

CABINET	AGENDA ITEM No. 7
11 JUNE 2018	PUBLIC REPORT

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

MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22 - TRANCHE ONE

R E C O M M E N D A T I O N S	
FROM: Cabinet Member for Resources	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Approves the Tranche One service proposals, outlined in Appendix D as the basis for public consultation. 2. Approves the updated budget assumptions, to be incorporated within the Medium Term Financial Strategy 2019/20- 2021/22. These are outlined in section 5 of the report. 3. Approves the revised capital programme approach outlined in section 5.8 and referencing Appendix C. 4. Approves the additional resourcing of £1.4m, required to deliver transformation projects, in order to achieve future financial benefits. These are outlined in section 5.6 of the report. 5. Approves Medium Term Financial Strategy 2019/20-2021/22- Tranche One, as set out in the body of the report and the following appendices: <ul style="list-style-type: none"> ● Appendix A – 2019/20-2021/22 MTFS Detailed Budget Position- Tranche One ● Appendix B – Performance Data ● Appendix C – Capital Schemes ● Appendix D – Budget Consultation Document, including Budget Proposals ● Appendix E – Equality Impact Assessments 6. Notes the future strategic direction for the Council outlined in section 5.7 of the report. 7. Notes the forecast reserves position outlined in section 5.9 of the report. 	

1. ORIGIN OF REPORT

- 1.1 This report comes to Cabinet as part of the Council's formal budget process as set out within the constitution and as per legislative requirements to set a balanced and sustainable budget for 2019/20-2021/22.

2. PURPOSE AND REASON FOR REPORT

2.1 Purpose

The report to Cabinet forms part of the council's formal Budget and Policy Framework. This requires Cabinet to initiate and propose service proposals and updated assumptions to set a balanced and sustainable budget for the financial years 2019/20 to 2021/22. There is a legal requirement to set a balanced budget for 2019/20. The purpose of this report is to:

- Recommend that Cabinet approve the Tranche One service proposals for consultation.
- Recommend that Cabinet approve the budget assumptions to update the Medium Term Financial Strategy (MTFS), to ensure estimates reflect the most up to date information available.
- Outline the financial challenges facing the council in setting a sustainable and balanced budget for MTFS 2019/20- 2021/22.
- Outline the resources required, to undergo project work to develop and implement new transformational strategies, which will unlock future financial benefits for the council.
- Outline the approach the Council is taking to close the budget gap over the three year budget planning horizon to deliver a sustainable budget.
- Outline potential avenues the Council is considering pursuing to ensure future budget sustainability.

2.2 Executive Summary

At Council held on 7 March 2018, the 2018/19 to 2020/21 MTFS was agreed. In addition, given the significant savings required for the Council to move to a fully sustainable budget over the MTFS three year time horizon, the Council also approved a move to a rolling budget process in order to facilitate a more flexible methodology to identify, implement and deliver savings and efficiency options required to balance the Council's Budget.

The 2018/19 MTFS set a balanced budget for 2018/19, with deficits of £12.7m and £19.3m to be identified for 2019/20 and 2020/21 respectively. Tranche One of the 2019/20 MTFS process has identified additional pressures and savings to change the respective deficits to as outlined in the following table.

	2019/20 £000	2020/21 £000	2021/22 £000
Budget Gap as reported in the MTFS 2018/19	12,712	19,317	16,926
Tranche One - MTFS 2019/20 to 2021/22 budget changes	(2,485)	721	5,402
Revised Budget Gap (Cumulative)	10,227	20,038	22,328
Incremental Budget Gap	10,227	9,811	2,290

In addition to these deficits, detailed work is also under way to deliver the Shared Services Savings targets of £4.5m in 2019/20 and a further £4.5m in 2020/21.

The move to a truly sustainable budget will require a reduction of the "One off" savings, as by nature, these are not repeatable. The table below sets out how this is currently planned to reduce.

Non Repeatable One Off Savings	Previous Year 2017/18	Current Year 2018/19	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22
	£000	£000	£000	£000	£000
Capital Receipts	12,738	2,922	4,139	-	-
MRP Re-Provision	-	3,700	-	-	-
Council Tax Surplus	173	1,188	-	-	-
Use of Reserves	7,194	4,231	-	-	-
Total	20,105	12,041	4,139	-	-

The 2017/18 financial year is now closed with the final outturn position for the Council reporting a £6.9m underspend. This underspend has been transferred into the Capacity Building Reserve to enable future service transformation of the Council, which will be required to meet the decrease in future funding level. The Reserves table in Section 5.9 gives the 2017/18 Outturn position for Earmarked Council Reserves.

The Council has agreed to follow a rolling budget implementation process. Each tranche of the budget process will identify:

- 1) Savings and efficiencies that have been validated and are ready for approval;
- 2) Savings and efficiency strategies that are being worked on that require the Council to approve resources for detailed plans to be validated and enable timely implementation to be agreed as part of subsequent budget tranches later this financial year
- 3) Future strategic direction and ideas.

Section 5.6 sets out a number of areas of investigation that require Member approval to move forward. In total £1.4m of investment is required to deliver the Communities savings proposals as contained in Tranche One and work up full business cases and implementation plans for Shared Services and further cross council savings and efficiency initiatives.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	11 JUNE 2018 & 16 JULY 2018
Date for relevant Council meeting	25 JULY 2018	Date for submission to Government Dept.	N/A

4. BACKGROUND

4.1 This report forms Tranche One of the revised rolling budget process the Council previously agreed to implement to aid the delivery of a three year Revenue Budget and Capital Programme from 2019/20 to 2021/22 for the Council.

4.2 The 2019/20 to 2021/22 Budget Setting Process

At Council held on 7 March 2018, the 2018/19 to 2020/21 MTFS was agreed. In addition, given the significant savings required for the Council to move to a fully sustainable budget over the MTFS three year time horizon, the Council also approve a move to a rolling budget process in order to facilitate a more flexible methodology to identify, implement and deliver savings and efficiency options required to balance the Council's Budget.

The rolling budget process will follow similar governance processes to the previous two phase process with proposals being discussed at Cabinet Policy Forum and Budget Working Group before being published for consultation, and undergoing examination through Scrutiny meetings before final approval by Cabinet and Full Council.

As this is an Election year, there is only the time to run three Tranches. A full four Tranche process will only take place in those years when there is not a "Thirds" Local Election.

The table below sets out the draft timetable for the year:

Tranche	Cabinet	Joint Scrutiny	Cabinet	Council
Tranche One	11/06/2018	18/06/2018	16/07/2018	25/07/2018
Tranche Two	24/09/2018	28/11/2018	03/12/2018	12/12/2018
Tranche Three	04/02/2019	12/02/2018	25/02/2019	06/03/2019

4.3 **Local Budget Context**

In the second half of the 2017/18 financial year, the Council implemented additional measures to control expenditure. This has led to an Outturn underspend position of £6.9m. This underspend has been transferred to the Capacity Building Reserve. Section 5.9 details the Council's Reserves balances at the end of the 2017/18 financial year.

Basic funding assumptions are detailed in Section 5.1 of this report, and these assumptions are unchanged from the previous MTFS given that:

- The 2019/20 financial year will be the final year of the present four year Settlement Period;
- Local Government funding will change significantly in 2020/21 and presently there is very limited information on how these changes will affect individual Councils;
- The Revenue Support Grant will reducing to £10m in 2019/20

The Council continues to face growing pressures and demands which include:

- Capital Financing costs;
- The requirement for additional School places;
- Increases in Looked After Children numbers;
- Management of Homelessness;
- Adult Social Care demographics;
- Population growth, as Peterborough is a growing City;
- Demographic Growth in different age groups that require Council services.

These pressures are described in more detail in the Section 5.3.

The April 2018 budgetary control report, which is also presented to Cabinet on the 11 June 2018, highlights the current forecast position on these pressures and demands in 2018/19.

4.4 **National Budget Context**

Local Government Funding

Local Government funding will change significantly in 2020/21 and presently there is very limited information on how these changes will affect individual Councils. The Council will continue to try and understand, influence, and benefit from the upcoming changes. However, it is equally likely that the Council may be adversely affected by these changes. Members will be updated on any funding changes as they become public and the Council will actively contribute to all consultations.

The Local Government Association View

The Local Government Association commented on the Spring 2018 Budget in March as follows:

“The forecasts presented by the Chancellor today of a growing economy is good for residents and businesses. Councils and their staff have strained every sinew to play a vital role in supporting local economies and communities through a difficult few years.”

“If public finances improve as a result, it is vital that the Government addresses the growing funding gaps facing councils. This is the only way to protect our vital local services over the next few years but also makes perfect economic sense for the Government. Investing in local government will boost economic growth, reduce demand for services and save money for the taxpayer and others part of the public sector, such as the NHS.”

“Councils have already proved this by successfully using extra social care funding to reduce delayed days attributable to social care since July, keeping people out of hospital so they can lead fulfilling and independent lives in their communities and close to their loves ones.”

“Boosting funding for early intervention support would mean councils can prevent children being harmed and reduce some of the associated costs to the public sector. If councils are able to support families and children earlier, fewer children will need to be taken into care, be excluded from school or develop mental health problems and more will be able to fulfil their potential.”

“Freeing councils to resume their historic role as a major builder of affordable homes would boost home ownership, reduce homelessness and shift spending from benefits to bricks by driving down the Government’s housing benefit bill.”

“Councils in England face an overall funding gap that will exceed £5 billion by 2020. Only with the right funding and powers can councils continue to make a difference to people’s lives by building desperately-needed homes, creating jobs and school places, filling potholes, maintaining parks and green spaces, running children’s centres, leisure centres and libraries, caring for elderly and disabled people and protecting children.”

Northamptonshire County Council Update

On 10 May 2018 local government secretary, James Brokenshire, announced that two commissioners have been appointed to help the troubled authority. The Council is monitoring the position on a weekly basis and will report back to the Council on issues that directly affect Peterborough City Council.

5 BUDGET DETAIL

5.1 Existing Medium Term Financial Strategy

Current Revenue funding assumptions

The current MTFS includes the following funding assumptions as approved within the 2018/19 MTFS process:

- General Council Tax is assumed to increase at 1.99% year for years two and three of the MTFS, which is below the proposed referendum limit for those years.
- Following on from The Local Government Provisional Finance Settlement, flexibility was given to local authorities, allowing them to increase general council tax by 2.99%, in 2018/19 and potentially 2019/20. The additional 1% increase has not been included for 2019/20 onwards.
- There is no longer additional funding relating to the Adult Social Care Precept of 3%, with 2018/19 being the final year this was allowed to be levied at 3%.
- The Council Tax base is increased to reflect the growth in the city and a number of variables, such as Council Tax support, Council Tax exemptions and the banding of properties, of which Peterborough is largely weighted towards band A and B properties. The forecast increase in Council Tax base usually equates to an average of 1,000 new homes built each year.
- Business Rates (NNDR) is assumed to increase at the rate of CPI, as announced in the Autumn Budget, this equates to 2.2% in 2019/20 and 1.8% in 2020/21. However, the Council will receive compensation for the difference between RPI and CPI via a government s31 grant.
- Revenue Support Grant (RSG) is assumed to reduce by 32% from 2018/19 to 2019/20. The figures for 2019/20 remain fairly certain following the four year settlement deal secured by the council, covering the period 2016/17-2019/20.
- RSG will be part of the 75% business rates retention and the fairer funding mechanism which will be introduced from 2020/21. At this stage Ministry of Housing and Communities and Local Government (MHCLG) are consulting with local authorities and the level of funding to the council remains uncertain.

Table 1- 2018/19 MTFS Budget Summary

	2018/19 £000	2019/20 £000	2020/21 £000
NNDR	(46,293)	(47,421)	(48,433)
Revenue Support Grant	(15,056)	(10,246)	(10,246)
Council Tax	(75,211)	(76,521)	(79,091)
New Homes Bonus	(5,153)	(4,590)	(4,018)
Improved Better Care Fund	(2,986)	(5,345)	(5,345)
Additional funding for Adult Social Care	(2,260)	(1,121)	-
2018-19 Adult Social Care Support Grant	(496)	-	-
TOTAL CORPORATE FUNDING	(147,455)	(145,244)	(147,133)
PLANNED EXPENDITURE			
Chief Executives	1,567	1,567	1,575
Governance	4,702	4,707	4,712
Growth & Regeneration	24,531	25,001	25,464
People & Communities	82,485	80,228	80,101
Public Health	(126)	88	59
Resources	19,168	21,075	23,191
NET SERVICE EXPENDITURE	132,327	132,666	135,102
CORPORATE EXPENDITURE	15,128	25,290	31,347
TOTAL PLANNED EXPENDITURE	147,455	157,956	166,449
REVISED DEFICIT/(SURPLUS)	0	12,712	19,316

5.2 Tranche One Budget Position 2019/20-2021/22

The following tables set out the demand and savings proposals in Tranche One of the 2019/20 budget process. Major items include:

- Additional Adult Social Care pressures which is set out in Section 5.3;
- Additional Pay and Pension costs;
- Reduction in Homelessness Costs due to preventative action.

Table 2- 2019/20- 2021/22 Tranche One Budget Summary Position

	2019/20 £000	2020/21 £000	2021/22 £000
Budget Gap as reported in the MTFS 2018/19	12,712	19,317	16,926
MTFS 2019/20-2021/22 budget changes:			
Pay and Pensions	0	2,400	2,820
Inflation and cost changes	194	194	194
Demographic and volumetric service demand	419	679	1,160
Grant and legislative changes	0	0	0
Efficiencies	(135)	(135)	(135)
Capital financing Changes	(1,509)	(1,253)	2,537
Service proposals (savings and additional income)	(774)	(784)	(794)
Revised Budget Gap	10,907	20,418	22,708
Funding changes	(680)	(380)	(380)
One-off resources (including capital receipts)	0	0	0
Use of reserves	0	0	0
Final Budget Gap (Cumulative)	10,227	20,038	22,328
Incremental Budget Gap	10,227	9,811	2,290

The following appendices outline further details on the budget position and the proposals:
 Appendix A- 2019/20-2021/22 MTFS Detailed Budget Position
 Appendix D- The Budget Consultation Document

Table 3- 2019/20- 2021/22 Tranche One

	2019/20 £000	2020/21 £000	2021/22 £000
Pay and Pensions	-	2,400	2,820
Pay Award- Additional 1% from 2020/21 Onwards	-	400	820
Pension inflation	-	2,000	2,000
Inflation and cost changes	194	194	194
I-cash Peterborough	194	194	194
Demographic and volumetric service demand	419	679	1,160
Housing and Homelessness Prevention	(1,079)	(1,289)	(1,289)
Adult Social Care Demand	1,498	1,968	2,449
Efficiencies	(135)	(135)	(135)
Postage- Removal of First Class Postage	(35)	(35)	(35)
Planning- Additional Income and Efficiencies	(100)	(100)	(100)
Capital financing Changes	(1,509)	(1,253)	2,537
Capital Financing Changes- Tranche One	(1,509)	(1,253)	2,537
Service proposals (savings and additional income)	(774)	(784)	(794)
Community Safety	(225)	(235)	(245)
Transport Planning	(75)	(75)	(75)
Growth & Regeneration- Staffing and Commercial Opportunities	(224)	(224)	(224)
Public Health Staffing Saving	(30)	(30)	(30)
Highways Maintenance	(220)	(220)	(220)
Funding changes	(680)	(380)	(380)
New Homes Bonus- Capacity Grid	(300)	-	-
Council Tax and Business Rates- Income collection rates	(380)	(380)	(380)
Grand Total	(2,485)	721	5,402

5.3 Demographic and volumetric service demand

Adult Social Care

This update to the adult social care budgets is based on care package activity during the last six months of 2017/18 and amends areas that have seen significant long term changes, which are likely to continue.

0-25 transitions - activity and cost have increased in this area significantly in terms of the number of cases and the complexity of the young people. As an example it is anticipated that two individuals, with substantial needs, are likely to cost in the region of £5,000 per week (£0.250m per annum).

Self-funders - the number of individuals in care homes who are exhausting their own funds and seeking Council support is showing no sign of steadying. Previous forecasts were based on 45 cases in each financial year, currently performance is at 57 per year. These cases usually come with predetermined fees that providers will not reduce. The figure has been based on an average fee of £650 per week and has been spread over the financial year. Brokerage are involved in these cases and reduce down where possible.

Activity/cost of Direct Payments - Direct Payments in 2017/2018 grew from 467 service users with an average cost per week of £310, to 565 service users with an average cost per week of £349.

Although the budgets for Residential and Nursing Care have not been increased they continue to be volatile budgets subject to fluctuations in demand. For example Delayed Transfer of Care (DTC) pressures, this may not just be the impact of demographics.

Table 4- Adult Social Care demand breakdown

Adults Social Care	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
0-25 transitions	880	521	521	521
Impact of minimum wage on Homecare spend	727	564	1,566	1,566
Self- Funders	926	962	998	998
Direct Payments	102	103	104	104
Fee structure	170	3	3	-
Continuing Care	(416)	(96)	-	-
Increase in activity/cost Residential Care	221	211	219	219
Increase in activity/cost Nursing Care	(335)	(68)	(68)	(68)
Increase in activity/cost Homecare	141	147	160	174
Increase in activity/cost Direct Payments	337	202	250	250
Learning Disability Transforming Care Partnership	200	200	200	200
Community Equipment	110	35	35	35
Total Pressure	3,063	2,785	3,988	3,999
Current MTFS Allocations				
Demography	1,379	1,378	1,378	1,378
Demography Savings	(528)	(458)	(600)	(600)
National Living Wage	565	564	1,566	1,566
Independent Living Fund Grant	4	4	-	-
Additional request given in 18/19 MTFS	604	838	1,174	1,174
Current MTFS Allocations	2,024	2,326	3,518	3,518
Incremental Pressure	*1,039	459	470	481
Cumulative Pressure	*1,039	1,498	1,968	2,449

*this will be reported as an overspend in the 2018/19 Budgetary Control Reports.

Children's Social Care

The largest areas of spend in children's services are in staffing costs and placement costs for children in care. The cost of providing support to children open to children's social care, whether as children in need or in need of protection, is significantly higher than supporting children at an early help level. It therefore makes good economic sense to provide targeted early help services where these prevent needs escalating to the point that children and young people need the support of more specialist children's social care services.

The key is to ensure that early help services are effectively targeted at families in most need. There are many families who may welcome additional support, but who would also continue to manage within their own resources and, perhaps, also with the support of family and friends, without the provision of more formal early help services. As resources available to support children and families reduces across the system, it is increasingly important that the early help services are focused on those families at greatest risk of poorer outcomes.

Budgets associated with placements for children and young people in care are an area of high risk and volatility. Unit placement costs for children in care range from under £200 per week [for a young child in an in-house foster placement] to over £6,000 per week for a young person with complex needs placed in a residential children's home.

Overall numbers of children in care are determined by the interplay of a number of factors including:

- Numbers coming into the care system because they are at risk of significant harm;
- Numbers leaving the care system because they have moved to permanent placements, including returning home and leaving care through adoption or the making of a Special Guardianship Order, or because they have reached the age of 18 years, and;

- The length of time spent in the care system by individual children and young people between entering and leaving for any of the above reasons.

It is this interplay of variables that makes placement budgets so volatile. At present the Council is analysing current and national data and local trends to predict the future budget levels required to meet the demand of the service. Early estimates indicate that the council could face a short term pressure of around £1.5m- £2m, which the Council will look to fully mitigate within the next 18 months.

Volatility is reduced where there is effective recruitment and retention of in-house foster carers, combined with an emphasis on securing permanency for as many children and young people as quickly as possible, while ensuring that plans are in the best interests for the child or young person concerned.

Maximising recruitment of foster carers and securing permanency for more children and young people are both at the heart of the aims of the new permanency service, operated by TACT [the Adolescent and Children's Trust] on behalf of the Council since April 2017.

Reducing overall numbers of children in care is one of the intended outcomes for the Family Safeguarding pilot, currently underway in Peterborough. Under the pilot the council has received government funding to implement Family Safeguarding, a model of social work intervention developed in Hertfordshire. The Hertfordshire experience was that the model resulted in much better outcomes for children and young people, while also achieving a 7% reduction in numbers of children in care.

Housing and Homelessness Prevention

The Housing Needs team is responsible for discharging the statutory duty of the Local Authority, to assess the eligibility of people who present to the Local Authority with a housing need, assess and process applications and allocate suitable properties and support households who are threatened with homelessness to remain in their homes.

Current demand and need - The last year has been particularly challenging for the Housing Needs Team. In the period April 2016 - March 2017 the Council saw increasing levels of households presenting to the Council for assistance as they were homeless or threatened with homelessness. The impact of the exponential rise in presentations of homelessness has been an unprecedented rise in the use of temporary accommodation, including bed and breakfast.

Homelessness Reduction Act - The Homelessness Reduction Act (HRA) 2017 commences on 3rd April 2018. The main thrust of the Act is to refocus English local authorities on efforts to prevent homelessness. While many authorities already do this, it would become a duty to prevent as opposed to the current duty to assist when homeless. The Act amends Part 7 of the *Housing Act 1996*. The Act will have an impact on the delivery of services and will have a resource impact.

The Homelessness Reduction Strategy was agreed by Cabinet on 26 March 2018, and was on the agenda for full Council in May. The strategy builds on the premise that the investment in prevention will impact significantly on demand into the service. The success of the strategy will be measured through a number of key performance indicators.

Extensive work has been undertaken in the last six months to tackle both the lack of supply of suitable temporary accommodation to meet need, and put in place effective preventative measures which will impact in the medium to long term on the numbers of homeless households, and also meet the new requirements of the HRA. In the MTFs the investment in these approaches and reflected in the strategy are anticipated to yield savings through the reduction in the use of temporary accommodation which would otherwise rise further.

The key actions and objectives of the strategy are:

1. Eliminating the use of Travelodge type accommodation and reducing / eliminating the use of B&B type accommodation for temporary accommodation
2. Ensuring the effective implementation of the Homelessness Reduction Act and embracing the culture change this will bring

3. Creating a suite of prevention tools which will give the Housing Needs team improved chances of success in preventing homelessness
4. Support landlords and tenants to support them to overcome landlord/tenant issues which may lead to eviction action
5. Bringing together services to work holistically in ensuring financial inclusion, income maximisation and debt advice are accessible and prioritised in order to support preventative work
6. Increase the supply of self-contained temporary accommodation options in order to support the reduction of B&B use
7. Explore the potential of a Social Lettings Agency/Guaranteed Rent Scheme for private landlords
8. Ensure that information and advice on housing and homelessness prevention is widely available and that customers are seen at the earliest possible opportunity
9. Maintain services and create an effective supported accommodation pathway for single homeless and rough sleepers
10. Increase the focus on performance supported by clearer data

The impact on the service user will result in earlier intervention to avoid homelessness in the first instance, and where this cannot be avoided, more suitable temporary accommodation being available with a swifter resolution to longer term needs.

The success of the work will require the Housing Needs team and partners to re-orientate its work around the requirements of the new act, and a significant culture and practice change. The following mitigations have been put in place:

- Pipeline of properties overseen and managed by property services, and forming part of governance framework overseeing the delivery of the detailed action plan in place;
- Weekly monitoring of demand against cases where homelessness prevention activity has been avoided the need for use of temporary accommodation;
- Establishment of a Homelessness Forum to oversee the wider work on prevention, and engage partners in supporting the aims of reducing the housing need of the most vulnerable

Table 5: Housing and Homelessness Prevention budget assumptions

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Overall Housing Demand Budget (Excluding staffing) as per 2018/19 MTFS	1,571	1,302	1,321	1,321
Revised Temporary Accommodation Budget Assumption	1,952	881	690	690
Flexible Homelessness Support Grant	(554)	(882)	(882)	(882)
Capital Costs	19	224	224	224
Net Budget	1,417	223	32	32
Budget Change	*(154)	(1,079)	(1,289)	(1,289)

*this will be reported as an underspend in the 2018/19 Budgetary Control Reports.

5.4

Revised Budget Assumptions

Inflation

The following table shows the inflation that has been built into the current MTFS over the three year period. The inflation covers the increase in costs to the council from the following revenue areas:

- Utilities, including gas, electricity and water
- Pay and pensions
- Contract price inflation
- Business Rates (on the Council's properties)

It should be noted that this inflation assumption does not include any inflation on Care budgets and all contracts:

Inflation Built into the MTFS	2019/20 £000	2020/21 £000	2021/22 £000
Incremental Inflation	2,192	1,838	1,880
Cumulative Inflation	2,192	4,030	5,910

Corporate Demand

There are two areas where demand corporately will lead to increased budget pressure and this is included in the Tranche One MTFS proposals

1) Pay Inflation

Presently the Council have included a base pay award for 2019/20 which is 1%. This adds an assumption of a 1% Pay Award for 2020/21 and 2021/22 which is in line with present Government Policy. This amounts to increases to the present base budget of £0.400m in 2020/21 and £820k in 2021/22.

Further work is required to analyse the pay award to ensure that those on different terms and conditions, such as Agenda for Change (Health pay scales), JNC (Youth workers) and Chief Officer pay scales are fully incorporated within the calculation. There is also further work to analyse the actual cost of pay in comparison to budget, and the establishment, to ensure vacant posts are accounted for and that the appropriate level of budget is available when the post is recruited to. An updated position for this will be reported within Tranche Two or Three.

2) Pension Inflation

The Council presently have a past service deficit on the Pension Fund. Every three years the expected future value of assets and liabilities of the Pension Fund is assessed. The next Pension Fund Actuarial valuation is in 2019 for implementation in 2020/21. Present direction is for the Government to reduce the period over which any deficit must be repaid, however this needs to be tempered against any gains valuation of the fund. It is prudent at this stage to assume an increase in payments although actual increases will be known late in 2019.

	2019/20 £000	2020/21 £000	2021/22 £000
Pay Inflation – additional 1% from 2020/21 onwards	0	400	820
Pension Inflation	0	2,000	2,000

I-CASH Peterborough

The integrated contraception and sexual health service (I-CASH) is commissioned by the Council from Cambridgeshire Community Services NHS Trust, as a mandated service under the Health And Social Care Act (2012). There has been a rapid increase in demand for the service since the contract was agreed in 2014. The I-CASH service provides:

- Testing and treatment for sexually transmitted infections, and
- Contraception including contraceptive implants and Intrauterine devices (IUDs).

The number of appointments in 2017/18 was approximately 25,500, which is 28% above the activity agreed in the original contract. This has required additional subsidy above the contract value from both the service provider and the City Council. The existing demand pressures now need to be built into financial forecasts, as the service is due to be recommissioned during 2018/19.

	2019/20 £000	2020/21 £000	2021/22 £000
Increased demand for I-CASH Peterborough service	194	194	194

5.5 Performance Data

It is important to compare how Peterborough City Council finds itself in comparison against its Unitary Council Peers, and further detail is contained in Appendix B.

Although Benchmarking per Head is not always a good indicator (as costs can vary from region to region as can funding) the following table sets out how the Council compares to peer authorities. It is important that the Council fully understands all performance data in order to properly influence decision making and make informed alliances with other Councils with similar issues. Similar indicators are used in Financial Resilience assessments carried out by the Chartered Institute of Public Finance Accountancy (CIPFA).

Table 6: Performance data based on unitary authorities

Benchmarking per head (of relevant client group)	PCC data (based on unit cost)	Rank (out of 56 authorities)	Average for UA
Total education (per under 16 population)- above average	3,432	41	2,800
Highways and transport (per total population)- below average	40	21	40
Roads Structural maintenance- above average cost.	4	34	5.0
Total social care	418	11	400
Children's- mid point out of all Unitary LA's	827	28	800
Adults	299	10	300
Public Health-mid point across the unitary authorities and just below average cost	60	28	70
Cultural and Related- 16th lowest and well below average cost	22	6	40
Environmental and Regularity- the lowest cost authority	47	1	40
Waste- the lowest cost authority	31	1	40
Planning and development services- above average cost and Rnked 39 out of 56 authorities	24	39	20
Central services- higher than average cost, in the top quartile of unitary LA's for costs	47	38	40

Table 7: Performance data compared to all local authorities

Benchmarking per head (of relevant client group)	PCC data (based on unit cost)	Rank (out of 158 authorities)	Average for All Authorities
Total education (per under 16 population)- above average	3,432	93	3,220
Highways and transport (per total population)- below average	40	75	30
Roads Structural maintenance	4	85	4.0
Total social care	418	69	330
Children's- mid point out of all LA's	827	79	870
Adults - below average cost	299	37	330
Public Health- below average cost	60	67	70
Cultural and Related- below average cost	22	37	70
Environmental and Regularity- below average cost	47	32	80
Waste- below average cost	31	28	50
Planning and development services	24	117	20
Central services	47	93	50

It is worth noting that Northamptonshire County Council has shown that the incorrect use of performance data can be detrimental to a Council's lobbying ambitions.

5.6 Strategic Approach to closing the Budget Gap – Transformational Investment

The Council has agreed it is to follow a rolling budget process to enable the Council to facilitate a more flexible methodology to identify, implement and deliver savings and efficiency options required to balance the Council's Budget in a timely fashion. Each Tranche of the budget process will identify:

- 1) Savings and efficiencies that have been validated and are ready for approval;
- 2) Savings and efficiency strategies that are being worked on that require the Council to approve resources for detailed plans to be validated and enable timely implementation to be agreed as part of subsequent budget tranches later this financial year
- 3) Future strategic direction and ideas.

There are savings and efficiencies proposals that have been considered and validated and require approval in the Tranche One process, and there are proposals which need further development before presentation to Council in Tranche Two and Three. Tranche One proposals are set out in Section 5.2 of this report. There are also saving proposals that were agreed as part of the previous MTFS process that were approved in principle and on the understanding that more detailed plans would be developed as part of the rolling budget process.

Transformational investment is required in order for these savings and efficiency proposals to deliver the savings needed to bridge the budget gap. The proposals require varying levels of resource to develop them into implementation plans with agreed saving levels and timing of their delivery.

A full process will be put in place to manage and monitor spending on initiatives. Only when Business cases have been fully approved will the remainder of funds be released.

Funding of £0.447m is required to implement the Communities savings proposals set out in Tranche One savings proposals, see Section 5.3.

In addition, the Council is developing business cases which will confirm if initiatives should be taken forward as savings options in the following areas:

- Demand Management
- Commissioning and Brokerage
- Communities
- Health and Social Care
- Resources
- Information and Performance

It is prudent to ring-fence a further £0.500m to work up the business cases for these savings proposals and set out what additional investment will be required for full delivery.

Shared Services

The 2018/19 MTFS contained a £4.5m target in 2019/20 rising to £9.0m in 2020/21 for Shared Service savings. It is prudent to ring-fence a further £0.500m to support this programme and develop the detailed business cases and investment required for full implementation which will be presented in future Tranches.

Although there will be alternate governance arrangements in place to manage Shared Services initiatives, it is important that:

- Members see the overall picture and understand where shared services savings are being delivered, as this saving proposal was only approved in principle in the 2018/19 MTFS.
- That these savings are not double counted in any other savings options being put forward.

It should be noted that even if these strategies deliver within their historic ranges, there is still the requirement for additional savings. Potential future budget strategies for further savings are set out in Section 5.7.

In conclusion, £1.4m of investment is required at this time to deliver the Communities savings proposals as contained in Tranche One and work up full business cases and implementation plans for Shared Services and further cross council savings and efficiency initiatives.

Funding the Transformational Investment

In order to make the transformational investment outlined previously the Council needs to identify appropriate funding resources. The Council has the following options available to fund the investment in savings plans.

- 1) The use of Capital Receipts for transformational projects. The Council has capital receipts from the disposal of a number of buildings. If savings are truly transformational then this route of funding can be used. Guidance states that “it is important that individual authorities demonstrate the highest standards of accountability and transparency. Each authority should disclose the individual projects that will be funded or part funded through capital receipts flexibility to full Council or the equivalent”. This form of funding requires very prescribed formats of data collection and monitoring that the Council would have to adhere to in order to ensure compliance with the regulations which enable its use.
- 2) The use of Reserves. The Council has built up a level of reserves in recognition for use in the delivery of savings initiatives and their associated investment costs. Anything where transformational service change is not apparent would need funding via this method.
- 3) Absorption within existing budgets. It may be possible to deploy existing resources in a different way to deliver the saving proposals.

The preferred route, on approval, would be to use capital receipts first (if schemes are transformational) before using reserves.

5.7 Potential Future Budget Strategies

The Council must create a sustainable budget position for both revenue and capital budgets. The previous section has highlighted additional savings that can potentially deliver following investment in the transformation of services. However, timing of these savings are not known, further saving proposals are required to be brought forward in future Tranches in order to close the budget gap. Best Practice would suggest that a Council should supply its Members with a range of options which exceed any deficit amount (budget gap), in order for more informed savings and efficiency decisions to be made. The Council can move to this position through the adoption of the following strategies:

Decide what Services the Council are to deliver and to what level:

At a time when Resources become increasingly scarce it is important for the Council to set out clearly those Services it believes it must maintain at a high standard and those services which will be maintained to a lower level. In setting this out for its services there can be clarity for all stakeholders on where savings will be targeted and clear expectations on how services will be delivered. To take this forward the Council must set out:

- The current level Services are delivered to compared to statutory minimum;
- Convert this information into a format that is understandable by all Stakeholders so that the decision making process and associated implications are clear.

Additional Commercialisation

The Council needs an agreed Commercial Strategy which allows it to take advantage of its expertise and resources to make a commercial gain. Members need to be comfortable with the risks and potential returns that the application of this strategy could deliver. A new role within Cabinet has been established as, the Cabinet Adviser for Commercial Strategy and Investments. This role will aid the development and progression of the councils commercialisation agenda and includes the responsibility for the following:

- a) To develop a Commercial Strategy on which investment decisions are based for determination by Cabinet;
- b) To ensure that the Commercial Strategy and Investment Portfolios are kept regularly under review by the Cabinet;
- c) To develop a Commercial Strategy for Operational Services to maximise the use of scarce Council Resources;
- d) To advise the Cabinet on the implementation of the commercial strategy and other initiatives to maximise the potential of the Council's existing commercial activities and to advise the Cabinet on how to develop a commercial culture within the Council to ensure commercial opportunities are maximised;
- e) To advise the Cabinet on the development of new, and growth in existing, income streams that generate surplus funds for investment in further opportunities and to help offset the costs of other activities.

Improvement in Procurement Processes / Commissioning

The Council procures over £260m of its services externally through a range of contracts and agreements with various providers and suppliers. Although work is being undertaken in many areas, further investigation, learning and its application could result in efficiencies. A 5% improvement in this area would result in approximately £13m of savings. The Council could develop this strategy further through:

- Looking at further improvements in contract specifications and contract management;
- Making better deals linked to new activity and purchasing approaches;
- Centralised brokerages;
- Looking at Economies of Scale by combining delivery with Partners.

Move from use of Agency staff to correct level of Permanent Staff

The Council spends £8m on Contracted and Agency Staff. Although there will always be the need for contracted and agency staff to move the Council through short term resource and delivery issues, many Councils are now directly procuring / recruiting staff. The Council should investigate this option further.

Centralisation of "like services" into single unit:

There are a number of services such as Parking and Property where different aspects are delivered within different directorates. The Council should investigate if there are benefits to combining the delivery of these services in one location.

Fuller integration with Health and other Partners

Local Government is becoming more and more "joined up", especially in the Health area. The Council must, along with its Partners, ensure that delivery options maximise efficiencies and savings potential whilst at the same time maximising the customer experience.

5.8 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. The council is proactive in attracting external funding for as many schemes as is possible. An officer-led Capital Review Group has been set up to oversee the council's capital requirements, and will continue to do so on a regular basis.

The Capital Programme includes estimated project costs and profiling of expenditure whilst detailed business cases and due diligence is completed on individual schemes such as the acquisition strategy.

Additional investment schemes that have been added on to the previous MTFS capital programme for approval are as follows:

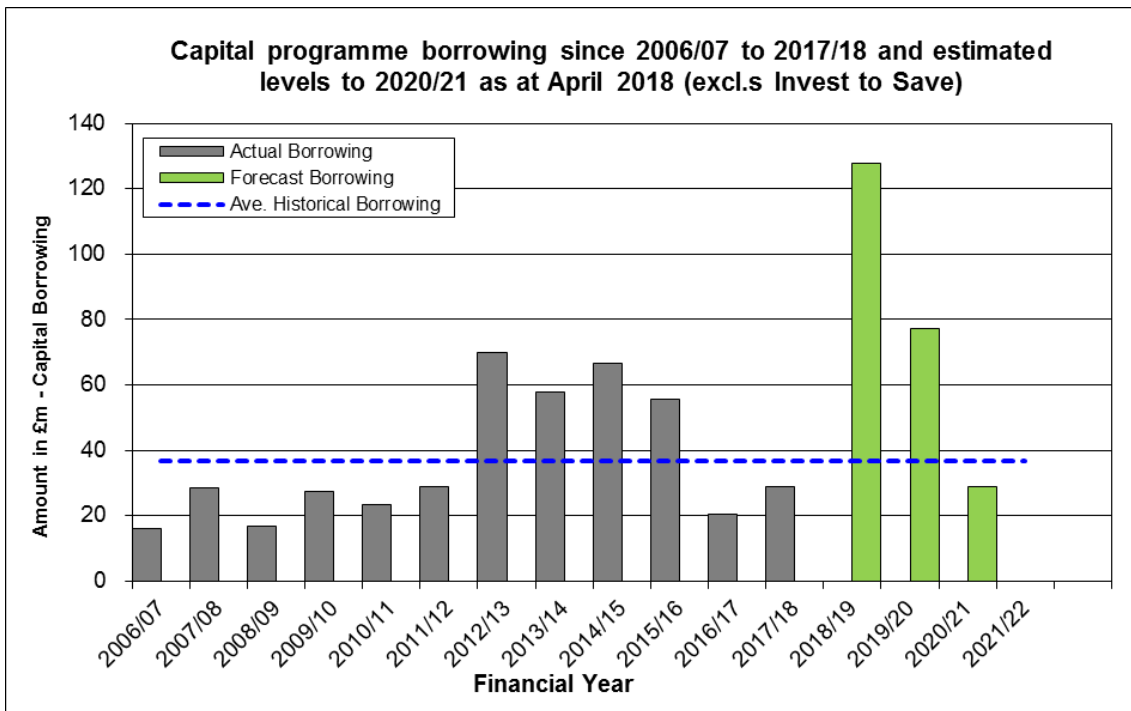
- Parkway Network Safety Fencing Replacement / Upgrade- Following recent inspections the Council are aware that safety fencing across the Council's network is in need of replacing/upgrading. The Council are required to undertake these works in line with its obligations as part of the Highways Act 1980. With the additional capital funding the Council will be able to commission work to bring the safety fencing up to the required safety standard.
- Road Surfacing, which enables the Highways Maintenance revenue saving of £220k annually to be realised.
- Affordable Housing commitment from Right to Buy receipts to reflect the approval of Cabinet in July 2016 and 15 January 2018.

The following table provides a summary of the capital programme.

Table 8: the Capital Programme 2018/19- 2021/22 Summary

Capital Programme	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Governance	49	0	0	tbc
Growth & Regeneration	63,824	24,518	12,627	tbc
People & Communities	60,473	50,759	14,143	tbc
Resources	3,562	1,947	1,984	tbc
Resources - Invest to Save	57,187	45,000	20,000	tbc
Total Capital Programme	185,093	122,223	49,024	tbc
Capital Financing				
Grants & Third Party Contributions	43,755	32,113	7,134	tbc
Capital Receipts repayment of loans	24,150	15,000	0	0
Borrowing	117,188	75,110	41,891	tbc
Total Capital Financing	185,093	122,223	49,024	tbc
Capital Financing based on historic capacity to deliver programme				
Grants & Third Party Contributions	40,000	40,000	40,000	40,000
Capital Receipts repayment of loans	24,150	15,000	0	0
Borrowing	35,850	45,000	60,000	60,000
Total Capital Financing	100,000	100,000	100,000	100,000

However it is recognised that past experience demonstrates that this is currently aspirational in terms of the timing of delivery of schemes, see following chart which details the historic trend for borrowing to invest in the City's infrastructure. In the years where borrowing is greater than the average amount, the Council undertook borrowing for the construction of the Energy Recovery Facility in Fengate.



As a result of the historic analysis, and when compared to the aspirational position of the Tranche One Capital Programme, the financing budget required to fund the capital programme has been based on a working assumption of smoothing the capital programme to be £100m per year over the next three years. Tranche Two will contained the details of this revised investment profile, but Tranche One reflects the benefit from the revised profiling.

Appendix C - Capital Schemes, includes more detail on the individual schemes included within the present capital programme and further, more detailed work is required to reduce the programme to match capacity abilities to deliver this programme.

The Capital Review Group have received early indications from Service Directors of new investment projects that will be required in the future which have not been included in the Asset Investment Strategy. Before these schemes can be agreed further work is required on the development of detailed business cases, to carry out due diligence and then approval through the Council's governance process before they are included. Future Asset Investment projects include; Car Park Strategy, Sports Strategy, ICT Strategy. If further projects are approved, further borrowing costs will need to be built in to the budget.

5.9 Reserves

The Council's reserves are monitored throughout the year as part of the budgetary control reporting and feed into the budget setting process accordingly.

The earmarked reserves balances are set aside for specific purposes, the table highlights which of these reserves are ring-fenced for specific use, or available for use. The available for use reserves will be utilised in part over the next financial years to resource the cost of transformational change and support a sustainable and balanced budget.

The table also indicates what the expecting future reserves balances are, once the planned commitments against these have been realised.

Key comments for reserve movements are as follows:

Departmental Reserves - the amounts set aside by departments during the preparation of the accounts is in accordance with financial guidance to minimise risk exposure to the council in the following financial year.

Future Cities Reserve – the movement on this reserve represents further drawdowns from the Future Cities Grant awarded to Peterborough in 2013/14.

Capacity Building Reserve - this reserve is held to meet one off costs of service transformation and the delivery of savings within the MTFs, including to driving forward the transformation of services to deliver savings. As part of an in year review of the reserves a number of the commitments against this reserve were released, and the 2017/18 £6.9m departmental underspend has been contributed to this reserve, boosting the balance available for future transformation.

Public Health – movements on this reserve represent a net carry forward of unused Public Health grant, in relation to previous years underspends. The balance did not change in 2017/18, however there is future planned use of the reserve as detailed in the 2018/19 MTFs, to support the delivery of public health services through a period of transformation.

Grant Equalisation – This reserve was created in 2015/16, with the purpose of stabilising the budget position, while the Government funding received by the Council reduces considerably. £7.2m was used to support the position in 2017/18 and £4.2m is planned in 2018/19. There are no further commitments against this reserve at this time.

Development Equalisation Reserve - This reserve was established at the end of 2016/17 to manage cash flow in relation to a £1.2m declared distribution from the Peterborough Investment Partnership (PIP), and will be fully required in 2018/19.

General Fund – the general fund has been maintained at £6.0m. This level is at the very minimum recommended amount given the level of risks and issues being managed in the current financial year and potential magnitude in budget fluctuations.

When compared to other unitary authorities across the country for the 2017/18 financial year 24 per cent have the same percentage of General Fund Balance to net revenue expenditure (4 per cent), whilst 73 per cent have a greater percentage (between 5 per cent-35 per cent).

In summary the £6million General Fund is at a minimum when the following is taken into consideration:

- a) the proportion of volatile budgets, particularly in demand led services in both Adult and Children's Social Care is forecast to be an increasing proportion of the overall budget;
- b) no contingency has been built into the general fund;
- c) and there is no mechanism for additional funds to contribute to general fund balances or reserves

Table 9: Reserves balance at end of 2017/18 and estimated position 2018/19 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
Summary of Reserves	Balance at 31.03.18 £000	Estimated Balance at 31.03.19 £000	Estimated Balance at 31.03.20 £000	Estimated Balance at 31.03.21 £000	Estimated Balance at 31.03.22 £000
General Fund Balance	6,000	6,000	6,000	6,000	6,000
Available Reserves:					
Capacity Building Reserve	12,714	11,574	11,539	11,539	11,539
Grant Equalisation Reserve	8,445	4,214	4,214	4,214	4,214
Development Equalisation Reserve	1,233	0	0	0	0
Departmental Reserve	5,197	902	902	902	902
Subtotal	27,589	16,690	16,655	16,655	16,655
Ring-Fenced Reserves					
Insurance Reserve	4,936	4,936	4,936	4,936	4,936
Schools Capital Expenditure Reserve	1,208	1,208	1,208	1,208	1,208
Parish Council Burial Ground Reserve	51	51	51	51	51
Hackney Carriage Reserve	203	203	203	203	203
School Leases Reserve	244	228	178	178	178
Future Cities Reserve	240	0	0	0	0
Public Health Reserve	428	230	230	230	230
Subtotal	7,310	6,856	6,806	6,806	6,806
TOTAL Reserves	40,899	29,546	29,461	29,461	29,461

6. RISKS

6.1 Approach to Risk

The Council assesses financial risk within its budget and MTFs as part of its annual budget setting process and regular Budgetary Control process. Council Officers have put actions in place to review and mitigate exposure to identified risks, these are outlined in Table 10.

The Risk Management Board is led by the Director of Growth and Regeneration and in his absence, the Acting Corporate Director of Resources. The purpose of the Board is to challenge and support risk management across the Council and partner organisations.

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

Financial Risk Register

The most current substantial risks have been identified and considered as part of the budget process. Reasonable mitigating actions have been made where possible. Table 10 details the budget risks that Cabinet and Council should consider when reviewing the Tranche One budget proposals.

Table 10: Council Budget Risk Register

Risk Area	Detail	Action
Level of Reserves	As set out in the 2018/19 MTFS, the Council has limited recourse to reserves and balances which present a risk to the financial sustainability of the organization over the medium term.	Robust financial control within 2018/19 will be exercised through regular budget monitoring, tracking of the delivery of approved savings plans and the development, approval and implementation of further savings proposals over the period to 2020/21 via the rolling budget process. The use of available specified reserves will be closely managed and controlled to ensure targeted application to achieve the required reduction in the overall cost of operations over the period of the MTFS. Reserves and balances will be reviewed regularly to ensure that they remain adequate in light of the Council's overall financial position.
Level of one-off (non-repeatable) savings	In previous years the Council has relied upon non-repeatable budget savings and income items in order to balance the budget. This is not sustainable.	Measures have been taken to reduce the Council's reliance upon one off measures to balance the budget. The plan to eliminate one off budget savings and move to a sustainable budget over the medium term is set out at para 2.2 of this report.
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.	<p>Budgetary provision has been made for estimates of increased demand for adult and children's social care and homelessness.</p> <p>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.</p> <p>Demand for Children's Services is monitored through the Placement Model. The Council has implemented an innovative partnership with TACT for delivery of children's placements and foster care.</p> <p>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 intervention and prevention, aiming to reduce need and service demand.</p>

	<p>Universal Credit implemented by the DWP became live in Peterborough in November 2017, which could cause financial difficulty for residents due to the delayed first payment. The financial impact is not yet fully known.</p> <p>The Council needs to increase the supply of both temporary housing and permanent affordable housing in order to meet the increased demand for housing within Peterborough.</p>	<p>The housing team has been recently restructured to allow for additional posts to deliver preventative support to families that require housing and are at risk of homelessness. This should help to reduce the financial pressure on the council's budget and provide a more appropriate setting for these families.</p> <p>Regular reporting to the CMT will continue to take place throughout the course of the year as well as working groups with officers and members which have been established to help provide solutions.</p>
<p>Savings Delivery (current and new proposals)</p>	<p>The achievement of a balanced budget and sustainable MTFs is reliant upon the successful delivery of agreed savings plans and the identification, approval and delivery of new plans within each financial year over the period to 2020/21. The Council has limited financial resources to invest in delivering the change. Therefore it is critical that savings are delivered in accordance with the agreed plan.</p> <p>The Council is aiming to implement a programme of transformation, to share and integrate a range of services with Cambridgeshire County Council.</p> <p>There is a significant risk that these ambitious transformation plans will not be delivered on time and/or will not realise the required level of savings due to:</p> <ul style="list-style-type: none"> - lack of effective integration, simplification, streamlining and standardisation of business processes and IT systems - inadequate levels of capable capacity within PCC and its partners in the shared services agenda to deliver on time. 	<p>A number of ambitious savings plans have been agreed/ are being proposed that will require robust implementation plans to be agreed, appropriately resourced and delivered by Service Directorates, the Resources Directorate and PCC partner organisations including CCC and SERCO.</p> <p>Section 5.6 of this report sets out proposals for the level of financial investment in resources required to support the cost of implementation of previously agreed savings proposals, Tranche One savings proposals and to develop Tranche Two savings proposals to be considered by members in due course.</p> <p>Business critical IT systems and processes will need to be reviewed and re-engineered in both PCC and CCC in order to achieve convergence to work in a streamlined, simplified and standardised manner in the future across a number of service areas. This plan is likely to cover more than one financial year. Agreement and commitment of both partners to a common methodology and timeline will be required to deliver the change to its conclusion to enable successful delivery of planned cost efficiencies in both authorities.</p> <p>The progress in delivering a range of change projects and the tracking of service outcomes and savings delivery/ income generation will be reported via the Shared Services Board to the Corporate Management Team and Cabinet on a regular basis. In addition, regular meetings</p>

		for management teams at both authorities will be held to discuss progress and resolve any emerging issues directly with the project leads.
Income	<p>Cost of provision of service outstrips returns or a reduced level of sales.</p> <p>Exit strategies associated with these ventures could prove to be costly.</p> <p>There is a financial risk attached to failure of commercial investment, either from default or exposure to wider economic changes.</p>	<p>Commercial proposals will require the production of a robust business case that will be subject to appropriate evaluation and due diligence by relevant professional disciplines (ie technical, legal and finance).</p> <p>The management of costs, risks and benefits including service outcomes and financial implications will be achieved through regular monitoring and reporting via the Shared Services Board to Corporate Management Team and through to Cabinet.</p> <p>Delivery of planned income generation (and savings) will also be tracked through regular budget monitoring reports.</p> <p>Programme and project governance will require recovery plans to be prepared where projects are identified as varying adversely from plan.</p>
Business Rates	<p>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.</p> <p>Appeals - the provision set aside for appeals by the council may not be sufficient.</p> <p>The claim by the NHS trust for mandatory relief if successful will have a major impact on income levels</p>	<p>Officers are in discussion with Serco to agree increased targets for the collection of Business Rates to improve the financial position on the Collection Fund.</p> <p>The finance team will align forecasts using a detailed approach with planning and revenue and benefit colleagues to monitor business and dwelling growth as part of the budget setting process and at regular intervals during the financial year.</p> <p>On a monthly basis reports will be available to monitor business rates income.</p> <p>The Council sets aside a provision to take account of the risk from appeals, depending on whether it is a 2010 or 2017 valuation rate being appealed. The provision for 2010 assesses each appeal lodged with the Valuation Office. The 2017 provision has been calculated at 4% using MHCLG methodology. The recommended rate based on the national average is 4.7%. Due to the high levels of small businesses within Peterborough receiving Small Business rates relief, the lower rate used is justified. Officers have conducted analysis on this and will continue to monitor.</p>

<p>Council Tax and Local Council Tax Support</p>	<p>Non-collection rates increase beyond the budget assumptions and / or increase in the levels of Local Council Tax Support eligibility, beyond budget assumptions.</p>	<p>Officers are in discussion with Serco to agree increased targets for collection of council tax to improve the position on the Collection Fund. Monthly updates will monitor the collection rates.</p> <p>The council will revise future year forecasts on council tax income accordingly.</p>
<p>Partnership Working/ Contractual Commitments</p>	<p>The council now outsources or contracts out a large proportion of services, on a long term basis to third party organisations, such as Serco, Amey and Vivacity. There is a risk that the council could be subject to increased costs from these contracts due to inflation or alternatively have little option 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.</p>	<p>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.</p> <p>The Council will continue to work closely with our partner organisations to deliver the best services to our residents in the most effective and efficient manner.</p>
<p>Capital</p>	<p>Capital Receipts The agreed Minimum Revenue Provision (MRP) strategy allows the Council to off set its revenue contribution through the application of receipts from asset disposal to repay debt. This present a risk to the final outturn position if those receipts are not achieved.</p> <p>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.</p> <p>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.</p> <p>There is also a risk from asset management, in relation to</p>	<p>Regular monitoring and reporting through budgetary control to CRG, CMT, Cabinet, of the latest forecasts for sale completion, estimated receipt level and market environment operating under.</p> <p>The capital programme is closely monitored and reported by officers within the monthly budgetary control monitoring and reporting cycles. The council operates an officer led Capital Review Group, which meets regularly to review the progress of schemes contained in the capital programme and evaluate new proposals or opportunities available to the council.</p> <p>All capital investment proposals require a business case which assesses funding options and associated risks and mitigating actions.</p> <p>Developer contributions to be realised in line with approved policy.</p> <p>Grant bids to be worked up in line with previous successful approach.</p>

	insufficient resources to maintain adequately the councils existing and planned infrastructure.	Impact on property repairs / highways infrastructure are monitored and coordinated to balance against any increases in legal claims / compensation issues.
New Accounting Standards	Amendments to existing, and introduction of new Accounting Standards may impact on the General Fund in year, and thus the amount required to be funded from Council Tax.	This is mitigated by staying abreast of technical accounting changes through use of experts, financial bodies, regular training and support of continued professional development of the Council's accountants.
Economic (Treasury) Risk	<p>Inflation - increases above forecasts assumed within the budget.</p> <p>Interest rates - a change in interest rates could impact on borrowing costs which may in part be offset by increased investment interest receipts.</p>	<p>Monitor inflation position and forecasts, and review impact on budget through budget control monitoring and reporting process.</p> <p>Capital financing estimates developed using latest forecasts of interest rates for MTFS (which allow for a level of increase). Existing borrowing has been undertaken at fixed rates in order to minimize the exposure of this risk. Review and assessment undertaken as to 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.</p> <p>Review capital programme and debt portfolio if rates increase beyond forecast levels</p>

7. CONSULTATION

7.1 Cabinet have been working on the budget proposals and this has included meeting with the Cross-Party Budget Working Group to seek views on all budget proposals, including the opportunity to make alternative suggestions.

Tranche One will be the first of three Tranches, as part of the newly introduced rolling budget setting process. The budget proposals to be published on 1 June 2018 and recommended by Cabinet for approval by Council on 25 July 2018. This timeline for the 2019/20 budget process is outlined in the following table:

Table 11: 2019/20 Budget Consultation timetable

	Tranche One	Tranche Two	Tranche Three
Consultation start date	01/06/2018	14/09/2018	25/01/2019
Cabinet	11/06/2018	24/09/2018	04/02/2019
Budget Joint Scrutiny Committee	18/06/2018	28/11/2018	12/02/2019
Audit Committee (to approve revised Capital Programme and Prudential Indicators)	16/07/2018	19/11/2018	11/02/2019
Cabinet	16/07/2018	03/12/2018	25/02/2019
Consultation close date	23/07/2018	10/12/2018	04/03/2019
Council	25/07/2018	12/12/2018	06/03/2019

These proposals will be considered in terms of their impact on service provision to user. Proposals which require additional consultation will be allocated timeframes appropriate to the level of consultation required. This will ensure stakeholder and resident's feedback is received and considered

prior to the Council meeting.

7.2 **Methods of consultation**

Hard copies of the budget consultation document (Appendix D) will be available in all libraries and Town Hall and Bayard Place receptions. The Council will also receive responses via an on-line survey on its website.

The Council has published budget consultation document on the website and on the internal intranet site 'insite' for staff and residents to view and provide responses.

The council will also promote the Budget Consultation through the local media and will carry out marketing of the tranche one budget proposals through the council's Facebook and Twitter accounts to encourage as many people as possible to have their say.

8 **ANTICIPATED OUTCOMES OR IMPACT**

8.1 Following the release of the first Tranche of budget proposals to address the financial gap, and outlining Peterborough's challenges and successes, Cabinet is seeking 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 2019/20 within the financial resources it will have next year and the feedback received will help inform Cabinet in considering budget proposals.

Therefore approval will enable the Council to undertake consultation on its budget plans for 2019/20 and the MTFs covering the period 2019/20- 2021/22.

Cabinet will have a further opportunity to review feedback on the proposals and the MTFs on 16 July 2019, before making a final recommendation to Council.

9 **REASON FOR THE RECOMMENDATION**

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

10 **ALTERNATIVE OPTIONS CONSIDERED**

10.1 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.

11. **IMPLICATIONS**

Elected Members

11.1 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.

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

Legal Implications

11.3 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.

- 11.4 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.
- 11.5 When it comes to making its decision on 6 March 2019, 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.
- 11.6 The principle of fairness applies to consultation on the budget proposals, both consultation 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 taken into account in finalising any statutory proposals.
- 11.7 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.
- 11.8 It should be noted that the consultation to be undertaken as a result of this report is on the Budget proposals, and consequently the Cabinet's general approach to the savings requirements, 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.
- 11.9 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 the 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.

11.10 **Human Resources**

In order to improve outcomes and manage demand on services, Tranche One of the budget will continue to build on successful joint working to date and to look at its programme of transformation in respect of sharing, integration and the alignment of services, where this makes sense.

As the work progresses, it is anticipated that some roles will be redundant, although these are expected to be low in numbers and initial focus will be on removing vacant posts not required.

The council continues to consider ways in which to protect jobs and our policies support this. In accordance with the council's redundancy policy, redeployment opportunities will be sought in the first instance, which could also include opportunities which may exist in Cambridgeshire County Council.

11.11 **Equalities Impact Assessments**

All budget proposals published in Tranche One of the budget process have been considered with regards to equalities issues and where appropriate equality impact assessments have been completed and available on the council's website. These have also been included within Appendix E - Equality Impact Assessments

13 **BACKGROUND DOCUMENTS**

13.1 None

14 **APPENDICES**

14.1 Appendix A – 2019/20-2021/22 MTFS Detailed Budget Position
Appendix B – Performance Data
Appendix C – Capital Schemes
Appendix D – Budget Consultation Document, including Budget Proposals
Appendix E – Equality Impact Assessments

APPENDIX A- 2019/20-2021/22 MTFS DETAILED POSITION

	2019/20 £000	2020/21 £000	2021/22 £000
NNDR	(47,802)	(48,813)	(49,695)
Revenue Support Grant	(10,246)	(10,246)	(10,246)
Council Tax	(76,521)	(79,091)	(81,507)
New Homes Bonus	(4,890)	(4,018)	(4,073)
Improved Better Care Fund	(5,345)	(5,345)	(5,345)
Additional funding for Adult Social Care	(1,121)	-	-
TOTAL CORPORATE FUNDING	(145,925)	(147,514)	(150,866)
PLANNED EXPENDITURE			
Chief Executives			
Chief Executive's Office	266	266	266
Human Resources	1,301	1,309	1,309
Total Chief Executives	1,567	1,575	1,575
Governance			
Director of Governance	407	407	407
Legal & Democratic	3,632	3,632	3,632
Performance & Information	660	665	665
Total Governance	4,699	4,704	4,704
Growth & Regeneration			
Director, OP & JV	62	62	62
Development and Construction	35	35	35
Sustainable Growth Strategy	1,434	1,509	1,509
Peterborough Highway Services	8,515	8,550	8,910
Corporate Property	1,851	1,946	2,061
Amey Peterborough & Waste Management	12,441	12,699	12,956
City Servs & Communications	(814)	(917)	(897)
Westcombe Engineering	43	43	43
Total Growth & Regeneration	23,567	23,928	24,679
People & Communities			
Director	(3,711)	(8,188)	(8,165)
Communities	5,273	5,212	5,212
Adults	47,838	52,394	53,653
Children's & Safeguarding	11,179	11,263	11,323
Education	6,145	6,175	6,175
Commissioning and Commercial Operations	13,657	13,647	13,637
Vivacity/Cultural Services	2,336	2,290	2,293
Total People & Communities	82,717	82,793	84,129
Public Health	281	253	253
Resources			
Director's Office	106	106	106
Financial Services	3,205	3,203	3,203
Corporate Items	6,383	11,025	13,387
Peterborough Serco Strategic Partnership	5,755	5,685	5,175
ICT	4,926	5,024	5,053
Commercial Group	-	-	15
Energy	590	590	590
Cemeteries, Cremation & Registrars	(1,425)	(1,428)	(1,428)
Total Resources	19,539	24,205	26,101
NET SERVICE EXPENDITURE	132,370	137,457	141,440
Corporate Expenditure	23,781	30,094	31,754
TOTAL PLANNED EXPENDITURE	156,152	167,551	173,194
REVISED DEFICIT/(SURPLUS)	10,227	20,038	22,328

APPENDIX B – PERFORMANCE DATA

Link to CIPFA Approach to Resilience Reviews	PCC data £	Rank (out of 56 Unitary Authorities)	Average for Unitary Authorities	Rank (out of 158 Local authorities)	Average for National Local Authorities
Net Spend- total service expenditure as per the RO £285.269m total cost for Peterborough (PCC)	£1,450 per person	40 th - above average	£1,318	99 th - below average	£1,510
Net Spend- (Budge per the RA) £138.286m	£703 per person	19 th lowest Net Spend (below average)	£729	69 th lowest Net Spend (below average)	£859
Levels of reserves are below the average level of reserves, and above average decline in reserves	1 Apr 17 Reserves balance £28.6m	31 Mar 18 Reserves balance £21.4m	£1.9m average reduction in reserves over this period	31 Mar 18 Reserves balance £21.4m	£4.9m average reduction in reserves over this period
Gearing/reliance on Council Tax (based on council tax requirement and net spend budget- 2017/18)	49% reliant on Council Tax	14 th lowest geared (below average)	The Average Unitary Council is 59% geared	55 th lowest geared (below average)	The Average Council is 56% geared
Benchmarking per head (of relevant client group)	PCC data £ (based on unit cost)	Rank (out of 56 Unitary Authorities)	Average for Unitary Authorities	Rank (out of 158 Local authorities)	Average for National Local Authorities
31 Total education (per under 16 population)- above average	£3,432	41	£2,878	93	£3,226
Highways and transport (per total population)- below average	£40	21	£46	75	£37
Roads Structural maintenance- above average cost.	£4	34	£5.19	85	£5
Total social care cost	£381	11	£441	69	£338
Children's- midpoint out of all Unitary LA's	£827	28	£864	79	£873
Adults Social Care	£299	10	£342	37	£338
Public Health-mid point across the unitary authorities and just below average cost	£60	28	£67	67	£70
Cultural and Related- 16 th lowest and well below average cost	£11	16	£27	37	£76
Environmental and Regularity- the lowest cost authority	£47	1	£85	32	£81
Waste- the lowest cost authority	£31	1	£69	28	£54
Planning and development services- above average cost and Ranked 39 out of 56 authorities	£24	39	£19	117	£22
Central services- higher than average cost, in the top quartile of unitary LA's for costs	£47	38	£41	93	£51

Further Statistics for Peterborough City Council		
Population 2016	196,735	As per the Office of National Statistics data
Population 2011 (census)	183,681	As per the Office of National Statistics data
Child population 0-16 (2016)	44,366	As per the Office of National Statistics data
Adult Population 16-64 (2016)	123,937	As per the Office of National Statistics data
Older Population +64 (2016)	28,432	As per the Office of National Statistics data
Dwellings/Households in the City (chargeable to Tax assuming there is a householder in there)	82,186	As per CTB1 form submitted to MHCLG in October 17
Jobs in the City	106,770	As per Opportunity Peterborough Report (Source below)
Businesses	6,900	As per Opportunity Peterborough Report (Source below)
Council Tax band D rank (UA only)	£1,305.34	As per the Council Tax Resolution- 7 th March 2018 Council Report
Council tax rank out of all unitary authorities	8 th Lowest out of 56 Unitary Authorities	Based on 2018/19 Council Tax figures, from the gov.uk. (Source below)
New homes built in the past 5 years (4637 between 2012/13-2016/17)	5,098	As per gov.uk data (Source below)
New homes built in the past year 2016/17	1,201	As per gov.uk data (Source below)
91.8% of schools judged as good or outstanding	91.8%	As per Council held data.
£185m of investment planned for 2018/19 throughout the city (Capital Programme)	£185m	As per the MTFS 2019/20- Tranche One
£179.5m of Capital investment in to schools over the past 5 years	£179.5m	Over the last 5 years the local authority has invested £179.5m of capital funding to build new schools, expand schools and to improve the condition of school buildings. Of the £179.5m invested in schools £6.8m has come from Section 106 funding, £85m from government grants with the balance of £87.7m being met from council resources. The council's investment in schools is funded by long term borrowing which comes at a cost.
1,018 Planning Applications received with 96% of these receiving a decision	1,018	<p>Planning Applications</p> <p>95% of major planning applications decided in 13 weeks or alternative timescale agreed with applicant - 57 out of 60 applications</p> <p>97% of minor applications decided in 8 weeks or alternative timescale agreed with applicant - 307 out of 318 applications</p> <p>96% of other applications decided in 8 weeks or alternative timescale agreed with applicant - 617 out of 640 applications</p> <p>Planning Compliance</p> <p>511 service requests asking for an investigation into potentially unauthorised development</p> <p>501 cases investigated and closed</p> <p>Building Control</p>

		78% of full plans applications checked and responded to in 10 days 71% market share
kilo-meters of road we maintain	930km	
Peterborough City Council area	344Sq.Km/34,337 .82hectares	
Children in care	383	During 2017/18 we had 2,613 referrals into CSC and 2,948 single assessments completed
Homelessness- Number of households accommodated	338	As at April 2018
Adults Social Care- Supporting adults in their own home	2,012	These figures were as at Aug 2017 (Aug 2016- 1,978, Aug 2015- 1,970)
Adults Social Care- Supporting Adults in nursing or residential care home	414	These figures were as at Aug 2017 (Aug 2016- 402, Aug 2015- 395)
Schools Places- secondary, an Increase of 556 pupils	20,920	As at January 2018 data
Schools Places- primary, an increase of 523 pupils	15,477	As at January 2018 data
Schools Places- special an increase of 13 pupils	639	As at January 2018 data

Data Sources

RO 2016-17(Revenue outturn service expenditure summary (RSX) 2016 to 2017)

<https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2016-to-2017-individual-local-authority-data-outturn>

RA 2017-18

<https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2017-to-2018-budget-individual-local-authority-data>

New Homes (table 122)

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>

Council Tax data

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-council-tax>

Population

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

Opportunity Peterborough Report

<https://www.opportunitypeterborough.co.uk/app/uploads/2018/01/Peterborough-Economic-Intelligence-Report-December-2017.pdf>

APPENDIX C – EXISTING CAPITAL PROGRAMME, BEFORE SMOOTHING TO £100M SPEND PER YEAR

	Revised Expenditure Budgets						Revised Funding Budgets					
	2018/19		2019/20		2020/21		2018/19		2019/20		2020/21	
	Budget £000's	Budget £000's	Budget £000's	Budget £000's	Budget £000's	Budget £000's	Corporate Resources £000's	Third Party Income £000's	Corporate Resources £000's	Third Party Income £000's	Corporate Resources £000's	Third Party Income £000's
CORE	49	0	0	0	0	0	0	49	0	0	0	0
TOTAL for Governance	49	0	0	0	0	0	0	49	0	0	0	0
CORE	406	0	0	0	0	0	406	0	0	0	0	0
CORE	490	0	0	0	0	0	151	339	0	0	0	0
CORE	7,363	1,000	0	0	0	0	5,731	1,632	0	1,000	0	0
CORE	200	0	0	0	0	0	200	0	0	0	0	0
CORE	200	0	0	0	0	0	200	0	0	0	0	0
CORE	446	0	0	0	0	0	0	446	0	0	0	0
CORE	34	0	0	0	0	0	34	0	0	0	0	0
CORE	500	0	0	0	0	0	500	0	0	0	0	0
CORE	5	0	0	0	0	0	5	0	0	0	0	0
CORE	70	50	0	0	0	0	70	0	50	0	0	0
CORE	1,945	0	0	0	0	0	1,945	0	0	0	0	0
CORE	50	3,400	0	0	0	0	0	50	0	3,400	0	0
CORE	6,035	2,050	0	0	0	0	3,853	2,182	0	2,050	0	0
CORE	3,503	0	0	0	0	0	0	3,503	0	0	0	0
CORE	334	167	214	0	0	0	334	0	167	0	214	0
CORE	3,322	0	0	0	0	0	1,172	2,150	0	0	0	0
CORE	623	200	200	0	0	0	623	0	200	0	200	0
CORE	21	0	0	0	0	0	0	21	0	0	0	0
CORE	50	0	0	0	0	0	0	50	0	0	0	0
CORE	0	0	0	0	0	0	0	0	0	0	0	0
CORE	7	0	0	0	0	0	0	7	0	0	0	0
CORE	5	0	0	0	0	0	5	0	0	0	0	0
CORE	13	0	0	0	0	0	0	13	0	0	0	0
CORE	31	0	0	0	0	0	0	31	0	0	0	0
CORE	50	0	0	0	0	0	50	0	0	0	0	0
CORE	4,780	0	0	0	0	0	4,228	552	0	0	0	0
CORE	960	19,000	5,839	0	0	0	0	960	8,052	10,948	5,839	0
CORE	61	0	0	0	0	0	61	0	0	0	0	0
CORE	371	0	0	0	0	0	371	0	0	0	0	0
CORE	2,077	5,000	967	0	0	0	332	1,745	552	4,448	0	967
CORE	1	0	0	0	0	0	1	0	0	0	0	0
ROLLING	131	216	216	0	0	0	131	0	216	0	216	0
CORE	62	0	0	0	0	0	62	0	0	0	0	0
CORE	306	0	0	0	0	0	306	0	0	0	0	0
CORE	1,642	4,618	1,200	0	0	0	1,642	0	4,618	0	1,200	0
CORE	5	0	0	0	0	0	5	0	0	0	0	0
CORE	89	0	0	0	0	0	89	0	0	0	0	0

APPENDIX C – EXISTING CAPITAL PROGRAMME, BEFORE SMOOTHING TO £100M SPEND PER YEAR

ROLLING	Nene Bridge Bearings	3,886	0	0	0	0	0	0	0	0	0	0	0
ROLLING	Crescent Bridge Refurbishment	118	0	0	35	83	0	0	0	0	0	0	0
ROLLING	Longthorpe Footbridge (A1260)	300	0	0	300	0	0	0	0	0	0	0	0
ROLLING	Surface Treatment Programme	0	220	220	0	0	220	0	0	220	0	220	0
ROLLING	Parkway Network Safety Fencing Replacement/Upgrade	0	1,400	1,400	0	0	1,400	0	0	1,400	0	1,400	0
ROLLING	Nene Bridge Bearing Replace	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL for Growth & Regeneration	63,824	24,518	12,627	47,219	16,605	19,738	4,780	7,847	4,780	41,891	4,780	4,780
	Total Asset Investment Programme	185,093	122,223	49,024	141,338	43,755	90,110	32,113	41,891	32,113	41,891	7,134	7,134

**Medium Term Financial Strategy
Budget 2019/20
Tranche One Proposals
Document from Cabinet**

June 2018

1. INTRODUCTION

This document sets out the first set of budget proposals to be considered by cabinet to ensure Peterborough City Council can set a balanced budget for 2019/20.

Since 2010 the council has made significant savings, however as demand increases in vital services such as adult social care and children's services and Central Government continues to reduce funding across Local Government, the financial challenges to this Council continue. So the council will be required to take measures, set out in this document, to create a balanced budget which is required by law.

The Council is facing significant challenges to its finances, some of which are set out below:

- **Homeless demands** - a 200 per cent increase in households presenting themselves as homeless to the council in the last two years;
- **Adult Social Care** - More adults requiring very specialised care, including those with dementia and their carers. An increase of young people with complex physical and mental health needs moving from child services to adult services and a growing population of older residents requiring local authority top up help with care home funding;
- **Government Funding Reductions** - The council has seen its revenue support grant funding fall by 80 percent in seven years (from £55million in 2013/14 to £10million in 2019/20). This is on top of further funding reductions which began in June 2010.

Despite these pressures, the council:

- is the top performer in the country for discharging people from hospital despite significant challenges in adult social care with demand for our services continuing to rise.
- is investing in a unique opportunity to improve the lives of our most vulnerable children and young people through the use of government funding of £2.9 million over two years to promote family safeguarding.
- has ensured that the ever increasing demand for school places has been met. Through our fairer funding campaign we have supported the drive for further investment in new schools which has put us in a position to be able to bid for future investment in our schools.
- has led a new approach to school improvement which recognises the responsibility of our schools to drive their own improvement and ensures the Council is able to support and, in some cases, robustly challenge poor performance.
- has led the successful re-development of Fletton Quays which is now looming large over the City landscape.
- is leading on the redevelopment opportunities at North Westgate.

- is tackling the issue of homelessness and has brought forward a comprehensive plan to provide temporary accommodation for those finding themselves homeless as well as focussing on homelessness prevention.
- through the first year of the Healthy Peterborough service, has helped 2,600 people set personal health goals with over 1,350 achieving their goals. In addition 639 people have been helped to quit smoking.
- has seen success with our prevention and enforcement service, with over 8,500 fixed penalties issued for littering, anti-social behaviour and fly-tipping since June 2017. Through the work of the PES team, our city centre has visibly improved for all to enjoy.
- has created a balanced budget in 2018/19 and via sound financial management, which has been recognised by external Auditors, the Council has created an ability to invest in transformation and new ways of working to create a sustainable budget.
- is constructing a new household recycling centre in Fengate.
- has secured £9.7 million from the Combined Authority to invest in a University for Peterborough. This is significant for our city and it should meet the needs of our young people and businesses. Our plans are to develop a campus on the embankment.

2. INTRODUCING OUR NEW BUDGET PROCESS

This year the council will follow a new budget process throughout the year, which will have three tranches:

- Tranche One - June 2018 (set out in this document)
- Tranche Two - November 2018
- Tranche Three - February 2019

The decision to change to this approach allows the council to spread the workload of identifying and implementing savings and efficiencies across the year, driving out savings earlier and keeping a continued concentration on its finances to ensure any shortfalls are quickly identified and addressed.

Each phase will identify:

1. Savings and efficiencies that have been validated and are ready for approval by councillors
2. Savings and efficiency proposals that are being developed

Some budget proposals, which will save the council money in the future, may require investment in the first instance to be realised and implemented. It is proposed that a ring-fenced amount of £1.4million should be set aside for this.

3. STAND UP FOR PETERBOROUGH CAMPAIGN

The council launched the 'Stand up for Peterborough' campaign in November, to lobby for funding.

Peterborough has seen an 80 per cent drop in its revenue support grant in the last seven years, decreasing from £55 million to £10 million.

It is the fourth fastest growing city, with the fourth highest birth rate and above average rates of deprivation.

All this has a knock-on impact on demands for services including:

- **Homelessness** - Increased by 200% in last two years;
- **Schools** - more school places required, resulting in new schools, like Hampton Gardens Secondary School and extensions to existing schools, like St Michael's Church School;
- **Public health** – increased demands from population increases and levels of deprivation which see funds spread ever more thinly, with lower funding per head than national average;
- **Adult & Children social care** – Outdated figures which don't recognise our growth lead to a lower than average funding per head received from national government.

Our current funding is based on out of date population estimates - meaning it doesn't reflect current levels of need and reduces overall spending for everyone.

The campaign will relaunch following the budget consultation, with the aim of focussing on specific areas affecting Peterborough; working with our MPs to influence government's thinking as they consider a review of their funding formula – concentrating on getting a better and more equitable deal for Peterborough.

4. PRIORITIES

The Cabinet remains firm in its priorities this year against the funding challenges it faces. These are:-

- 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 offer.
- Keeping our communities safe, cohesive and healthy.
- Achieving the best health and wellbeing for the city.

5. OVERALL BUDGET POSITION

The council had succeeded in reducing its budget gap by the end of the last financial year, however there are additional demands and pressures coming this year.

Tranche One contains the first round of savings that will help to address these.

By moving to a new budget process, we now have more time to plan, implement and realise savings and efficiencies in Tranches Two and Three.

	2019/20 £000	2020/21 £000	2021/22 £000
Budget Gap as reported in the MTFS 2018/19	12,712	19,317	16,926
Tranche One - 2018/19 - From June 2018			
Additional Pressures	1,692	4,562	5,463
Budget Reductions and Additional Income	-4,177	-3,841	-61
Tranche Two - 2018/19 - From November 2018			
Additional Pressures			
Budget Reductions and Additional Income			
Tranche Three - 2018/19 - From Feb 2019			
Additional Pressures			
Budget Reductions and Additional Income			
Present Budget Gap	10,227	20,038	22,328
Incremental Budget Gap	10,227	9,811	2,290

6. BUDGET CONSULTATION

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

The consultation will close on 23 July at 5pm. Cabinet will consider comments on Monday, 16 July 2018 and Full Council will debate the tranche one proposals on Wednesday, 25 July 2018.

The consultation will ask the following questions:

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

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2. Having read the tranche one proposals document, how much do you now feel you understand about why the council must make total savings of almost £10.2million in 2019/20 and almost £22.3million by 2021/22? 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.

7. OVERVIEW OF COUNCIL DIRECTORATES

GOVERNANCE

- **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.
- **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.

GROWTH AND REGENERATION

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** - including gritting, lighting and road maintenance;
- **Planning services** - ensuring new development fits with the city's growth plans;
- **Opportunity Peterborough** - promoting the city to attract business and investment;
- **Housing joint venture company** - partnership with Cross Keys, including affordable and temporary housing;
- **Growth joint venture company** – Peterborough Investment Partnership;
- **Property Services** - managing the council's property stock;
- **Amey contract** - including refuse collection, street cleaning, parks and open spaces;
- **Westcombe Engineering**- manufacturing business owned by the council;
- **City Services** - including CCTV, car parks, events and the City Market;
- **Communications** - including marketing, design/print and communications;
- **Regulatory Services** - including trading standards, licensing and health and safety;
- **Tourism** - promoting the city to visitors;
- **Resilience** - ensuring the council can fulfil its duties if an emergency occurred.

PEOPLE AND COMMUNITIES

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 Safeguarding** -The Adult and Safeguarding Directorate leads on the operational delivery of work to improve outcomes for all adults and their carers which includes work related to Learning Disability and Autism, Physical Disability, Sensory Impairment, Mental Health and Older People.
- **Commissioning** -The Commissioning Directorate leads on the development and bringing together of needs assessments for People and Communities and ensuring best value services to meet assessed needs. This maybe by buying something, aligning money with others to buy or deliver something or putting in some money to enable others to do something. Much of the work is done with partners such as health and the private, independent and voluntary sectors; jointly commissioning where it makes sense to do so.
- **Communities and Safety** - The Communities and Safety Directorate lead on developing services whose primary focus is to build and sustain community resilience and to reduce and manage demand for more costly and/or complex interventions across the public sector. Much of the Communities and Safety work is delivered in partnership with the police, fire service, health and the voluntary sector.

Core functions include: Community safety, including PES, anti-social behaviour programmes and initiatives, community youth work, homelessness assistance, adult skills and employment, community cohesion, community resilience, domestic abuse and sexual violence commissioning and delivery and day opportunities for adults with learning disabilities.

- **Children and Safeguarding** - The Children and Safeguarding Directorate leads on the delivery of improved outcomes for children, young people and their families and in particular, those who are vulnerable and/or at risk of significant harm. Children's services aims to support children to live at home safely and where this is not possible provide alternative care settings.
- **Education** - The Education Directorate works with early year's settings and schools to plan early years and school places, promote and support high standards of academic attainment and support curriculum enrichment opportunities. Services include school admissions, attendance, school intervention and advice.

PUBLIC HEALTH

Public health services work to improve the health and wellbeing of local residents. They are funded through a ring-fenced grant from central government. Public health services include:

- Local health visiting, school nursing and Children's Centre services
- Services to treat people with drug and alcohol misuse and addiction issues
- Sexual health and contraception services
- Services to support people to give up smoking, lose weight and achieve health goals

Public health staff work closely with the local NHS and with Public Health England.

RESOURCES

- **Financial Services** - Including financial planning and corporate accounting, finance and management, internal audit, fraud and insurance, Serco ICT partnership and digital, including City Fibre partnership.

In addition it provides the Serco Strategic Partnership, which covers business support, shared transactional services, business transformation, procurement, customer services, finance systems and strategic property.

- **Commercial group** - Covering the financial aspects of the Council's commercial ventures.
- **Cemeteries, cremation and registrars** - Including bereavement services and registration service

APPENDIX A**BUDGET PRESSURES**

Budget pressures are additional financial demands which have been placed on the council since its last budget update in February.

People and Communities**Adult Social Care Pressures**

Nationally adult social care is facing unprecedented financial pressures resulting from reducing budgets, rising costs of care, increasingly complex needs and an ageing population.

The city council has not escaped these pressures and these are exacerbated by a growing population. We also have a growing number of children with disabilities and additional needs transitioning to adult services.

There is an increasing number of people who require local authority funding for care homes. This is because their private funds are running out, due to them needing care and support for longer.

Pressure	2019/20 £K	2020/21 £K	2021/22 £K
Adult Social Care Pressures	1,498 pressure	1,968 pressure	2,449 pressure

Children Social Care Pressures

The city has the fourth highest birth rate in the country. Due to this growth in population we have more children in the city and need more school places.

In addition, nationally the number of children in care has risen dramatically. In Peterborough we have increasing numbers of children who need to come into care; this equated to an additional 30 children in the last year.

Public Health

It is a legal duty of the Council to provide open access to sexual health treatment services. The Peterborough integrated sexual health and contraception service (iCASH) is commissioned by the Council from a local NHS Trust to provide testing and treatment for sexually transmitted infections, as well as contraception including implants and IUDs.

There has been a rapid increase in demand for the service since the contract was agreed in 2014 and the number of appointments in 2017/18 was 28% above the activity agreed in the original contract. This has required additional subsidy above the contract value from both the service provider and the City Council. The existing demand pressures now need to be built into financial forecasts, as the service is due to be recommissioned during 2018/19.

Pressure	2019/20 £K	2020/21 £K	2021/22 £K
I-cash Peterborough	194 pressure	194 pressure	194 pressure

Resources

Pay Award

Pay for most staff is determined by national agreement and pay awards - once negotiated and agreed, have to be paid.

The council has already allocated a two percent pay increase for staff in 2019/20 and one percent for future years in the previous budget. The assumption has now been extended to factor in a further one percent increase in future years to match the present Government policy of two percent in 2019/20. It should be noted that the Government will only confirm the additional 1% for 2019/20 in the fall of 2018 taking into account the effects of inflation in the economy and its impact on the cost of living. The majority of staff in the council will receive a two per cent increase but the lowest paid will receive more than that (between 3.7 - 9.1 per cent) and national discussions are ongoing regarding the highest paid (Chief Officers). The final costs of these will depend on local pay modelling, but the figures below show what these are likely to be.

Pressure	2019/20 £K	2020/21 £K	2021/22 £K
Pay Award	0 pressure	400 pressure	820 pressure

Pension Inflation

Local Government Pension Scheme - 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 to assess its position and its ability to meet future liabilities. The assessment of the Cambridgeshire and Peterborough fund will take place in 2019. The findings of this will be reported later in 2019 and will come into effect from April 2020. As such, at this time it is expected that there will be cost pressures to the Council from the Local Government Pension Scheme. The table indicates the potential pressures from 2020/21 onwards. The actual position will be finally confirmed by the actuary early in the 2020 year.

Pressure	2019/20 £K	2020/21 £K	2021/22 £K
Pension Inflation	0 pressure	2,000 pressure	2,000 pressure

The council also has employees in the Teachers Pension Scheme and the NHS Pension Scheme which are national schemes administered by central government.

FINANCIAL SAVINGS

These are financial savings that have been identified to be consulted on.

People and Communities**Housing and Homelessness Prevention**

The last year has been particularly challenging for all councils, as the number of homeless households up and down the country has grown substantially.

In Peterborough, we now have around 350 households accommodated in emergency accommodation, such as B&B style accommodation. In 2016/17 1598 households presented to us as homeless, compared to 1,108 in 2015/16, a rise of 46 per cent. This level of demand continued in 2017/18.

This nationwide situation has been recognised by the Government, which passed the Homelessness Reduction Act in April this year, which placed a duty upon councils to get involved at a much earlier stage - therefore increasing the chances of success in keeping households in their homes by offering support and advice.

All of the above has meant a different approach to homelessness in Peterborough is needed, which led to a Homelessness Reduction Strategy being approved by the council last month.

The strategy aims to tackle homelessness by assisting households who are struggling to pay bills at an early stage and also ensuring a good supply of affordable accommodation is made available over the next 36 months to avoid a reliance on costly B&B style accommodation.

By investing in more affordable accommodation (to reduce long-term costs paid to B&B style outlets) and employing additional officers, the council expects to make significant savings over the coming years. In the coming months, the council will make use of the first properties to be made available at Midland Road following the investment in Medesham Homes and is in the process of converting an empty building - Bretton Court - into 40 additional flats for homeless households.

In addition, the council is growing the Housing Needs team to ensure that it has the right number of staff working with families to reduce the number of households becoming homeless and those accommodated in temporary accommodation.

Due to this strategy, the council is planning to spend less than it had anticipated, leading to a savings on the original forecast spend of this department.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Housing and Homelessness Prevention	1,079 saving	1,289 saving	1,289 saving

Community Safety

Our community safety services deliver a range of functions, working closely with the police, fire service and other agencies, to help keep communities safe and clean.

We aim to transform this delivery through reducing back office and management costs where we can without affecting frontline service delivery and by building on our successful enforcement functions to increase revenue.

Community Safety - Road Safety Team / School Crossing Patrollers

The council is looking to share this service with Cambridgeshire County Council. This will result in management savings and reduce costs by sharing staff, equipment and expertise to carry out this function. This will not mean a reduction in the number of officers working in communities and on the streets of the city.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Road Safety Team	20 saving	20 saving	20 saving

Community Safety - Parking Enforcement

Currently this function is carried out by our highly skilled Prevention and Enforcement Service officers (who do this among other activities). Requests for more enforcement in key areas, including outside schools, have increased significantly and so we will review the way in which this service is delivered in order to better meet this demand.

The increased income brought into the council as a result will be reinvested into other community safety and highways services, helping to reduce our core costs in these areas.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Parking Services	125 saving	125 saving	125 saving

Community Safety - Environmental Enforcement

Environmental Enforcement covers a wide area, including Public Space Protection Orders, littering, fly-tipping, graffiti and abandoned vehicles. It's role is to use the council's legal powers to keep the streets and public areas or the city safe and clean.

Some functions (like enforcement of our Public Space Protection Areas) are already being carried out on our behalf by a private sector enforcement company - Kingdom Environmental Services - as a pilot, and this is working well in the city centre.

We now want to take the learning from this pilot to establish a longer term contract, either with a private enforcement company or through a Local Authority Trading Company, to

continue the drive to keep our city clean and safe and to ensure that all communities most affected by these issues receives a service.

The additional revenue this creates will be reinvested into other community safety services, reducing the council's core costs in these areas.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Environmental Service	40 saving	50 saving	60 saving

Community Safety - CCTV

The council is responsible for delivering a public CCTV service to help ensure the safety of our residents and visitors. Many other councils provide a similar service, and we are looking to go into partnership with a neighbouring authority. By creating a single service across authorities we could share management, equipment, premises and other costs without affecting the delivery of the service.

Once established, the new combined CCTV service would also be better placed to offer its services to other councils and private organisations for a fee. In this way, it is expected that the service would generate enough income to significantly reduce service costs by 2020/21.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
CCTV Services	40 saving	40 saving	40 saving

Community Safety - Summary

Other community issues such as Anti-social behaviour are dealt with by our Prevention and Enforcement Officers (PES). These officers work across the city with many responsibilities, some of which will be reduced by the proposals outlined above. These proposals will allow us to provide a more localised team of skilled officers into communities to coordinate and deliver long term problem solving solutions for a wide range of community safety issues.

Resources

Postage - Removal of first class postage

A policy has been set up across the council to remove first class postage. This means that all letters and parcels sent out by the council for delivery will be second class only, apart from in exceptional circumstances.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Postage	35 saving	35 saving	35 saving

Financing of Capital Programme

The present capital programme in 2018/19 is £185m, reducing to £122m in 2019/20 and £49m in 2020/21. The Council borrows money to invest in these schemes which include road improvements, expanding schools to create extra places and for regeneration projects within the city. This year the council has reviewed its historic capital spend over the last 10 years. It is also reviewing the timelines of key projects that are coming up and when the funds for these projects will be needed. The council only has the resources available to implement a capital programme of within £80-£100m per year. The 2018/19 and 2019/20 draft programmes are too high and not deliverable within present resources. As such, they will be reduced to £100million per year, leading to savings compared to the previously estimated figures.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Financing of Capital Programme	1,509 saving	1,253 saving	2,537 pressure

Council Tax and Business Rates Income Collection Rates

Council Tax and Business Rates collection rates have been improving over the past two years, however more is required to get both collection rates to the national averages for Unitary Authorities. With a greater focus on collection, it is anticipated that the percentage of homes and businesses paying council tax and business rates will increase. It is expected that the council will collect 98% of Business Rates, and 96% of Council Tax. This is expected to lead to a greater income received by the council, equating to £380,000 a year.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Council Tax and Business Rates Income Collection Rates	380 saving	380 saving	380 saving

New Homes Bonus

The council currently receives a sum of money (in the form of a grant) from the government for any residential property that it brings back into use.

Over the last two years, the council has brought 298 properties back into use, which it has received money for. This has had the added benefit in helping the council to create additional homes, some of which have been used to help it provide accommodation for homeless household.

This Local Government funding will continue for 2019/20 and is then due to be reviewed. Meaning that from 2020/21 this additional income could be lost.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
New Homes Bonus	300 saving	0	0

Growth and Regeneration

Planning - Additional income and efficiencies

The proposed budget savings and income targets set out below will be achieved through:

- Pre-application planning fee increases
- More encouragement to applicants to enter into paid for planning performance agreements
- The introduction of an express validation service
- A revision of recharges to other local authorities that we provide services to
- Selling more services to other councils

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Planning - Additional income and efficiencies	100 saving	100 saving	100 saving

Transport Planning

Effective Transport Planning makes it easier for motorists, cyclists, bus users and pedestrians to get around the city.

This is achieved through monitoring, commissioning research and technical studies and implementing policies and strategies.

Transport Planning used to sit under Peterborough City Council, but is now the responsibility of Cambridgeshire and Peterborough Combined Authority. The council will still do a lot of this work on the Combined Authority's behalf, but is expected to receive funding for doing so.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Transport Planning	75 saving	75 saving	75 saving

Highways Maintenance

The council has a statutory duty as part of the 1980 Highways Act to maintain the highway, which includes main roads, drainage gullies, potholes and traffic signals.

In order to spend money effectively, its highways team focus on resurfacing residential streets and some distributor roads - such as Eastfield Road - rather than repairing a patch at a time. This approach has been deemed to be effective and has contributed to Peterborough City Council being ranked as the top highway and transport authority in the eastern region (2017 National Highways and Transport Survey), as voted for by residents.

Although resurfacing is more expensive, the council believes this capital spend is more effective as it improves the whole road surface, making it less likely to need repairs in future.

It is proposed to extend this approach to more areas of road across the city.

Potholes that are deemed to be unsafe will still be repaired as normal.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Highways Maintenance	220 saving	220 saving	220 saving

Staffing and Commercial Opportunities

It is anticipated that significant savings can be made in the Transport and Environment team due to the following:

1. Removal of a post that has been held vacant for approximately two years whilst an existing team member has been up skilled to take on some of these duties.
2. Anticipated increased income from the Combined Authority, which now picks up transport planning in its remit, meaning that approximately 75 per cent of staff time in this area can be used to deliver schemes on their behalf.
3. Additional income through carrying out work for third parties, such as developers and the use of our highways contract for a fee.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Staffing and Commercial Opportunities	224 saving	224 saving	224 saving

Public Health**Public Health staff saving**

The Public Health Directorate started joint work across Peterborough City Council and Cambridgeshire County Council in 2015.

Since this time, the two services have become more closely aligned and are able to share ideas, services and resources by doing work once for both councils, instead of on an individual basis.

Due to this effective working, it is now possible to reduce the number of staff in the directorate, creating annual savings of £30,000 for Peterborough.

Saving	2019/20 £K	2020/21 £K	2021/22 £K
Public Health staff saving	30 saving	30 saving	30 saving

Appendix C- Staffing Implications

In order to improve outcomes and manage demand on services, tranche 1 of the budget will continue to build on successful joint working to date and to look at its programme of transformation in respect of sharing, integration and the alignment of services, where this makes sense.

As the work progresses, it is anticipated that some roles will be redundant, although these are expected to be particularly low in number and initial focus will be on removing vacant posts not required.

The council continues to consider ways in which to protect jobs and our policies support this. In accordance with the council's redundancy policy, redeployment opportunities will be sought in the first instance, which could also include opportunities which may exist in Cambridgeshire County Council.

Equality Impact Assessment **Initial assessment:** Transformation Programme - Community Safety

To transform Community Safety delivery to maximise efficiency and achieve budget savings targets. Specifically, this will involve a review and redesign of the following areas: **CCTV / Parking Services / Environmental Enforcement / Road Safety**. It will consider the following options:

- 1- Commissioning a 3rd party service where applicable (including in house possibilities / e.g LATCO -Local authority trading company)
- 2- Exploring shared service opportunities with other authorities
- 3- Exploiting commercial opportunities to generate revenue / offset core funding
- 4- Changing the way in which local community services are delivered (i.e multi skilled officers providing a place based service)

1). What is the aim of the policy, project or strategy/purpose of activity/service?

2). Will the policy/project/strategy/service have a disproportionate effect on members of the equality groups below?:


Equality Group	(✓)	Is the effect Positive, Negative, Neutral or Unclear? Please comment where applicable
Particular age groups		Neutral - No impact identified at this stage
Disabled people		Neutral- No impact identified at this stage
Married couples or those entered into a civil partnership		Neutral - No impact identified at this stage
Pregnant women or women on maternity leave		Neutral - No impact identified at this stage
Particular ethnic groups, including Gypsy and Travellers and new arrivals		Neutral - No impact identified at this stage
Those of a particular religion or who hold a particular belief		Neutral - No impact identified at this stage
Male/Female		Neutral - No impact identified at this stage
Those proposing to undergo, currently undergoing or who have undergone gender reassignment		Neutral - No impact identified at this stage
Sexual orientation		Neutral - No impact identified at this stage

If there are any negative or unclear affects, you are required to do a full EqIA.

Need for a full EqIA? Please circle: **No**

Date Initial EqIA completed:	14/05/2018
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APPENDIX E – EQUALITY IMPACT ASSESSMENTS

Assessment completed by:	Rob Hill
Policy Review Date:	14/11/2018 (when project has developed options)
Signed by Head of Service:	Rob Hill - Asst Director - Community Safety 

Equality Impact Assessment **Initial assessment: Housing and Homelessness Prevention**

What are the proposed outcomes of the policy?

Homelessness Reduction costs: To secure a steady reduction in the numbers of households presenting as homeless to the Council, thereby reducing reliance on costly temporary accommodation, including B and B, and improving outcomes for people seeking assistance in securing a home. The costs will be reduced through a combination of increasing supply of cost effective solutions for TA where it's required, and reducing the numbers of people requiring it.

Which individuals or groups are most 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	Positive. Young people are often disproportionately affected by homelessness and the new policy will increase focus on finding positive solutions for them.
Disabled people	Neutral - no impact
Married couples or those entered into a civil partnership	Neutral - no impact
Pregnant women or women on maternity leave	Neutral - no impact
Particular ethnic groups	Positive. There are an increasingly higher proportion of A8 citizens presenting as homeless in the City, who are relative newcomers. The increased focus on prevention will facilitate a better and more sustainable response to people from these communities, as for all others presenting as homeless or who are at risk of becoming homeless.
Those of a particular religion or who hold a particular belief	Neutral - no impact
Male/Female	Neutral - no impact
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	Neutral - no impact
Sexual orientation	Neutral - no 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?

APPENDIX E – EQUALITY IMPACT ASSESSMENTS

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

.

Can any differences be justified as appropriate or necessary?

--

Are any remedial actions required?

--

Once implemented, how will you monitor the actual impact?

--

Policy review date	
Assessment completed by	
Date Initial EqIA completed	15/5/18
Signed by Head of Service	Sarah Ferguson

Equality Impact Assessment **Initial assessment: Public Health Staffing Saving**

What are the proposed outcomes of the policy?

Continue the re-shaping of the joint public health team across Peterborough City Council (PCC) and Cambridgeshire County Council (CCC), merging two Team Leader posts within the public health joint commissioning unit and reviewing vacancies among Cambridgeshire public health employees.

Which individuals or groups are most likely to be affected?

The potential impact from reduced public health capacity is on populations more likely to be at risk of preventable ill health. However this impact would be spread across a wide range of population groups.

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 effect
Disabled people	No disproportionate effect
Married couples or those entered into a civil partnership	No disproportionate effect.
Pregnant women or women on maternity leave	No disproportionate effect
Particular ethnic groups	The Integrated Lifestyle service, which is commissioned by one of the posts, has been successful in engaging with a range of communities in central Peterborough. This is now well embedded and monitoring within the contract should ensure that this continues.
Those of a particular religion or who hold a particular belief	No disproportionate effect
Male/Female	No disproportionate effect
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No disproportionate effect
Sexual orientation	No disproportionate effect

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?

Residents of Peterborough who engage with public health services or are influenced by public health strategies

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

APPENDIX E – EQUALITY IMPACT ASSESSMENTS

The aim will be to maintain current services and strategies through new synergies across the public health workforce and other organisations in Peterborough and Cambridgeshire.

Can any differences be justified as appropriate or necessary?

The changes are necessary given the reductions in the national public health grant, and the more general financial challenges facing Councils.

Are any remedial actions required?

The impact of the changes should be mitigated by reprioritising the work of public health staff and increasing synergies across Peterborough and Cambridgeshire.

Once implemented, how will you monitor the actual impact?

Impact will be monitored through the public health directorate management team quarterly reviews and the Cabinet Portfolio holder for public health report to Health Scrutiny.

Policy review date	
Assessment completed by	Liz Robin/Val Thomas
Date Initial EqIA completed	13/5/18
Signed by Head of Service	

Equality Impact Assessment **Initial assessment: Highways Maintenance**

What are the proposed outcomes of the policy?

The Council has a statutory duty as part of the 1980 Highways Act to maintain the highway. As part of stage two of the budget setting process the Council proposes to reduce overall spend in this area by a further £0.220m

The Council seeks to achieve this by converting existing revenue budgets to capital by extending the surface treatment programme already partially operational on part of the distributor network (for example, Eastfield Road, Dogsthorpe Road etc.) to the remainder of the distributor network.

Which individuals or groups are most likely to be affected?

No groups or individuals are specifically likely to be effected.

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

Equality Group	Note any positive or negative effects
Particular age groups	None
Disabled people	None
Married couples or those entered into a civil partnership	None
Pregnant women or women on maternity leave	None
Particular ethnic groups	None
Those of a particular religion or who hold a particular belief	None
Male/Female	None
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	None
Sexual orientation	None

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 are no specific groups or individuals that will directly benefit from this change.

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

APPENDIX E – EQUALITY IMPACT ASSESSMENTS

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

The Council has an adopted Highway Asset Management Policy and Strategy which provides details of how the highway asset is monitored and maintained. In addition this strategy details the communication channels that are available to residents and their ability to inform the highway maintenance decision making process.

Policy review date	To be reviewed as part of the Asset Management Strategy.
Assessment completed by	Charlotte Palmer
Date Initial EqIA completed	13/04/2018
Signed by Head of Service	

Equality Impact Assessment **Initial assessment: Planning-Additional Income and Efficiencies**

What are the proposed outcomes of the policy?

A review has been undertaken of vacant posts across the service. This has identified savings of £44k in addition to the proposals already being developed as part of the Shared Services review. In addition, due to the role of the Combined Authority it is anticipated that approximately 75% of Transport Planning staff time can be charged to the Combined Authority as these members of staff will be directly delivering schemes on the CA's behalf, resulting in savings of £80k assuming the CA continue to fund this work. In addition an additional £100k income target across the service has been identified. This work allows the Council to capture wider savings and/or income achieved as part of the contract. This includes discussions with other authorities to enable them to access the PHS contract, forecast to take effect in 2019/20, and third party works.

Which individuals or groups are most likely to be affected?

No individuals or groups are likely to be effected. This is based on the assumption that the Combined Authority continue to be supportive of this approach.

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

Equality Group	Note any positive or negative effects
Particular age groups	None
Disabled people	None
Married couples or those entered into a civil partnership	None
Pregnant women or women on maternity leave	None
Particular ethnic groups	None
Those of a particular religion or who hold a particular belief	None
Male/Female	None
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	None
Sexual orientation	None

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?

APPENDIX E – EQUALITY IMPACT ASSESSMENTS

There are no beneficiaries of this change.

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?

The impact will not be monitored.

Policy review date	This change will be reviewed following confirmation from the Combined Authority as to the schemes it intends to fund for 2019/20.
Assessment completed by	Charlotte Palmer
Date Initial EqIA completed	13/04/2018
Signed by Head of Service	

Equality Impact Assessment **Initial assessment: Transport Planning**

What are the proposed outcomes of the policy?

As part of the 2019/20 budget setting process the Council propose to reduce the annual £100k (approx.) revenue budget allocated to Transport Planning to £25k.

Over recent years this budget has been used to support a wide range of Transport Planning functions including: match funding for revenue grants from the Department of Transport (i.e. Travelchoice); scheme development to support external bids for funding; monitoring the highway network for all users; technical and specialist support to develop the Local Transport Plan alongside more ad-hoc work to ensure local transport schemes are delivered.

As a result of the establishment of the Cambridgeshire and Peterborough Combined Authority the Local Transport Plan is now the responsibility of the Combined Authority and alongside this the Combined Authority are responsible for the development of transport schemes including major road schemes. It is anticipated that the Council will be successful in securing £100k of revenue funding in 2018/19 from the Combined Authority and intend to request similar support in 2019/20 as part of the overall transport investment that the Council is due to receive from the Combined Authority. This funding will be used to develop plans/strategies, to monitor the highway network for all users and to commission technical work to develop a pipeline of schemes. As a result of this less Council revenue funding will be required to undertake this type of work.

Although funding hasn't been confirmed officers are confident that the Combined Authority will support this work and as a result this EqIA is based on a scenario where the funding for this work remains broadly consistent.

Which individuals or groups are most likely to be affected?

No individuals or groups are likely to be effected because the funding for this area of work will remain broadly consistent.

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

APPENDIX E – EQUALITY IMPACT ASSESSMENTS

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?

There are no beneficiaries of this change.

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?

The impact will not be monitored.

Policy review date	This change will be reviewed following confirmation from the Combined Authority as to its funding allocation for 2019/20
Assessment completed by	Charlotte Palmer
Date Initial EqIA completed	16/03/2018
Signed by Head of Service	