

PEOPLE AND COMMUNITIES - SERVICE IMPLICATIONS

(SAVINGS/INVESTMENTS)

The People and Communities directorate is responsible for ensuring the needs of our residents are met, particularly those that are most vulnerable. The department works with adults, children, families and communities, including schools, health services and the police.

Adult Social Care

Adult Social Care is responsible for providing council-run services and buying in and overseeing services from a range of organisations for the people of Peterborough. Those services include assessing and reviewing people's needs and managing their care, safeguarding adults who could be at risk of abuse, and providing intensive support to help people get over a fall or an illness to reduce their need for long-term care, known as re-ablement. We provide services or direct payments to ensure ongoing long-term support for those with physical, learning and mental health difficulties and other complex needs. We also support people in reaching their potential for independence over a longer period.

Private, independent and voluntary sector organisations help us support people to maintain their independence and stay in their own homes through a range of residential, home-based and community support services.

Our assessment and care delivery services for people with mental health needs are provided by Cambridgeshire and Peterborough NHS Foundation Trust (CPFT).

The budget proposals protect funding for the most vulnerable adults and focus on helping people to live independently for as long as possible.

SAVINGS – REVENUE

Adult Social Precept - additional one per cent on council tax

The Adult Social Care Precept was introduced by Government as part of the Provisional Local Government Finance Settlement for 2016/17. Local authorities were given the flexibility to levy an extra two per cent precept on residents to fund the increasing demands for Adult Social Care. This money can only be spent on Adult Social Care, and must continue to be spent on Adult Social Care in the future. Government expects all local authorities to levy the precept, and in 2016/17 95 per cent of councils with responsibility for Adult Social Care did so.

A two per cent precept was agreed on 14 December 2016 as part of the phase one budget setting process.

The following day the Government announced, as part of the Provisional Local Government Finance Settlement for 2017/18, that local councils will be allowed to charge an extra one per cent in council tax to raise additional funds for Adult Social Care services in the next two financial years. This is on top of the two per cent that councils are already able to charge to support these services.

Peterborough is one of the fastest growing cities in the UK. Analysis of the Peterborough population indicates an increase of 17 per cent by 2021, of which people aged 85 and over are expected to increase by 40 per cent and those aged 55 and over by 26 per cent.

As life expectancy increases older people are living with multiple long-term conditions associated with ageing. For example, supporting people with dementia is a growing pressure on Adult Social Care budgets in the UK. Between 2014 and 2020 we expect the number of people in Peterborough living with dementia to increase by 15 per cent.

There are also growing numbers of residents in Peterborough living with a learning or other disability. Further pressures on our Adult Social Care budget come from the increase in the national living wage and changes to legislation, such as those linked to Deprivation of Liberty Safeguards.

Therefore this proposal looks to levy the additional one per cent precept.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Adult Social Care Precept - additional one per cent	-644	-1,373	-1,418	-1,423	-1,429

INVESTMENT - REVENUE

Increases in Adult Social Care costs

Nationally Adult Social Care is facing unprecedented financial pressures resulting from reducing budgets, increasing costs of care, and the increasing needs of an expanding ageing population; the situation in Peterborough is no different.

Analysis of the Peterborough population indicates an increase of 17 per cent by 2021, of which people aged 85 and over are expected to increase by 40 per cent and those aged 55 and over by 26 per cent.

Peterborough is impacted by a number of local factors, including care homes charging above the average rate, which make the challenge even harder. There has been a significant increase in the number of self-funding residents (those that met the financial threshold) becoming fully funded by the council which contribute to the increased pressure on Adult Social Care budgets in the city.

For those that the council provides care for in their own home there is also additional financial pressure due to the impact of the minimum wage on the council's homecare spend. To add to this the overall cost of homecare has gone up alongside a rise in demand, coupled with more people with complex needs requiring more intensive support.

There is a further financial impact on budgets due to the increasing number of people requiring nursing care in their care home, this is care provided by a registered nurse.

All these factors mean additional funding is needed to support the most vulnerable in the city through the council's Adult Social Care services. Other pressures include the increase in the

amount of mental health placements and a number of transitions of young people moving into Adult Social Care services that often require high cost services to respond to complex needs.

Therefore an investment of £2,337,000 is proposed to manage increasing costs and demand on services and to ensure residents receive the care that they need.

The council is proposing to charge the Government's three per cent Adult Social Care Precept which will raise approximately £1.9million.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Increases in Adult Social Care costs	2,337	2,337	2,337	2,337	2,337

Education

This service is responsible for working with schools in Peterborough to provide the best possible education for children and young people. This includes providing a range of support for pupils with special educational needs, challenging schools and ensuring schools are providing the best educational opportunities for children and young people to help them reach their full potential. Significant improvements have been made in recent years with the percentage of schools rated good or better by Ofsted now exceeding all our neighbours and above the England average.

There have also been significant pressures arising from the increase in the population of Peterborough. This has particularly impacted upon education, both in terms of school places and also the need to provide services to a greater number of children and young people.

INVESTMENT - REVENUE

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) gives local authorities money to fund the schools that they maintain and for education services.

The Government has announced that it has changed regulations about areas of expenditure that can be funded through DSG. This means the council has an additional pressure of £500,000 annually.

This is similar to the pressure created by Government changes to the Early Years Funding formula.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Dedicated Schools Grant	500	500	500	500	500

Early Years funding formula

The Department for Education has been consulting on changes to the way it funds free childcare and early years education.

To address national inequalities in funding rates the Government has introduced a national funding formula from April 2017 which will be used to fund all local authorities.

The Government is also reforming local funding systems used to allocate funding to childcare and early years providers. Councils currently have discretion over the amount of funding they retain to spend on their central early years services. Most councils retain up to about ten per cent, with Peterborough retaining 8.5 per cent. The Government is now restricting this amount to five per cent by 2018/19, while allowing up to seven per cent to be spent in 2017/18.

In order to maintain our current council-run service to support childcare and early years education providers we are proposing to invest £149,000 in 2017/18.

This financial pressure was only announced by the Government in January and therefore we will be looking to make future savings on our central early years services in the coming years.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Early Years funding formula	149	430	430	430	430

School transport

The number of children who need home to school transport has increased. This increase is mainly due to the rising number of pupils with special educational needs which entitles them to transport.

Therefore a further £524,000 is required to be invested annually.

There are a number of proposals which look to reduce this cost as set out in the next section.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
School transport	524	524	524	524	524

SAVINGS - REVENUE**Passenger transport**

A number of short-term savings are being proposed in order to reduce the cost of passenger transport provided by the city council. This predominantly relates to transport for pupils attending mainstream and special schools in the city as well as community link and dial-a-ride services.

Alongside these efficiencies the council will develop a separate plan to achieve longer-term savings. These project costs are factored into the savings below.

Short-term savings include a review of routes to ensure that duplication is avoided and routes are merged where possible as well as a review of social care vehicle leases in an effort to reduce the cost.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Passenger transport	0	-33	-33	-33	-33

Schools capitalisation

Schools use their own funding to support small projects. The council can choose to fund this spend from its capital programme and schools then transfer their revenue funding over to the council. This is also undertaken by schools for the purposes of saving for large scale projects.

In addition, schools transfer money from revenue to capital in order to avoid a potential claw back on surplus balances.

The transfer of funding presents an opportunity for the council to use this money for revenue purposes, as part of the current year's budget, and replace it with capital money which is borrowed over an extended period.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Schools capitalisation	-519	-497	-473	-450	-427

National Funding Formula - Charging schools for ESG services

From 2017/18 the Government has removed the Education Services Grant (ESG) from local authorities. This provided funding for councils to fulfil the statutory education duties.

These services include school improvement, education welfare services and other central support services.

Instead a reduced amount of funding will be redistributed directly to schools. The Department for Education has announced it is in the process of producing detailed guidance

on the statutory roles of local authorities (formally funded through the ESG) and what elements can be charged to school budgets with Schools Forum agreement.

It is therefore expected that schools will be collectively charged to fund the council's statutory education duties going forward. The overall grant reduction is £2.2million. We expect to be able to charge £1.1million for these services, leaving an overall net pressure of £1.1million.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Charging schools for ESG services	-1,100	-1,100	-1,100	-1,100	-1,100

Charging schools converting to academies

Just over a quarter of the city's schools are academies meaning they run independently of the city council and receive funding directly from Government. More and more schools are choosing to become academies.

When a school converts to an academy there are costs for the council associated with the administration, procedure and legalities, for example the transfer of land, buildings and finances. To date, officers of the council have provided this work and these services free of charge.

However, with more schools choosing to pursue academy status, it was agreed in phase one that the council charges a fee of £5,000 to cover the costs for providing this help and support. The level of income expected through this has increased from phase one as we now expect more schools to become academies than previously forecast.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Charging schools converting to academies	-25	0	0	0	0

PFI Insurance (schools)

A number of schools in Peterborough were built and financed through PFI agreements. As part of these initial agreements it was decided that the council would bear any increase or benefit from any decrease in insurance costs.

There has been a decrease in insurance costs and therefore the council is due a rebate. The following table estimates that the council will receive, on average, an annual rebate of £100,000.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
PFI insurance (schools)	-100	-100	-100	-100	-100

INVESTMENT - CAPITAL

School organisational plan

The challenge of meeting the demand for school places remains a constant pressure in Peterborough. The city has the third highest birth rate in the country and one of the highest rates of in-year schools admission in the county.

As an example, the number of four-year-olds in the city has risen from 2,165 in 2006 to 3,118 being allocated a reception place in 2016 - an increase of 44 per cent over a decade. The council's [schools organisational plan](#) is constantly revised to ensure that Peterborough fulfils its statutory responsibility to provide school places.

We have also been successful in bidding for Government funding for the construction of new schools such as the £24million received for the Hampton Gardens secondary school. Therefore we will, or are currently, making bids for funding from the Government on a number of school projects. Successful grants will mean the council needs to borrow less.

There remains a risk that these grant bids may be unsuccessful. If this is the case then the council would face additional costs to deliver these school places. The required capital investment is outlined below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Capital impact of school organisational plan	28,491	20,915	7,147	714	1,267
Grant bids	-9,900	-21,052	-11,500		
Net funding requirements	18,591	-137	-4,353	714	1,267

The following table sets out the impact of this additional borrowing on the council's revenue budget to ensure we meet the demand for school places in the city.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Revenue impact of school organisational plan	13	616	556	461	495

Communities

Communities is responsible for assessing the needs of all the city's residents and deciding on the right services to meet those needs. It undertakes all the people services commissioning for the council to ensure the services we provide or buy-in are the right services, delivered at the right time, for the right people, in the right place and at the right price to ensure we are giving real value for money. It also delivers a wide range of community and targeted services including:

- Housing and re-ablement
- Prevention and enforcement
- Youth services and youth offending
- Early help services to support individuals, families and communities who don't need specialist services, but do need some help
- Drug and alcohol
- Domestic abuse
- Sexual health
- Community cohesion

The focus of the service is to identify difficulties early and provide services to stop these escalating.

Communities is also responsible for ensuring neighbourhood issues and concerns that impact on people's confidence or pride are resolved, including unauthorised traveller encampments, housing enforcement, entrenched environmental crime and community tensions.

SAVINGS - REVENUE

Funding the council tax hardship scheme

In 2016/17 the council introduced a hardship fund which allowed residents in significant financial difficulties to apply for a reduction in their council tax bill. The scheme was administered by Citizens' Advice Peterborough and applicants had to meet certain criteria such as being in receipt of council tax support. It operated as part of the Peterborough Community Assistance Scheme (PCAS) which provides residents with advice and guidance to help support people in a crisis.

Previously there was a separate pot of funding to pay for claims. It is now proposed any future hardship payments are made from the existing PCAS budget. To be clear the scheme remains exactly as before, it will just be funded in a different way.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Funding the council tax hardship scheme	-50	-50	-50	-50	-50

Environmental enforcement

Environmental crime ruins the look and feel of the city and impacts on residents' quality of life. The cost of clearing up after environmental crimes is a huge burden on the council, with fly-tipping alone costing taxpayers around £250,000 a year to clean-up.

This proposal looks to trial a 12 month partnership with Fenland District Council and a private sector enforcement agency, Kingdom, to target environmental crime such as fly-tipping and graffiti. The pilot would focus on the Operation Can Do areas of Gladstone, Millfield and New England, freeing up the time of Prevention and Enforcement Service officers to focus on the city centre and other parts of Peterborough.

A number of other local authorities are using private companies to enforce against environmental crimes with good results and Kingdom already holds contracts with other councils. If approved, Peterborough City Council and Fenland District Council would share the cost of the contract. Kingdom and both councils would each take a share of the money generated by fixed penalty notices.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Environmental enforcement	-47	0	0	0	0

INVESTMENT - CAPITAL

Investment in Operation Can Do area

A specific programme to target issues in the Gladstone, Millfield and New England neighbourhoods which make up the Operation Can Do area has been running for a number of years. It has focussed largely on operational matters associated with street scene, housing, planning issues and building community spirit. This work will continue, however there is now a need to invest in the infrastructure in the area as a means of kick-starting the next phase of regeneration. This would include public realm improvements and investment in community buildings and open spaces.

Capital investment of £7.5million will be needed to progress the development. There will be a revenue cost to the council as a result of borrowing this money as outlined below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Investment in Operation Can Do area	21	124	277	338	338

APPENDIX 3

RESOURCES - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)

The Resources department consists of the following:

Financial services

- Financial planning and corporate accounting
- Finance and management accounting support to council departments
- Internal audit, fraud and insurance
- Serco Strategic Partnership (business support, shared transactional services, business transformation, procurement, customer services, finance systems, strategic property)
- Serco ICT partnership
- Digital, including the City Fibre partnership

Commercial group

- Amey Strategic Partnership which includes refuse collection, street cleaning, parks, trees and open spaces, building cleaning and passenger services
- Waste management and waste disposal including the Energy Recovery Facility
- Vivacity (culture, recreation and libraries)
- Westcombe Engineering
- Energy efficiency including our energy performance contract, placing solar panels on residents' roofs with Empower

Cemeteries, cremation and registrars

- Bereavement services
- Registration service

City Services and Communications

- City Services supports city centre retailers and oversees services from CCTV cameras and car parks to events such as the Perkins Great Eastern Run. It also manages the City Market.
- The Communications team supports all council departments by advising how best to explain their services to residents. It promotes the council through the media, writes communications strategies for major initiatives, produces press releases, marketing campaigns and manages the council's website and social media.

Regulatory services

- This team provides regulatory and licensing services such as trading standards, environmental health, health and safety, and enforcement teams who deal with issues such as noise nuisance and air quality.

SAVINGS – REVENUE

Vivacity

Vivacity, the city's culture and leisure trust, receives an annual fee of around £2.1million to deliver services on behalf of the council. This fee takes into account income earned directly from these services. The total income for these activities is £8million, meaning that in total over £10million is invested each year in providing culture and leisure services.

Vivacity propose to make two capital investments, which will result in increased participation and income, and subsequently will lead to a reduction in the fee the council pays Vivacity.

It is proposed to develop a cafe and spin facility at the Regional Pool as well as making alterations to the swimming pool at Jack Hunt. The funding for these developments can be taken from the existing capital programme allocation for these services.

This will lead to a reduction in the annual fee of £170,000 from 2018/19.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Vivacity	0	-170	-170	-170	-170

Business rates revaluation and growth forecast

The council is now forecasting increased income from business rates over the next five years.

Business rates are affected by a range of variables including the rate of inflation, rateable values set by Government and the levy rate that some councils, such as Peterborough, pay to Government.

The inflation rates are expected to be higher than we had previously forecast, increasing the level of business rate income. The following table updates the council's forecast for the next five years.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Business rates revaluation and growth forecast	-1,000	-2,600	-3,400	-4,400	-5,300

Procurement resource

Procuring, or buying, services costs money. There will be additional procurement in 2017/18 as a number of contracts will come to an end.

This includes a number of passenger transport contracts and the contract we hold for some office equipment.

The council expects to make savings in these contracts, and we are offsetting these savings against the cost of procurement as set out below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Procurement resource	-9	-43	-68	-118	-118

Social care platform

The council is proposing to develop and implement a technology platform that would sit across the current adult and children's social care IT systems. This will make all social care data accessible to staff to assist with their roles.

This will allow staff working out of the office to access this data and therefore promotes agile working, for example, social workers carrying out home visits.

By making a platform that links children's and adult's social care it will allow social workers to provide better and more efficient care for the individual, such as a person who received support through Children's Social Care who then transitioned to services provided by Adult Social Care.

The council is looking to work with commercial partners to deliver this project. The council would loan funding to the companies at market rate and benefit from a return as the council is able to borrow at a lower rate. The council would also receive income from the partnership as it is expected that the new system would be sold to other councils. The income that this arrangement will generate for the council is listed below.

This project is at an early stage and the council will look for further savings as the project progresses.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Social care platform	-31	-88	-247	-228	-209

Amey contract

The council entered into a 23-year contract with Enterprise Managed Services in April 2011 to deliver household waste and recycling collections, street cleansing, property design and maintenance, grounds maintenance and a range of other services. The partnership transferred to Amey in 2013 when the company bought Enterprise Managed Services.

This proposal is for Amey and the council to mutually terminate the contract and consider alternative ways of providing these services, likely to be a joint venture partnership with another organisation.

The main driver for this is uncertainty over whether the council's contract with Amey is meeting its needs and compatible with the tough financial landscape we are now operating in.

Any new arrangement will allow the council more control over how services are provided and ensure that a percentage of any income generated is returned to the council to provide services for residents.

It is predicted that this proposal will save the council in the region of £100,000 a year, predominantly as a result of increased recycling and income generation.

The contract with Amey will continue until a new service provider is in place.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Amey contract	0	-100	-100	-100	-100

Peterborough Music Hub

Peterborough Music Hub (PMH) aspires to deliver a first-class musical environment where all young people can thrive and develop to their full potential.

The Department of Education and Arts Council England recognise the importance of PMH and have confirmed they will provide continuing grant funding of £333,000 for the next four years. The council receives £60,000 per year for the management of the service.

Due to the award of the grant it will mean that some existing staff costs will be directly attributable to the grant and result in a saving to the council of £15,000 per year.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Peterborough Music Hub	-15	-15	-15	-15	0

ESPO dividend

The Eastern Shires Purchasing Organisation (ESPO) was set up to provide greater purchasing power by local authorities collectively buying together. The council is one of the co-owners of ESPO alongside Leicestershire, Cambridgeshire, Lincolnshire, Warwickshire and Norfolk county councils.

All councils have the ability to use ESPO. For example this could range from purchasing stationery to using their support when procuring a contract. As a business model, when customers use ESPO's services it incorporates a charge. A proportion of this charge is

returned as an annual dividend to the co-owning councils. Over the past five years the annual dividend has averaged £119,000.

Now the council has experienced consistent receipts of the dividend it is proposed to build it into the council's budget at a level of £100,000 per year.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
ESPO dividend	-100	-100	-100	-100	-100

Collection fund surplus

There will be growth in council tax income in the current year above predictions because of the city's rising population. This has identified that we can expect to receive a further £137,000 in 2016/17, which can be rolled forward to protect services during 2017/18.

This is in addition to the £36,000 surplus stated in phase one of the budget.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Collection fund surplus	-137	0	0	0	0

Public notices

The council has a legal duty to publish certain announcements and decisions in local newspapers. These are known as public notices and are charged by size (in cm).

It is proposed to standardise the design of these notices so they take up less space, such as removing the council logo, and therefore reduce costs overall. This change will result in an annual saving of £9,000.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Public notices	-9	-9	-9	-9	-9

Early repayment scheme of suppliers for rebates

The council is proposing to work with a company that has helped other councils secure discounts with suppliers. This works by paying the supplier before the debt is due and negotiating a discount for early repayment.

The company would contact suppliers and agree their participation and level of discount. The council would continue to pay suppliers directly.

There will be an initial investment cost of £50,000 and then an estimated annual saving of £50,000 per year thereafter.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Early repayment scheme of suppliers for rebates	50	-50	-50	-50	-50

Fees and charges

The council has a range of fees and charges for the services we can provide for residents. The level of these fees have been reviewed by all council departments.

It is proposed that the consumer price index, currently 0.5 per cent, is applied to fees and charges to keep them in line with inflation.

The majority of the saving identified is from higher than inflation increases in the council's bereavement service. Adult cremation fees were increased by five per cent and interment fees by 4.3 per cent in January 2017. Funeral directors were consulted on these increases.

These charges are estimated to produce an annual saving of £82,000 to protect frontline services.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Fees and charges	-82	-82	-82	-82	-82

Car parking revenue

The council is proposing to increase daytime car parking fees in off street car parks that offer all-day rates. This means that all-day parking in the Wirrina, Dickens Street and Pleasure Fair Meadow car parks would increase to £4 per day.

All other daytime car park rates will remain unchanged.

It is also proposed to increase evening off street parking charges at city council car parks from £1.50 to £2 for any period between 5pm and 7am.

Charges are proposed to increase for on-street car parking from £1.10 to £1.50 for the allocated time slot, however these spaces will remain free overnight between 6.30pm and 8am.

An increase to the cost of residential parking permits - frozen since 2009 - has also been proposed. This will mean the cost of an annual permit will increase from £19 to £25 in 2017/18 and rise to £30 from 2019/20.

There will also be increases to a six month permit, business permit and visitor scratchcards.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Car parking revenue	-168	-188	-239	-262	-242

Peterborough local lottery

A growing number of councils are establishing local lotteries as a way of generating income for local good causes. Gloucester City Council launched a lottery scheme in January 2017 and followed the likes of Portsmouth and Aylesbury Vale councils.

The council is proposing to launch a Peterborough local lottery with 60 per cent of proceeds being used by the council to support good causes.

The launch date would be confirmed if approved by Council, but tickets would cost £1 with a maximum prize of £25,000. The draws would be weekly and all tickets would be sold online. All sales for the lottery would operate via a dedicated website.

It is recommended that the Peterborough local lottery has two tickets types:

- 1) A local lottery ticket - Where players purchasing tickets do not specify a good cause to benefit from the proceeds and that proceeds generated would be distributed to local voluntary and community organisations by the city council.
- 2) A specific Peterborough Good Causes ticket - This would involve community and charity groups signing up so players could specify which good cause they wanted to support. This would ensure that half of the proceeds allocated to good causes goes to a specific good cause.

If the council does set up a local lottery it will need to be licensed by the Gambling Commission, a requirement of which is for the council to contribute to the support of problem gambling. The website will contain a section providing links to gambling support organisations.

The income to support local good causes is estimated in the following table.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Peterborough local lottery	-23	-62	-62	-62	-62

Apprenticeship Levy in relation to schools

The Government's Apprenticeship Levy will come into effect from April 2017. This applies a 0.5 per cent levy to large employers with a wage bill greater than £3million.

As the council is deemed to be the employer of those who work in the majority of maintained schools their pay bill will also be liable for levy payments. Therefore schools will have to make provision for the cost of the levy in their individual budgets.

These funds can then be reclaimed to deliver training for apprenticeships. This saving is cancelled out by levy contribution pressure in the next section.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Apprenticeship Levy	-302	-302	-302	-302	-302

INVESTMENTS - REVENUE

Street cleaning

In 2016 a task and finish group reviewed the street cleaning service the council has in place with Amey.

It's now proposed to introduce a number of the recommendations from the task and finish group - these include:

- A daily two-man hit squad that will target areas that are consistently blighted by litter and fly-tipping
- Daily street cleaning in the area focused around Gladstone Street and other nearby streets with a mechanical sweeper with a driver and operative
- A daily presence on Lincoln Road (Millfield) through a Lengthsman. The operative will pick litter, empty bins as well as report fly-tips and other environmental issues

Even with the proposed mutual termination of the council's contract with Amey, if agreed, this additional street cleaning would take place. The impact of these initiatives will be reviewed after six months, taking into account progress on some of the other initiatives from the review and the work of the Prevention and Enforcement Service. A decision will then be taken whether to continue them or not.

This is a further investment in street cleaning by the council in recent years.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Street cleaning	187	187	187	187	187

The Digital Front Door project

The Digital Front Door project creates a new model for residents to access information and advice and to ensure they reach the right council service first time.

The Digital Front Door project will allow residents to access information and services via the council's website first and foremost. This involves creating an online customer account

where people can log on and access services. The online account has been used as part of the city's selective licensing scheme helping to register over 6,000 properties.

Further investment is now needed to improve management of the website, to update content and to drive people to use the website to access services, information and advice. Residents will in future be supported by the provision of interactive guides and web-chat assistance.

The council is also looking at options for the development of a social care portal for residents and professionals allowing them easy access to a directory of available services and advice. An online verification tool will also be investigated to remove the back office process of manually checking documents. This would be brought forward on an invest to save basis.

A social care e-marketplace will also be developed for residents that receive direct payments. The marketplace will list social care service providers and will allow people to directly contact them and book the services they require.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
The Digital Front Door project	340	195	283	283	284

Apprenticeship Levy in relation to schools

The Government's Apprenticeship Levy will come into effect from April 2017. This applies a 0.5 per cent levy to large employers with a wage bill greater than £3million.

The pressure for council staff has been included in a previous budget. As the council is deemed to be the employer of those who work in the majority of maintained schools their pay bill will also be liable for levy payments. Therefore schools will have to make provision for the cost of the levy in their individual budgets.

These funds can then be reclaimed to deliver training for apprenticeships. This pressure is cancelled out by levy contributions made directly from schools' individual budgets.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Apprenticeship Levy in relation to schools	302	302	302	302	302

Eye Green Nature Reserve

The Eye Green Nature Reserve had been managed by the Wildlife Trust under a formal lease. This lease expired in September 2016 and the organisation did not wish to have it renewed.

As a result the site's maintenance has returned to the city council. We are hoping to work with Buglife to manage the site and discussions are on-going.

Some maintenance will need to be carried out in the current financial year funded by developer contributions through the Planning Obligations Implementation Scheme (POIS).

There will also be an ongoing annual cost of maintenance of £10,000.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Eye Green Nature Reserve	10	10	10	10	10

Insurance Premium Tax

The Government has announced that from 1 June 2017 the level of Insurance Premium Tax will increase to 12 per cent. This will result in higher insurance premiums for the council as set out below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Insurance Premium Tax	12	12	12	12	12

ICT

A review has taken place of the council's existing technology strategy and ICT budgets and it is necessary to make investments in order to generate longer-term savings and drive efficiencies.

ICT security software is one of the areas where investment is needed to ensure that council systems are further protected from computer viruses. Other investments include replacing the current geographical information system, a tool used by many council departments including planning, which provides a detailed overview of the city's layout and infrastructure.

Previously the council had proposed a central team to provide system support services rather than basing them in individual departments. This was a challenging target which on further investigation would be detrimental to services and therefore this saving can no longer be met.

A further pressure is an increased costs of Microsoft licenses after the company increased costs to the council.

Schools in Peterborough are benefitting from faster and cheaper broadband through the City Fibre project. Many have opted for a lower cost contract than had been originally forecast, benefitting them but reducing income to the council. However this is largely offset by income through the wider project.

Work is also taking place to develop a range of new systems to operate across council departments. For example, our licensing team is working with our development partners to design a new system to deliver services. Investment is required, however these systems will be sold to other local authorities in future years and we expect that the guaranteed sales

income we will receive, as well as additional sales, will offset this cost. These systems will allow the council to deliver efficiencies in the coming years.

Some of these costs are also offset by savings that have been achieved in the council's print services.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
ICT	796	491	454	521	521

Impact of academisation of business rates

Just over a quarter of the city's schools are academies meaning they run independently of the city council and receive funding directly from Government. More and more schools are choosing to become academies.

Maintained schools pay business rates on their schools out of the Dedicated Schools Grant from central Government. However, academies receive an 80 per cent discount on their business rates.

With every school that converts to an academy, the council sees a reduction in the amount it receives in business rates and therefore won't receive the amount that has been budgeted for in coming years.

We have decided to increase the potential financial impact on the council from phase one as we now expect more schools to become academies than previously forecast.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Impact of academisation on business rates	107	107	110	110	110

Investment in trees and woodland

Since the adoption of the Trees and Woodland Strategy in 2012 the focus of the council's arboricultural work has been the completion of extensive tree surveys to, as far as possible, reduce the risk of tree failures. Approximately 50,000 street trees have now been surveyed and recorded.

This survey has revealed that the vast majority of the council's trees are semi-mature and need increasing amounts of management. Trees in the parkway belts are also growing increasingly towards the carriageways, obscuring road signs and blocking visibility.

A saving of £250,000 in the budget for tree works has been implemented within the last three years, however the surveys now demonstrate that reinvestment is needed.

It is therefore proposed to bolster the budget for tree maintenance in 2017/18 to complete all outstanding works identified from tree surveys in 2017/18. Investment of £150,000 is included from 2018/19 to meet future demand.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Investment in trees and woodland	422	150	150	150	150

INVESTMENT - CAPITAL

Agile working

Currently council staff use a range of different types of computers to do their jobs including desktop computers, thin client devices, laptops and touchscreen tablets.

Many of these devices are approaching the end of their life and a review has been undertaken to assess future ICT requirements ensuring that staff can work as agilely and efficiency as possible.

Some staff have already moved over to chromebooks and it is suggested that all staff move on to these devices ahead of the council's move to Fletton Quays.

Benefits of chromebooks are they are cheaper than laptops, desktops and touch-screen tablets and they offer full Google functionality which can lead to reduced printing and increased staff productivity. Also very little is stored on a chromebook, instead they use the Cloud for storage, therefore the risk of data breach due to lost or stolen devices is significantly reduced.

This will require capital investment of £600,000. The annual revenue cost of this capital investment is set out in the table below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Agile working	8	129	129	128	128

APPENDIX 4

GROWTH AND REGENERATION - SERVICE IMPLICATIONS

(SAVINGS/INVESTMENTS)

Peterborough is one of the fastest growing cities in the country. The Growth and Regeneration directorate is in charge of driving that growth and overseeing major regeneration projects in the city.

Growth and regeneration leads to additional income for the council through the New Homes Bonus and business rates.

The Growth and Regeneration directorate consists of the following:

Peterborough Highway Services

This partnership with Skanska, the council's highways contractor, is responsible for maintaining and improving our roads and street lights, gritting roads in the winter, public transport and planning the future of transport in Peterborough and its surrounding villages.

Planning services

Peterborough City Council was named Local Authority Planning Team of the Year at the 2015 Awards for Planning Excellence. The awards are run by the Royal Town Planning Institute (RTPI).

This service includes surveyors, planners and other technical teams who work with residents and businesses to ensure new development fits with the city's growth plans. The service also works with schools and local communities to help make our city greener and is responsible for our environment capital aspiration.

In recent years the planning team has started to generate income through selling services, such as planning policy and development control expertise, to other local authorities throughout the UK. In total, the planning service now generates approximately £500,000 per year which is used to reduce the running cost of the department. Last year we also formed a joint planning service with Fenland District Council.

Opportunity Peterborough

The council's wholly-owned company Opportunity Peterborough supports our agenda to grow the city by 20,000 jobs and 25,500 houses by 2026, by attracting inward investment and marketing the city to businesses.

Housing joint venture company

This partnership with Cross Keys Homes will see all types of housing built in the city including affordable, market rent and outright sale homes. In particular it will help address a shortage of affordable and temporary housing.

Growth joint venture company – Peterborough Investment Partnership

This partnership is supporting the regeneration of city centre sites in the council's ownership including Fletton Quays (also known as South Bank/Riverside Opportunity Area).

Property Services

Corporate property including asset disposals and our property joint venture NPS Peterborough.

SAVINGS – REVENUE**Capital receipts update**

In line with its Asset Management Strategy, the council sells any surplus assets and uses the income to reinvest in services. The previous asset management plan assumed that a number of assets would be sold and the funding transferred to the Grant Equalisation Reserve. These assets will now be sold in 2017/18 and the income used to support that year's budget as outlined below. Further details on planned disposals are included in the Asset Investment Plan in the MTFS.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Capital receipts update	-647	-35	0	0	0

Investment property receipts

The council has reviewed its investment asset portfolio. These are properties the council holds, but leases them out to generate income. The review indicates that the council could receive a better return by selling these assets.

This will generate a saving for the council which can then be used to support the budget. A loss of rental income in future is also factored into the figures in the table below. Further details on planned disposals are included in the Asset Investment Plan in the MTFS.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Investment property receipts	-4,928	35	-3,274	449	449

Capital programme review

The council borrows money to invest in schemes such as road improvements, expanding schools to create extra places and for regeneration projects in the city.

A review has taken place to assess the level of interest the council needs to pay as a result of these capital investments.

Previously the council had forecast it would be borrowing at a higher rate of interest than it currently is. Therefore the council will be paying less interest and these savings are set out in the following table.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Capital programme review	267	-1,997	-3,306	-2,192	-3,558

Fletton Quays - revised business case and increased value of site

In March 2016 Cabinet approved an outline business case to move the council's back office to a new building on Fletton Quays whilst retaining the civic core of the Town Hall and letting non-civic areas of the Town Hall and Bayard Place.

As details of the site development have moved forward and following negotiations undertaken by the Peterborough Investment Partnership, the likely sale proceeds and benefit to the council have increased above the level originally assumed.

The council has also reviewed the costs and likely income of developing both the Fletton Quays offices, as well as refitting offices such as Town Hall and Bayard Place that it intends to let out. The costs of this can be more than offset by the increased income. Therefore a one-off benefit can be included in the 2017/18 budget of £689,000.

The original business case outlines income of £8million over 25 years. It's now thought that will increase to almost £9million.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Fletton Quays - increased value of site	-689	0	0	0	0

INVESTMENT - CAPITAL

Future transport projects

A number of highway improvement schemes identified in the Local Transport Plan require funding to enable them to be delivered. Capital investment will be needed to progress the schemes detailed below. There will be a revenue cost to the council as a result of borrowing this money, although we will continue to seek grant funding from the Government, the new Combined Authority and the Local Enterprise Partnership to offset these costs.

The schemes are as follows:

Junction 18 Rhubarb bridge (A47/A15): Bridge structure to be removed and improvements made to the junction to increase capacity and make it more accessible for pedestrians and cyclists. There is currently £2.5million allocated in 2017/18 for this scheme and a further £3million is required in 2018/19.

Public realm – Broadway, Midgate and Northminster: Continuation of work to improve the look and feel of the city centre. This follows the completion of works in Cathedral Square, St John's Square, Cowgate, Bridge Street, Long Causeway and currently underway in Lower Bridge Street.

Parkway resurfacing: Continuation of a rolling programme of investment of £1.5million over five years due to the age of the parkway system.

The capital investment will be as follows, offset by some grant funding:

	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Junction 18		3,000			
Parkway resurfacing		1,500	1,500	1,500	1,500
Public Realm		2,000	2,000		
Total Costs		6,500	3,500	1,500	1,500
External funding		-2,500			
Net capital requirement		4,000	3,500	1,500	1,500

There will be a revenue cost to the council as a result of borrowing this money as outlined below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Future transport projects	84	333	519	616	713

Whitworth Mill development

The city council purchased the mill site on Fletton Quays last year to enable comprehensive regeneration of the entire riverside site. The intention is to develop the building into a creative arts and digital hub for the city.

Capital investment of £4.5million will be needed to progress the development. The council hopes to be able to secure £2.5million of grant funding towards the project, as well as using £1million of existing capital budget. As such there is a need to invest an extra £1million of capital funding to deliver the project. There will be a revenue cost to the council as a result of borrowing this money as outlined below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Whitworth Mill development	0	32	97	97	97

APPENDIX 5

GOVERNANCE - SERVICE IMPLICATIONS (SAVINGS/INVESTMENTS)

The Governance department consists of:

Legal and Democratic services

This team provides legal services to all council departments as well as Rutland County Council, Fenland District Council, East Cambridgeshire District Council and Corby Council. It supports Full Council, Cabinet and all committee meetings, civic services to the Mayor, support services to councillors as well as a range of other related services. It also manages elections and the electoral register.

Human Resources and organisation development

The Human Resources team aims to make the council the employer of choice and improve the council's performance through its people. It works with managers in recruiting, developing, managing and engaging employees to produce a skilled, committed, flexible and diverse workforce. HR provides services to the council which include employee relations, policy and reward, occupational health, workforce development and training and development. HR is also responsible for internal communications and employee engagement.

Performance and Information

This team provides a central performance management and business intelligence function, oversees information governance and coordinates information requests. It is responsible for data protection and provides the Caldicott Guardian role and the Senior Information Risk Officer. The team also provides systems support for the social care case records systems.

INVESTMENTS - REVENUE

Organisational change and Adult Social Care ICT

A number of ICT systems in Adult Social Care (ASC) need to be upgraded or replaced, including the main case management system for ASC. New systems will make current processes more effective which will allow staff to work more efficiently; ultimately providing a better service for residents and maximising staff productivity.

As well as upgrading and replacing systems there will also need to be an investment in migrating data as part of the programme.

Further investment will be needed to ensure staff are trained on this new system and a number of other new systems being introduced in other departments, and across the council.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Organisational change and ASC ICT	373	75	75	75	75

APPENDIX 6

STAFF IMPLICATIONS

This section outlines any issues that affect the costs of staffing. There will be no impact on staff numbers as a result of the phase two proposals.

Living wage increase and employee terms and conditions

The council has been a Living Wage employer for a number of years. The rate of the voluntary living wage has risen in 2017 to £8.45 per hour from £7.80. It is proposed for the council to apply this increase to staff.

In the 2016/17 budget a number of changes were agreed to employee terms and conditions. This included closing the council between Christmas and New Year and reducing car mileage rates for staff.

Discussions with unions are ongoing to make further changes to staff terms and conditions totalling an annual saving of £760,000 from 2017/18. These could include the removal of a number of allowances for staff above a certain pay grade such as weekend enhancements and professional subscriptions.

We are also working to agree an increase to the mileage rate from 25p to 30p, after it was reduced from 45p in 2016/17.

The council has agreed to no further changes to employee terms and conditions for a further five years, unless there are exceptional circumstances.

All of these changes mean an ongoing financial pressure to the council of £96,000 per year.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Living wage increase and terms & conditions	96	96	96	96	96

Salary sacrifice schemes

The Government has introduced legislation to cease a number of salary sacrifice schemes. This includes car leasing (except for electric or hybrid vehicles) and car parking payments.

This means the council will no longer get national insurance relief on these payments which will cost the council an additional £32,000 each year.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Salary sacrifice schemes	32	32	40	46	46

Cost of local Government pensions

All staff on local Government terms and conditions are entitled to join the Local Government Pension scheme. The overall scheme is the same across the country and Government determines the level of benefits and the level of contributions that employees make to the scheme.

Each fund is assessed every three years by an actuary to assess its position and its ability to meet future liabilities.

In phase one we expected that there would be cost pressures from the Local Government Pension scheme for councils across the country.

Our actual position has now been confirmed by an actuary and we are able to remove most of those cost pressures as highlighted in the table below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Cost of local Government pensions	-500	-1,250	-2,000	-1,816	-2,061

Redundancy

There are no redundancies proposed as part of the phase two budget proposals. There were also no redundancies proposed in phase one.