

Appendix B - Phase One Savings Proposals

People and Communities

Academisation

In the 2017/18 budget process it was agreed to introduce a charge of £5,000 for every school converting into an academy to contribute towards the associated costs. This was based on benchmarking against a number of local authorities.

Since last year the academy agenda has accelerated nationally. The number of academy conversions has increased in Peterborough and will result in a financial pressure on the council if charges are kept at the current rate.

The council has a statutory duty to ensure that there is a TUPE consultation and that the land and/or buildings are leased to the incoming trust.

The Department for Education provides each school with a grant of £25,000 to cover the costs relating to conversion. Earlier this year however, the city council was turned down by the government for a grant to support academy conversion costs advising that funding had been allocated to councils with a larger number of converters.

It is now proposed to increase the charge to £10,000 per conversion from the start of 2018. Currently the council is forecasting that 16 schools will convert in 2018/19, 13 in 2019/20 and 11 in 2020/21. The figures below account for additional staff expenditure due to the volume of work and previously budgeted income from 2017/18.

Income generation	2018/19 £k	2019/20	2020/21
Academisation	(149)	(125)	(105)

People and Communities - senior management restructure

In June 2017 it was agreed, by a joint employment committee, that the Executive Director, Service Director and Assistant Director roles within the People and Communities directorate could be shared across the city council and Cambridgeshire County Council.

These new arrangements have resulted in increased capacity as well as a significant saving for the council of £180,000 annually.

Saving	2018/19 £k	2019/20	2020/21
People and Communities - senior management restructure	(180)	(180)	(180)

Better Care Fund

Peterborough's Better Care Fund (BCF) supports health and social care services to work closely together in the city. The BCF was announced in 2013 and introduced in April 2015.

The BCF budget is used predominately by Cambridgeshire and Peterborough Clinical Commissioning Group (CCG) and the city council to provide health and social care services in the city.

The BCF is, in part, used to offset the reduction in government grants to the local authority, ensuring the council can continue to provide vital services for those who need our care and support. Therefore as BCF is continuing the council can offset funding totalling £1,689,000 against the council's budget for each of the next two years. This is the same process that took place in 2017/18.

In addition the city council receives an Improved Better Care Fund (IBCF) - this funding is non-recurring, over three years and decreases over that period.

Therefore it's proposed to loan £2million of the 2017/18 IBCF funding to the council's joint venture housing development company, Medesham Homes. This would be used to purchase accommodation suitable for residents with a specified set of care needs. The use of this accommodation will reduce the cost of care packages to the council. In addition the council will receive commercial rate loan interest from the joint venture company.

Saving/income generation	2018/19 £k	2019/20	2020/21
Better Care Fund	(1,933)	(1,933)	(244)

CCTV upgrade project

In 2016 approval was given to upgrade the city council's existing CCTV system. The benefits of upgrading the system include improving the quality of images captured, reductions in maintenance charges and energy consumption as well as creating a more effective monitoring service. In order for CCTV to optimise the use of the CityFibre network there is a need to upgrade existing hardware.

The cost of the system upgrade is more than offset by the savings in maintenance. This will produce an annual saving to the council compared to current costs whilst improving the city's CCTV system.

Saving	2018/19 £k	2019/20	2020/21
CCTV upgrade project	(29)	(28)	(27)

Resources

Estimated council tax 2017/18 surplus

There will be growth in council tax income for the current financial year above predictions because of the city's rising population and construction of new homes. This has identified that the council can expect to receive a further £1.005million in 2017/18, which can be rolled forward to protect services during 2018/19.

The council is required to finalise the council tax collection fund position in January so any further updates will be included in phase two of the budget setting process.

Saving	2018/19 £k	2019/20	2020/21
Estimated council tax 2017/18 surplus	(1,005)	-	-

Mausoleum units sale

It is proposed to construct new mausoleum units for sale, to meet demand and generate income. The proposal follows a successful project at Fletton Cemetery with all units sold.

It is believed that future demand can be met on land identified at both Eastfield and Fletton cemeteries.

Income generation	2018/19 £k	2019/20	2020/21
Mausoleum units sale	(64)	(64)	(64)

Resources budget review

A review of budgets held by the Resources directorate has identified a number of savings that do not result in changes to council services. This review has also identified previous savings, or income targets, that need to be updated. In total this review has identified a saving of £3,221,000 for 2018/19 which includes the following proposals:

- Inclusion of income generated through a council loan to construct Fletton Quays hotel
- A local lottery for Peterborough will now not go ahead and previous savings need to be removed from the budget. This is because the council needs to focus its effort on strategic items, such as social care provision and homelessness, and therefore the timing is no longer right for this project to go ahead
- Following a review of the council's capital programme (borrowing to predominantly fund infrastructure costs), the amount set aside in the budget to meet financing costs has been reduced
- Part of the budget set aside for pension auto-enrolment is no longer anticipated to be required and therefore some of this is being released to ease the council's budget pressures. There has also been an underspend in the council's pension strain budget - which compensates for lost contributions when a member of staff (55+) takes redundancy - which again will be used to help tackle the council's financial challenges

- It is proposed to reduce the council's inflation contingency budget - with funds released to support financial pressures
- As the review into the Amey contract is ongoing the £100,000 saving highlighted in 2017/18 is being removed. Savings targets for bin sponsorship have also been removed

Saving/income generation	2018/19 £k	2019/20	2020/21
Resources budget review	(3,221)	(2,666)	(2,342)

Growth and Regeneration

Peterborough Highway Services - commercial opportunities

The council is currently in discussions with a number of councils to allow them access to the Peterborough Highway Services contract. This will allow these councils to contract Skanska using the city council's framework which will save them money on procurement costs. For allowing access to the framework there will be a fee due to the city council. Skanska will also pay the city council an annual fee.

Currently the council expects this to generate £300,000 in 2018/19 and £175,000 in subsequent years until 2022/23. Any changes to this proposal will be reflected in phase two.

Income generation	2018/19 £k	2019/20	2020/21
Peterborough Highway Services - commercial opportunities	(300)	(175)	(175)

Peterborough Highway Services - contract efficiencies

Peterborough Highway Services is a ten year partnership with Skanska to provide highway maintenance services. At the start of the partnership in October 2013, efficiency savings totalling £7.5million over ten years were agreed, totalling £750,000 per year.

Further efficiencies have been identified and the revenue budget can be reduced by a further £280,000 annually from 2018/19. A further £10,000 will be saved from the ongoing ancillary budget. These proposals would increase efficiency savings to more than £10million over the course of the Peterborough Highway Services contract.

The city council maintains over 350 bridge structures and a review has identified a recurring underspend of £50,000 on the annual maintenance budget which will now be removed to support other services.

Saving	2018/19 £k	2019/20	2020/21
Peterborough Highway Services - contract efficiencies	(340)	(340)	(340)

Planning services

In March 2017 the government set out proposals to increase council planning fees by 20 per cent. This was offered by the Department of Communities and Local Government as part of a housing white paper released a month earlier, and is expected to be implemented shortly.

As a condition is to re-invest additional income in the service there will be increased expenditure in the department, for example staff costs. However, there will be a saving for the council against departmental overhead costs of £100,000 annually whilst at the same time strengthening planning services offered.

Saving	2018/19 £k	2019/20	2020/21
Planning services	(100)	(100)	(100)

Commercial property rental income

The council owns a number of commercial properties in the city which it rents out to generate income to protect services.

A review of income levels shows that the council's commercial property has performed better than previously forecast and therefore it is proposed to increase the income target by £150,000. These increased income levels are already being achieved.

Income generation	2018/19 £k	2019/20	2020/21
Commercial property rental income	(150)	(150)	(150)

Public Health

Public health budget

Peterborough City Council receives a ring-fenced health grant to fund a range of public health commissioned services. The level of grant received in 2017/18 was £11,196,000 and the forecast reduction for 2018/19 is 2.6 per cent which equates to £291,000.

Peterborough also receives less grant per head compared to the national average. The grant must be spent on preventative activities of which the primary purpose is to improve health.

The city council has protected public health funding as this specific grant has been cut previously, however savings now need to be identified.

Some of the larger public health contracts have savings built in, such as the drug and alcohol misuse contract and the Solutions for Health contract. These total £94,000 in 2018/19 increasing to £150,000 in 2020/21.

Other ongoing savings totalling £136,000 have also been identified which include removing a recurring underspend, reducing public health marketing spend on print advertising, identifying new streams of funding for projects and ongoing efficiencies of the city council and county council running a joint public health team.

There is also a financial pressure against the public health grant due to expanding the provision of free of charge emergency contraception from pharmacies, which is factored into the savings below.

Saving	2018/19 £k	2019/20	2020/21
Public health budget	(208)	(223)	(247)