

<b>CABINET</b>	<b>AGENDA ITEM No. 4</b>
<b>26 OCTOBER 2020</b>	<b>PUBLIC REPORT</b>

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

## **MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2023/24-PHASE ONE**

RECOMMENDATIONS	
<b>FROM: Cabinet Member for Finance</b>	<b>Deadline date: N/A</b>
<p>It is recommended that Cabinet approves:</p> <ol style="list-style-type: none"> <li>1. The Phase One service proposals outlined in Appendix C as the basis for public consultation.</li> <li>2. The updated budget assumptions, to be incorporated within the Medium-Term Financial Strategy 2020/21 – 2022/23. These are outlined in sections 5.2 and 5.3.</li> <li>3. The revised capital programme outlined in section 5.5 and referencing Appendix B.</li> <li>4. The Medium-Term Financial Strategy 2021/22 to 2023/24- Phase One, as set out in the body of the report and the following appendices: <ul style="list-style-type: none"> <li>• Appendix A – 2021/22- 2023/24 MTFs Detailed Budget Position-Phase One</li> <li>• Appendix B – Capital Programme Schemes 2021/22- 2023/24</li> <li>• Appendix C – Budget Consultation Document, including Phase One Budget Proposal detail</li> <li>• Appendix D – Financial Strategy pre-C-19</li> <li>• Appendix E – Financial Risk Register</li> <li>• Appendix F – Equality Impact Assessments</li> <li>• Appendix G – Carbon Impact Assessments</li> </ul> </li> </ol> <p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> <li>5. The strategic financial approach taken by Council outlined in section 5.4 of the report.</li> <li>6. The forecast reserves position, and the statutory advice of the Chief Finance Officer outlined in Section 6, The Robustness Statement</li> </ol>	

### **1. ORIGIN OF REPORT**

- 1.1 This report comes to Cabinet as part of the Council's formal budget setting process as set out within the constitution and as per legislative requirements to set a balanced and sustainable budget for 2021/22-2023/24.

## **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 make proposals and update assumptions to set a balanced budget for the financial years 2021/22 - 2023/24. There is a legal requirement to set a balanced budget for 2021/22. The purpose of this report is to:

- Recommend that Cabinet approve the Phase One service proposals;
- Recommend that Cabinet approve the budget assumptions to update the Medium-Term Financial Strategy (MTFS), to ensure estimates reflect the most up to date information available;
- Outline the financial impact of C-19 and other financial challenges facing the Council, in setting balanced budget for the MTFS 2021/22-2023/24;
- Outline the strategic approach and actions taken by the Council to deliver a balanced budget in 2021/22;

Proposals will be agreed by Cabinet, following consideration of the feedback received to the consultation, on 30 November 2020 with a recommendation to Council on 9 December 2020 for approval.

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

### **2.2 Executive Summary**

At Council held on 4 March 2020, the MTFS 2020/21-2022/23 was approved, setting a balanced budget for 2020/21, whilst at the same time outlining budget gaps in excess of £14m from 2021/22 onwards, which would require the Council to make further savings in order to balance the budget in future years.

As outlined within the 2020/21 MTFS, the Council has been operating in challenging financial circumstances for a number of years and unless immediate action was taken to reduce the costs of its operations markedly in the medium term, expenditure was estimated to exceed income with extremely limited recourse to reserves.

Against this backdrop, the Council was awarded a Capitalisation Direction following an application in March 2020 to the Ministry of Housing, Communities and Local Government (MHCLG). This was to enable the Council to implement radical restructuring and service changes to deliver a sustainable budget. Through this application, it was recognised that the Council's reserves balances were very low and needed to be protected in order for the Council to have the ability to invest in transformational change that would bring radical restructuring and service change and maintain some financial resilience for unforeseen events.

As part of the Capitalisation Direction, the Council committed to an intensive six-week period of investigative and service review work to be used to inform the development of a new operating model. This work led by Cabinet and the Corporate Management Team and was facilitated by experts from Grant Thornton and the Local Government Association. By March 2020, £11.9m of savings from restructuring and service change had been identified for more detailed business case development for implementation in this financial year and to close the opening £14.2m 2021/22 budget deficit. Towards the end of March 2020 the Government announced a lockdown of the Country due to the Covid-19 pandemic and the impact of this, and the comprehensive response the Council was required to make, impacted on the identified savings of £11.9m to an estimated £2.7m for delivery. Responding to the pandemic has seen the needs of vulnerable adults and children increase, increased support to adult providers of care, decrease in the ability to achieve additional income planned and decreases in receipts of the payments owed to the council. The Council has experienced an increase on the demand on corporate services to support the activities required to support services during the pandemic. This has been in the form of redeployment of employees to increase the operational capacity of service delivery and an increased need for communications and analytical work overall.

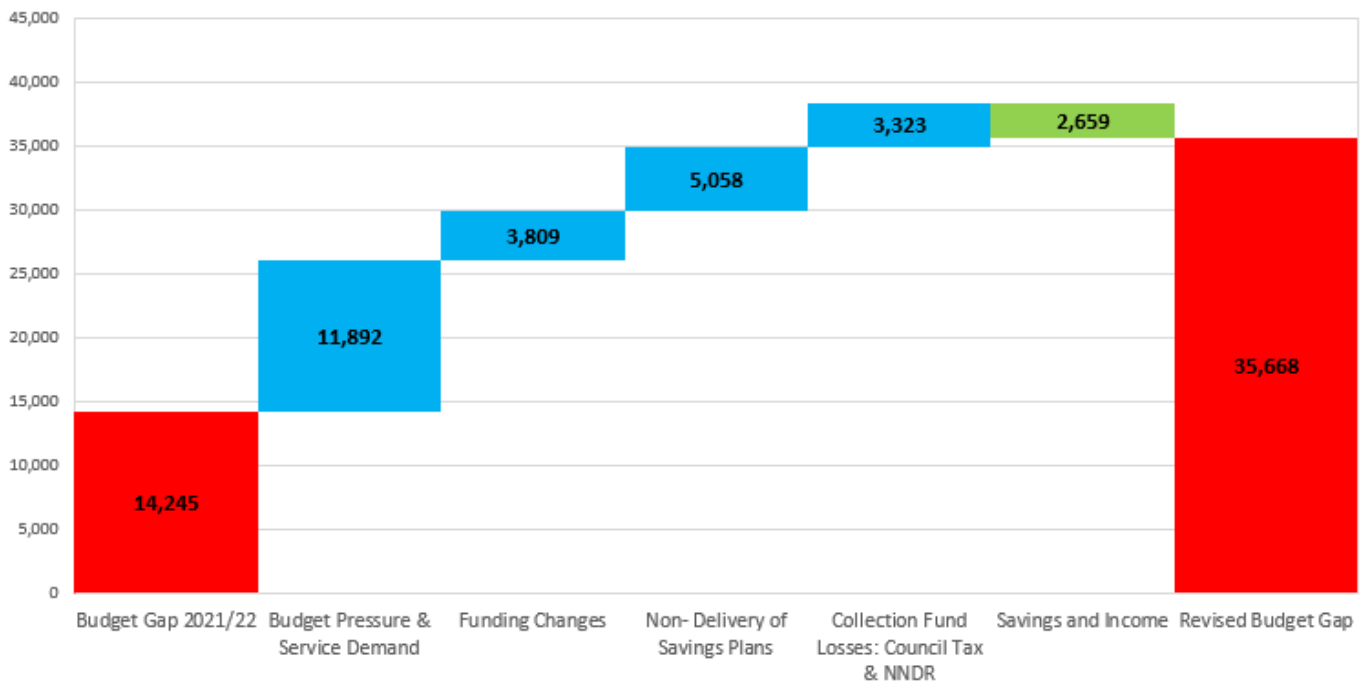
The C-19 pandemic has created other strains on the Council’s income and expenditure budgets. As a result, the Council is faced with an estimated budget gap of £35.7m in 2021/22. This report outlines this financial position, and the revised assumptions. Due to the significant levels of uncertainty in the Council’s operating environment, the assumptions reflect the most up to date information available at this time and as such may be subject to change in Phase Two of the budget.

The proposed estimated budget position for 2021/22 is summarised in chart 1 below, with further detail shown in Table 4 to this report.

**Chart 1: Budget position Summary**

Estimated 2021/22 MTFS budget gap

Existing budget gap **£14.2 m** + pressures **£24.1m** - new savings **£2.7m** = revised budget **gap of £35.7m**



The Councils financial and operating position is covered in more detail in sections 4.3. and 4.4.

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>YES</b>	If yes, date for Cabinet meeting	<b>26 OCTOBER 2020 &amp; 30 NOVEMBER 2020</b>
Date for relevant Council meeting	<b>09 DECEMBER 2020</b>	Date for submission to Government Dept.	<b>N/A</b>

**4. OVERVIEW**

4.1 This report forms Phase One of the budget setting process agreed at full Council on 29 July 2020 ([Item 9a, Cabinet Report, Appendix A](#)). This process is to aid the delivery of a three-year Revenue Budget and Capital Programme for the Council.

**4.2 The 2021/22 to 2023/24 Budget Setting Process**

The MTFS process will be delivered over two Phases, with Table 1 setting out the budget timetable:

**Table 1: Budget Timetable**

Phase	Cabinet	Joint Scrutiny	Cabinet	Council
Phase One	26/10/2020	11/11/2020	30/11/2020	09/12/2020
Phase Two	01/02/2021	10/02/2021	22/02/2021	03/03/2021

#### 4.3 Operating Context

##### Background

Peterborough is one of the fast-growing cities in the UK. Peterborough's population is young, multiculturally diverse and growing at a fast rate. The population is now over 202,300, with a 13% increase since 2009. Although growth has been good for the City and for the UK economy, this rapid growth in population has seen a corresponding growth in demand on Council services. Alongside growth driven demand, above average levels of deprivation have also increased the complexity and cost of the support required. The following points summarise some of the pressures the Council faces:

##### Service Pressures



- The population is growing older and people are requiring more complex care for a longer amount of time, which in turn is significantly increasing the costs of care. The Council has reduced the number of high cost packages using preventative services, such as assistive technology and voluntary and community sector support. Although the numbers of people supported remains static, those that do need care are costing more. In 2019/20 the Council supported 2,743 people with long term packages of care and 553 people with shorter term reablement care. The Council responded to referrals for 3,419 clients, offering services and support to help them stay independent.
- The number of children in care nationally has risen which has had an impact on placement sufficiency and where the Council can place children. The recruitment of foster carers has not kept pace with the number of children requiring care and the Council has had to use residential placements, which are more costly. Children coming into care are presenting with increased complexities of need, which means more specialist costly placements are required. This position has been exacerbated by C-19. As a result, the Council has needed to identify an additional £2m in 2021/22 to meet additional placement costs.
- The Council is experiencing a growing demand in special educational needs. Comparing 2020 with 2016, the Council has experienced a 40% increase in pupils with an Education, Health and Care Plan (EHCP) supported by the Council.
- The Council is experiencing a significant pressure as a result of ensuring enough school places are provided. The school population in Peterborough has increased from 28,257 pupils in January 2006 to 37,582 in January in 2020, an increase of 33%. This increase has meant the Council has been required to invest £88m from the Capital Programme over the past five years (of which the Council has funded £25m) into school premises.
- In 2019/20 1,145 new homes were completed and the City has averaged more than 1,100 new homes per year for the last five years. A great achievement but with this growth comes extra service demands.
- The Council has experienced a 43% rise in households seeking help with homelessness, coupled with new obligations under the Homelessness Reduction Act.
- The Councils public health grant funding is low in comparison to national benchmarks, despite an above average level of public health needs, with a current shortfall of over £2.5m per year, this results in more people requiring specialist services and interventions due to the shortfall in preventative approaches.

Despite these pressures the Council has been proactive in implementing changes to develop and strengthen the Councils operations such as:

##### Operating changes

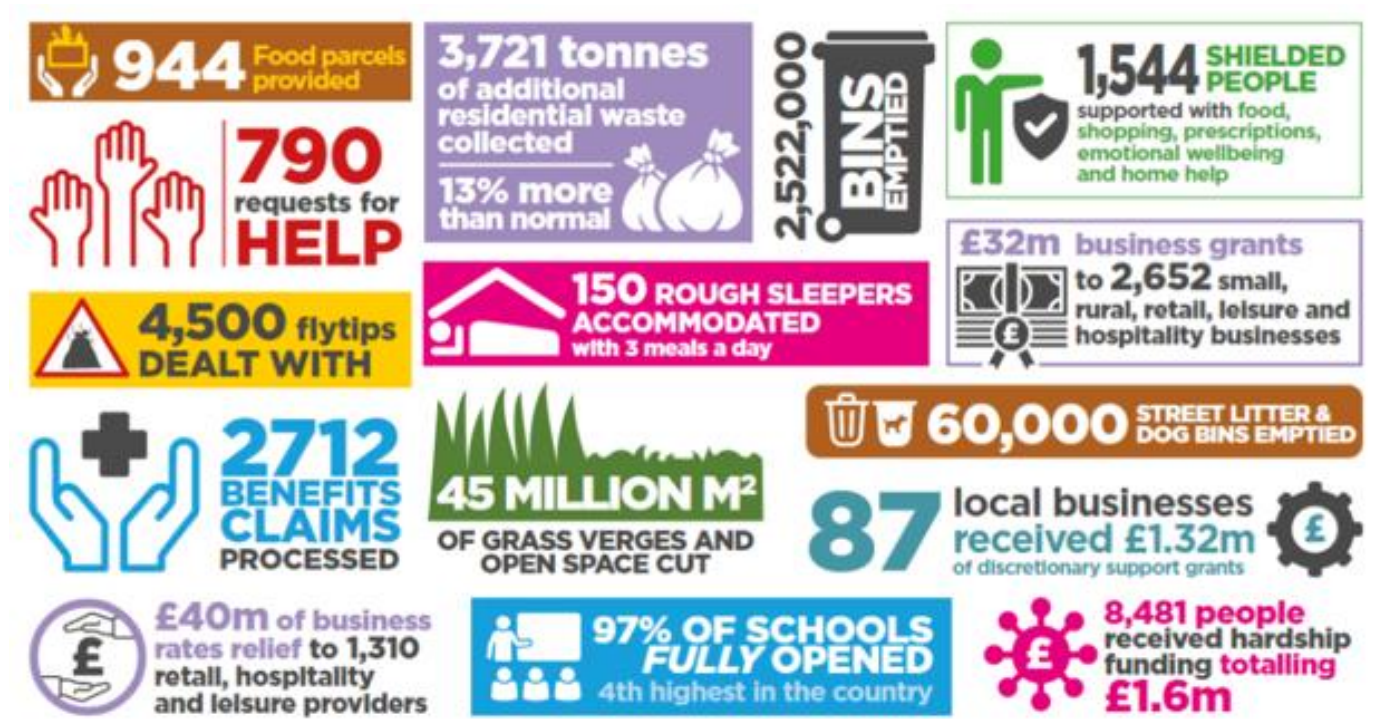


- It has transformed its Children’s and Adult Social Care Services, by the using prevention and early intervention strategies e.g. Family Safeguarding and Adult Positive Challenge Programme. These programmes have seen a continuation of lower levels of expenditure and good outcomes in comparison to the Council’s statistical neighbours.
- It has worked with health and care partners to reduce costs, increase efficiencies and increased purchasing power through joint commissioning and delivery opportunities.
- It has transformed its Housing Needs service to reduce homelessness within the City.
- It has generated over £77.5m of external income (non-Government grant or tax), equating to almost 20% of the Council’s gross income.
- It has actively managed several key contracts and worked closely with partners to deliver Council services.
- It has worked to maximise the use of its assets.
- It has regularly reviewed its capital programme and associated project management of scheme delivery.
- It has applied technology and ICT solutions to streamline the Council’s processes and increase automation.
- It has reviewed its workforce and successfully implemented agile working across its organisation.

Alongside a rise in demand and reduced government funding, the Council faces a number of additional financial challenges, including more people on lower council tax bands restricting its ability to raise income from local taxes, a fast-growing population (it is now over 202,300 a 13% increase since 2009) and minimal resilience, due to the low levels of usable reserves forecast by the end of the financial year.

### C-19 Pandemic

In March the Council faced additional demand, for a wider breadth of new services. The pandemic has been the most challenging emergency the county, the Council and the UK has responded to in living memory. The response to the pandemic has seen the Council respond at speed to implement Government policy to limit the spread of the virus, protect the health of all our residents and ensure the most vulnerable in our communities are safe and cared for. The following graphic outlines some of the ways the Council has supported residents and businesses, over the last six months:



Although there are still many unknowns around the medium and long-term impacts of C-19, the Council has established a recovery group to start modelling the future demand, based on what is currently known about the

population of Peterborough, historic demand and a growing bank of national and international evidence. It is evident that the impact of C-19 will be felt across many of the Council’s service areas for a long time and the Council will need to respond to these e.g. acuity of need due to elective care being put on hold, the closure of schools and the impact on vulnerable pupils, the impact of what a further lockdown would have on families with social care needs, which have not been met in a timely manner and the overarching impact of economic hardship.

#### 4.4 Financial Context

##### **Background**

The Council has been operating within a challenging financial climate for some time following years of austerity measures, low funding and rising demand for Council services. Over the last two years, the Council has been working with the Local Government Association, its auditors, and external financial specialists to deliver a sustainable financial strategy.

However, in March 2020, the Council began to see the societal and financial impacts of the C-19 pandemic. This has resulted in pressures of £38.9m and a funding gap of £11.0m in the current financial year and a projected budget gap of £35.7m for 2021/22. The current year position includes the £27.9m of additional Government funding received to support the cost of responding to C-19 and a partial impairment of savings plans in the existing MTFS. It does not reflect an impact from a potential second wave. The following graph outlines the current year financial position:



An increased **funding gap £11m** = **£38.9m pressure** less **£27.9m funding**



The C-19 pandemic has exasperated the Council’s financial situation and created an unprecedented strain on Council services. The following points outline examples of some of the specific pressures the Council is facing:

- A forecast loss of £2.4m in parking revenue as a result of reduced footfall in the City centre.
- A Council Tax deficit of £2.8m as a result of people being unable to pay and an increase in households receiving council tax support.

- A Business Rates deficit of £7.2m as a result of businesses being unable to pay their rates because of the impact on their operations.
- An additional £13.8m of costs as a result of providing Adult Social Care services differently during the pandemic.
- An additional cost of £2.2m to provide accommodation for all rough sleepers, in order to isolate safely, as directed within government national policy.
- An inability to deliver £5.5m of existing MTFS savings plans that the Council expected to achieve this current year. This creates additional budget pressures in the current and next financial years.

After continuing to provide vital services to the residents and businesses of Peterborough, despite years of austerity, funding reductions and rising service demand, 2021/22 was always going to be a difficult year. With the measures the Council has taken over previous years and the fundamental change savings which had been identified prior to the pandemic, the Council had a plan to close the budget gap. However, the C-19 pandemic has made this direction of travel near impossible, leaving the Council with current year funding gap of £11.0m, and £35.7m budget gap in 2021/22, of which there is no recourse to the use reserves.

### Financial Position Pre-C-19

Alongside a national rise in demand for services, as outlined in section 4.3, and the financial pressure on Local Government, the Council faces a set of additional financial challenges:

- **Low Council Tax Base**, restricting the Councils ability to raise income from local taxes. Peterborough has a high proportion of band A and B properties combined with the 8th lowest average Band D council tax rate when compared to other unitary neighbours. If Peterborough was able to move to the average unitary council tax rate (a difference of £136 – 9.7%) and applied this to the tax base of 59,093 band D equivalents, this would generate an additional £8m per year.
- **Fast growing population teamed with an increase in demand for services** and the complexity of care and support required, as outlined in section 4.3.
- Already providing **services at a low unit cost**, demonstrating that the Council already delivers efficiency and value for money services, as outlined further in this section.
- **Low government funding** in comparison to service need and the population of Peterborough. The Council's funding position is outlined in section 5.3.
- **Low resilience, with low levels of usable reserves** forecast by the end of the financial year, as outlined in section 6 the robustness statement.

To date the Council has been able to successfully set a balanced budget, but in doing so has exhausted all financial measures available, including the use of capital receipts, revaluating the minimum revenue provision (MRP), joining a business rates pool, years of delivering savings plans and budget cuts, and in March received approval for a Capitalisation Direction to enable the delivery of a radical new operating model. The Council has sought external advice and challenge from a range of external professionals with extensive local government knowledge and experience.

### External expert review

The Council has subjected its financial strategy and its drive for sustainability to external rigour, challenge and support from the following sources:

- Local Government Association (LGA) peer review and challenge
- Grant Thornton
- Specialist housing advice
- Specialist HR advice

- Specialist strategic financial advice (as recommended by the LGA)

The Council's Financial Improvement Programme (FIP) was supported throughout by Grant Thornton, to deliver at pace and with rigour given the extent of the financial challenge. During this programme, Grant Thornton deployed sector market experts to each of the Council's directorates to support the identification of savings opportunities, the development of robust savings initiatives (£33.5m), review of these initiatives and subsequent implementation. In addition, Grant Thornton set up an enhanced and dedicated Programme Management Office to support the Council in tracking progress and the status of every single savings initiative, from inception through to delivery.

Their lengthy experience of working in Local Government allowed the Council to identify new savings initiatives and develop a robust challenge and review process for all savings initiatives, plus create targeted implementation plans based on what has worked, or not, in other Local Authorities.

In December 2018 the LGA provided two experienced peers to review the Council's finances and associated service delivery. The result of that work was reported to Joint Meeting of Scrutiny Committees and actions were incorporated in the Council's financial improvement programme.

The Council has employed a housing specialist to assist its work on homelessness, as well as a finance specialist to assist the s151 officer in the management of strategic finance for the Council and the oversight of the in-year forecast overspend reduction plan.

#### **Lean Cost Structure Review**

As part of the Capitalisation Direction process the Council committed to an intensive six-week period of investigative and service review work to be used to inform the development of a new operating model. This work was facilitated by working alongside experts from Grant Thornton and Local Government Association. At the time of the commencement of lockdown £11.9m of fundamental change savings had been identified for more detailed business case development for implementation in this financial year and to close the opening £14.2m 2021/22 budget deficit.

However, the C-19 pandemic has significantly impaired these plans and caused additional budget pressures within the current financial year. These pressures are anticipated to extend into 2021/22 and beyond and will mean that the Council will not have the resources available to submit a legal and deliverable budget in 2021/22, without additional funding in both the current year and future financial years.

#### **Exhausted financial options**

The Council has been proactive in its approach to balancing the budget and has implemented a range of financial options such as:

- Successfully applying for a Business Rates Pool in partnership with the other Cambridgeshire authorities to generate additional income.
- Thoroughly reviewing the Council Tax base, the Business Rates base and provisions, and contracting an external review of the Local Council Tax Support Scheme.
- Seeking a Capitalisation Direction from MHCLG in January 2020 to ensure the Council had sufficient resources to implement transformation programmes, while maintaining enough resilience to withstand an unforeseen event.
- Reviewing the Councils Minimum Revenue Provision (MRP).
- Years of delivering savings programmes, whilst managing additional demand, and increases in the cost of service, as a result of inflation and national pay awards.
- Developing a savings programme of over £33.5m for the 2020/21 Medium Term Financial Strategy, with the external support of Grant Thornton.



- Undertaken an intensive six-week (Feb-Mar 2020) period of investigative service review work alongside experts from Grant Thornton and Local Government Association. This identified £11.9m of fundamental change savings.

Table 2 shows the continued and extended use of reserves and non-repeatable savings to balance the budget over recent years, this is where expenditure has exceeded available funding. Although this has enabled the Council to continue the delivery of vital services to residents, it has in turn led to a structural deficit in the Council's finances. Now that the application of non-repeatable savings has been exhausted, the funding gap requires a sustainable ongoing solution, as reported in previous MTFs.

**Table 2: Non-repeatable Savings**

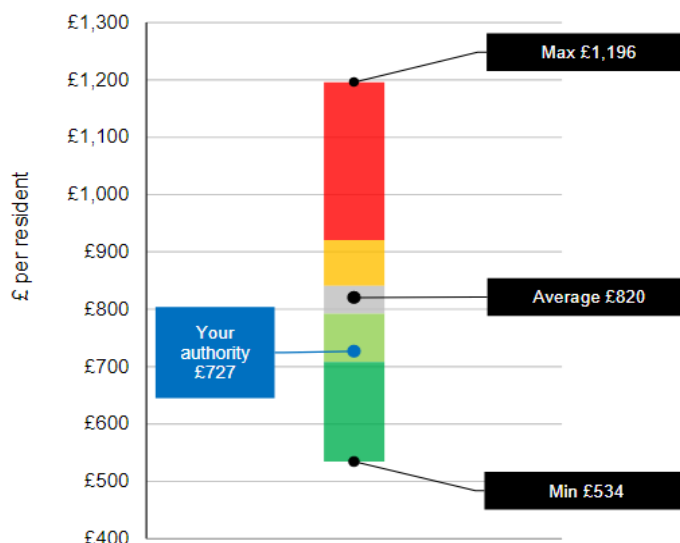
	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Capital Receipts	12,738	2,922	10,639	3,930
MRP Re-provision	-	3,700	-	-
Council Tax Collection Fund Surplus	173	1,188	201	662
Business Rates Pool & Provision Release	-	-	-	3,231
Capitalisation direction	-	-	5,564	1,217
Planned use of Reserves	7,194	4,231	3,084	1,510
<b>Total</b>	<b>20,105</b>	<b>12,041</b>	<b>19,488</b>	<b>10,550</b>
In year use of Reserves	-	2,119	-	-
In year increased Use of Capital Receipts	-	3,298	235	-
<b>Total</b>	<b>20,105</b>	<b>17,458</b>	<b>19,723</b>	<b>10,550</b>

### Low Unit Cost

Over the years the Council has been active in pursuing Value for Money and low costs by implementing savings plans and ensuring unit costs remain low. The Council maintains a strong awareness of this in comparison to other Local Authorities, and in the most recent benchmarking report it was demonstrated that the Council's unit costs, in comparison to other authorities across England, were 11.4% lower than average, and ranked 92nd highest out of 123 comparable authorities. This graph and the table below outline the Council's position, demonstrating that in almost every service the Council has some of the lowest costs in the sector.

**Chart 3 - Relative unit costs (England comparison)**

Bottom 20% of authorities ●●●● top 20% of authorities



Source: LG Futures

### External Verification

As noted earlier in this section, the Council has worked collaboratively with Grant Thornton and the Local Government Association to develop a sustainable budget strategy. This work included the identification of £33.5m of savings in 2020/21, enhancements to the Council's financial and HR controls which are outlined in the

following paragraph and the identification of new opportunities totalling £11.9m for 2021/22 onwards. This work has provided the council with challenge, support and verification on its approach.

### **Expenditure Controls**

The Council has always been proactive in finding solutions and mitigating financial pressure, to ensure the continuation of vital services. Aware of the increasingly difficult financial position the Corporate Management Team (CMT) approved and implemented the following expenditure controls during the summer of 2019. These are still in operation in order to control and ensure that all expenditure is only made for essential purposes.

These controls include:

- A panel to review all recruitment and agency requests.
- Business case requirement for all expenditure in excess of £10k.
- Service based Heads of Finance providing additional scrutiny and challenge of the business cases in excess of £10k with regular review from the Chief Finance Officer.
- Enhanced controls for general expenditure, with all expenditure over £1k requiring Chief Finance Officer approval.
- Implementation of the review of the effectiveness and operation of financial and human resource controls across the organisation.
- Departmental Management Teams, together with the CMT, review the budget position monthly and take appropriate action, including plans to address budget issues, all reported in Budgetary Control Reports.
- Continued with the enhanced budget governance, with dedicated Boards overseeing the delivery of the budget setting process, and monitoring of savings delivery.

The C-19 pandemic has brought an additional layer of financial complexity, including new reporting, additional costs, lost income generation and non- delivery of savings plans, impacting almost every service within the Council. The Council enacted its emergency policy on 24 March 2020, which saw the establishment of an enhanced governance structure (Gold, Silver, Bronze). The Gold group has been reviewing the Council's financial position on a weekly basis, with an enhanced layer of internal reporting implemented to ensure all C-19 related financial implications are:

- Reviewed to ensure any additional costs or lost income are incurred as a result of implementing policy and guidance as set out by the Government.
- Are receiving the relevant director and financial approval (an internal 'mini business case' form has been set up to ensure identify items are tracked, monitored and reported).
- Tracking tool to enable weekly financial reporting to CMT and complete the monthly financial management report to MHCLG.
- Summary reports based on the MHCLG return are presented to the Leader and portfolio holder for finance on a monthly basis.

The pandemic has accelerated an already financially stressed organisation to the brink. Without additional funding, or catastrophic service cuts, the £11.0m gap in the current financial year will deplete reserves to an unsustainable level and the Council will not have the resources available to submit a legal and deliverable budget in 2021/22.

## **4.5 National Position**

### **Financial Impact of C-19**

Nationally, C-19 has had a significant impact on Council finances. The latest C-19 financial management information [analysis](#) published by MHCLG, identified additional pressures and lost income was in excess of £11bn. This included:

- Adult Social Care Pressures totalling £2.3bn
- Income losses of £1.6bn in respect of Business Rates, £1.6bn in respect of Council Tax

- Lost 'Sales Fees and Charges' income totalling £2bn, of which the government has recently issued the first form to enable MHCLG to partially compensate Councils for these losses.

Some of these cost pressures and reduced income generation will have lasting effects for councils and will impact base budgets in the medium term. This makes it ever more important that clarity on a short-term to longer-term support package for Local Government is received.

### **Comprehensive Spending Review (CSR)**

On the 23 September, the HM Treasury announced plans to scrap the 2020 Autumn Budget due to the C-19 pandemic, stating that 'now is not the right time to outline long-term plans and to focus on the here and now'. The CSR is expected to set out the overall shape of the government spending and is intended to cover a multi-year period. There is no clear timescale of when this is now expected. There is a risk to this being delayed further, and a further risk of this becoming a another one-year spending review covering 2021/22 only.

The Chancellor is producing this CSR in unprecedented times and is faced with providing solutions which are short term, in response to the C-19 pandemic and others are more structural, due to an ongoing recession and the increased spending base within health and care. The Chancellor will need to consider setting a plan which will strike a balance between additional taxes, spending cuts, borrowing, health and the economy. This is all alongside the transitional period, following the UK's exit from the European Union, coming to an end on 31 December 2020.

The Local Government Association recently published their submission in respect of the CSR, which highlighted the significant pressures councils are under. They stressed that £10bn will be needed, to not only plug the funding gap but to meet growing demand pressures which councils face and improve services for our communities

### **Provisional Local Government Finance Settlement 2021/22**

At present, no date has been confirmed for the settlement. It is expected that this will be published in December with a technical consultation in the Autumn. It is likely that this will only be a one-year settlement, but should provide clarity on several areas including:

- Confirmation of grants and whether this roll-over will be unchanged or will have an inflationary or growth uplift.
- Confirmation on the timescales for Fair Funding Review and Business Rates Retention.
- Confirmation on timescales for the reset of Business Rate Baseline.
- Confirmation of the continuation of New Homes Bonus or details of the replacement scheme.
- Confirmation of Council Tax Referendum limits 2% or £5 increase in Band D (and another ASC precept or possibly a new Childrens Social Care Precept).
- Confirmation of the continuation of the Business Rates pilots.
- Approval of Business Rate pool applications.

### **Going Concern- Statement of Accounts**

In response to the further strain C-19 has put on Local government finances, external auditors are requesting Local Authorities to incorporate a 'going concern' statement within their Statement of Accounts (SoA). The Council's auditors Ernst and Young (EY) have requested the inclusion of this disclosure within the SoA for 2019/20, due to the Council's challenging financial position.

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

result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a 'going concern' basis.

Providing a statement on the 'going concern' status of the authority is made challenging due to the uncertainty surrounding the levels of government funding beyond 2020/21. The annual audit letter and final SoA's are expected to be issued in advance of the Audit Committee meeting on 16 November, however this is in advance of the Local Government Settlement announcement 2021/22. Therefore, the Council can only make this statement based on current funding levels, which are subject to confirmation.

## 5 BUDGET DETAIL

### 5.1 Previous 2020/21-2022/23 MTFS Summary

Table 3 outlines the position, detailing the amounts the Council expects to receive from the key funding streams. It highlights the departmental budgets and the budget gap for each of the three years from the 2020/21 MTFS.

**Table 3: Previous 2020/21 MTFS Budget Summary Position**

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
NNDR	(51,397)	(50,253)	(50,253)	(50,253)
Revenue Support Grant	(10,413)	(10,413)	(10,413)	(10,413)
Council Tax	(83,972)	(86,904)	(90,638)	(94,518)
New Homes Bonus	(4,701)	(2,066)	(1,461)	-
Business Rate Pool	(1,320)	-	-	-
Improved Better Care Fund	(7,260)	(7,260)	(7,260)	(7,260)
Social Care Grant	(4,680)	(4,680)	(4,680)	(4,680)
2018-19 Adult Social Care Support Grant	-	-	-	-
<b>TOTAL CORPORATE FUNDING</b>	<b>(163,743)</b>	<b>(161,576)</b>	<b>(164,705)</b>	<b>(167,125)</b>
<b>PLANNED EXPENDITURE</b>				
Chief Executives	1,252	1,216	1,244	1,272
Governance	4,254	4,343	4,394	4,446
Place & Economy	21,371	22,469	23,099	23,729
People & Communities	85,720	90,540	91,417	92,257
Public Health	(372)	(390)	(390)	(390)
Resources	14,525	11,808	12,070	12,524
Customer & Digital Services	7,534	7,735	7,922	8,112
Business Improvement	600	573	576	579
<b>NET SERVICE EXPENDITURE</b>	<b>134,883</b>	<b>138,294</b>	<b>140,333</b>	<b>142,529</b>
Corporate Expenditure	5,368	5,392	5,416	5,440
Capitalisation Directive	(1,217)	-	-	-
Capital Financing Costs	26,219	32,135	33,764	33,764
Contribution from/to Reserves	(1,510)	-	-	-
<b>TOTAL PLANNED EXPENDITURE</b>	<b>163,743</b>	<b>175,820</b>	<b>179,513</b>	<b>181,733</b>
<b>REVISED DEFICIT/(SURPLUS)</b>	<b>0</b>	<b>14,245</b>	<b>14,808</b>	<b>14,609</b>

## 5.2 Phase One Budget Position 2021/22- 2023/24

The proposed budget position is summarised within Table 4, with Table 5 setting out the proposals included within this Phase One of the MTFS 2021/22. The major items included within these proposals are:

- Collection Fund deficits and reduced income base for both NNDR and Council Tax
- Additional costs associated with the delivery of Adult and Children’s Social Care Services
- Additional costs associated with Aragon Direct Services

**Table 4: Phase One Budget Summary Position 2021/22-2023/24**

	2021/22	2022/23	2023/24
	£000	£000	£000
<b>Budget Gap from 2020/21 MTFS (Table 3, section 5.1)</b>	<b>14,245</b>	<b>14,808</b>	<b>14,609</b>
Budget Pressure & Service Demand	11,892	12,649	15,168
Funding Changes	3,809	3,515	3,165
Non-Delivery of Savings Plans*	5,058	4,978	4,978
Collection Fund Losses: Council Tax & NNDR	3,323	3,323	3,323
<b>Revised Budget Gap Subtotal</b>	<b>38,327</b>	<b>39,273</b>	<b>41,243</b>
Savings and Income	(2,659)	(2,659)	(2,659)
<b>Revised Budget Gap</b>	<b>35,668</b>	<b>36,614</b>	<b>38,584</b>

\*Broken down within table 5

Table 5 details all proposals included within this Phase One, and the financial implications for the three years covering 2021/22-2023/24 and Table 6 outlines the RAG profile of the current savings plans for 2021/22.

**Table 5: 2021/22-2023/24 Phase One budget proposals**

	2021/22	2022/23	2023/24
	£000	£000	£000
<b>Budget Pressure &amp; Service Demand</b>	<b>11,892</b>	<b>12,649</b>	<b>15,168</b>
<b>People &amp; Communities</b>	<b>8,167</b>	<b>9,524</b>	<b>12,143</b>
Care Homes Team investment	73	30	-
Children’s- Family Safeguarding	700	700	700
Children’s Placements	2,000	2,000	2,000
Adult Social Care- Market sustainability	5,147	4,480	4,815
Adult Social Care- Cost Drivers and Demography review	-	2,314	4,628
Think Communities Investment	247	-	-
<b>Place &amp; Economy</b>	<b>2,000</b>	<b>1,900</b>	<b>1,800</b>
Aragon Direct Services (Peterborough Ltd)	1,500	1,500	1,500
Reduction in Income from sale of electricity from Energy from Waste plant Energy from Waste	500	400	300
<b>Resources</b>	<b>1,725</b>	<b>1,225</b>	<b>1,225</b>
Pay Award- 2.75% in 2020/21	725	725	725
Peterborough Serco Strategic Partnership Control- Budget adjustment	500	500	500
Increase in Sundry Bad Debt Provision- due to the economic impact of the C-19 Pandemic	500	-	-
<b>Collection Fund Losses: Council Tax &amp; NNDR</b>	<b>3,323</b>	<b>3,323</b>	<b>3,323</b>
Funding	3,323	3,323	3,323

Council Tax Collection Fund Deficit- Spread over three years	934	934	934
Business Rates Collection Fund Deficit- Spread over three years	2,389	2,389	2,389
<b>Savings and Income</b>	<b>(2,659)</b>	<b>(2,659)</b>	<b>(2,659)</b>
<b>Capital Financing Costs</b>	<b>(367)</b>	<b>(367)</b>	<b>(367)</b>
Capital Financing Capital Programme Review- Reduction in Capital Financing Costs	(367)	(367)	(367)
<b>Customer &amp; Digital Services</b>	<b>(711)</b>	<b>(711)</b>	<b>(711)</b>
Changes within the ICT Service	(711)	(711)	(711)
<b>People &amp; Communities</b>	<b>(421)</b>	<b>(421)</b>	<b>(421)</b>
Reduce spend on virtual School	(80)	(80)	(80)
Use of Dedicated School Grant (DSG) to fund school related overheads	(250)	(250)	(250)
Disability Forum infrastructure	(32)	(32)	(32)
Reduction of Posts within Adults and Safeguarding	(59)	(59)	(59)
<b>Place &amp; Economy</b>	<b>(944)</b>	<b>(944)</b>	<b>(944)</b>
Brown Bin Fee increase	(190)	(190)	(190)
Peterborough Highway Services	(316)	(316)	(316)
Westcombe Engineering	(100)	(100)	(100)
Housing Service	(238)	(238)	(238)
Sustainable Growth Strategy Savings	(100)	(100)	(100)
<b>Resources</b>	<b>(161)</b>	<b>(161)</b>	<b>(161)</b>
Commercial Property Portfolio	(35)	(35)	(35)
Core Property Contract	(96)	(96)	(96)
Reduction in Security	(30)	(30)	(30)
<b>Public Health</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>
Public Health Falls Prevention Funding	(40)	(40)	(40)
Public Health – Removal of Head of Public Health Intelligence post	(15)	(15)	(15)
<b>Funding Changes</b>	<b>3,809</b>	<b>3,515</b>	<b>3,165</b>
<b>Funding</b>	<b>3,809</b>	<b>3,515</b>	<b>3,165</b>
Council Tax Base Reduction	1,304	1,360	1,360
NNDR income Base Reduction	1,005	1,005	1,005
Increase in Bad Debt Provision - Business Rates	1,000	750	500
Increase in Bad Debt Provision - Council Tax	500	400	300
<b>Total</b>	<b>16,365</b>	<b>16,828</b>	<b>18,997</b>

### Non-delivery of savings plans

The Council reviews the progress against the delivery of savings plans monthly at an officer led Corporate Programmes and Finance Board. The position outlined within Table 6 is the most recent position reported to this board. It highlights that £5.1m of existing savings plans were identified at high risk, meaning a high proportion or the full saving was unlikely to be achieved. These include saving plans in respect of:

- Managing Adult Social Care costs and demand, which are no longer possible due to the strain C-19 has placed on these budgets.
- Rental income expected as a result of leasing further floor space at Sand Martin House, which have been unachievable due to the social distancing, an increase in businesses working from home and the general climate experienced in the wider UK economy.
- Home to school transport savings, which are unachievable due to the additional transport requirements to ensure social distancing and additional costs of PPE and other measures to minimise the spread of the C-19.

- A reduction in the cost of business support, which has not been achieved during the pandemic due to the additional capacity required to support the Councils response to C-19.

**Table 6: RAG Rating of the Current Savings plans in 2021/22**

Directorate	Total identified £000	Green £000	Amber £000	Red £000
Business Improvement and Development	251	118	133	-
Chief Executives	421	421	-	-
Customer and Digital Services	239	159	-	80
Funding	4,286	4,286	-	-
Governance	180	180	-	-
Place and Economy	2,639	2,434	205	-
Resources	5,842	2,328	340	3,174
Capital Financing	993	548	445	-
People and Communities	7,042	1,889	3,349	1,804
Public Health	1,049	699	350	-
Cross Directorate	2,355	82	2,273	-
<b>Total</b>	<b>25,297</b>	<b>13,144</b>	<b>7,095</b>	<b>5,058</b>

Further detail in respect of the proposals following appendices:

- Appendix A – 2021/22- 2023/24 Phase One MTFS Detailed Budget Position.
- Appendix C - The Budget Consultation Document – Phase One.
- Appendix F - Equality Impact Assessments (where applicable).

### 5.3 Grants and Funding Assumptions

Table 7 outlines the Council's forecast core funding for the period 2021/22-2023/24. It is expected that the level of grants will be confirmed as part of the Provisional Local Government Settlement in December, and as the economy settles, income estimates in respect of Council Tax and NNDR will become more accurate. Due to the level of uncertainty the budget has been updated to reflect estimates based on the latest information available. Further details of the assumptions used are outline within this section.

**Table 7: The Councils funding Summary Position 2021/22-2023/24**

	2021/22 £000	2022/23 £000	2023/24 £000
NNDR	(45,859)	(46,109)	(46,360)
Revenue Support Grant	(10,413)	(10,413)	(10,413)
Council Tax	(84,166)	(87,944)	(91,924)
New Homes Bonus	(2,066)	(1,461)	-
Improved Better Care Fund	(7,260)	(7,260)	(7,260)
Social Care Grant	(4,680)	(4,680)	(4,680)
<b>TOTAL CORPORATE FUNDING</b>	<b>(154,444)</b>	<b>(157,867)</b>	<b>(160,637)</b>

The Council has seen a 70% reduction in the level of grant funding received since 2013/14, and over this period has relied on Council Tax increases and Business Rates growth to bridge the funding gap, but have only partially achieved this, leaving a £18m difference (as demonstrated in the following chart). This is a significant reduction in

funding, and to illustrate the scale of the challenge, the £18m difference is the equivalent of almost 180% of the Council’s current level of RSG or would require a further 22% increase in Council Tax to meet this difference.

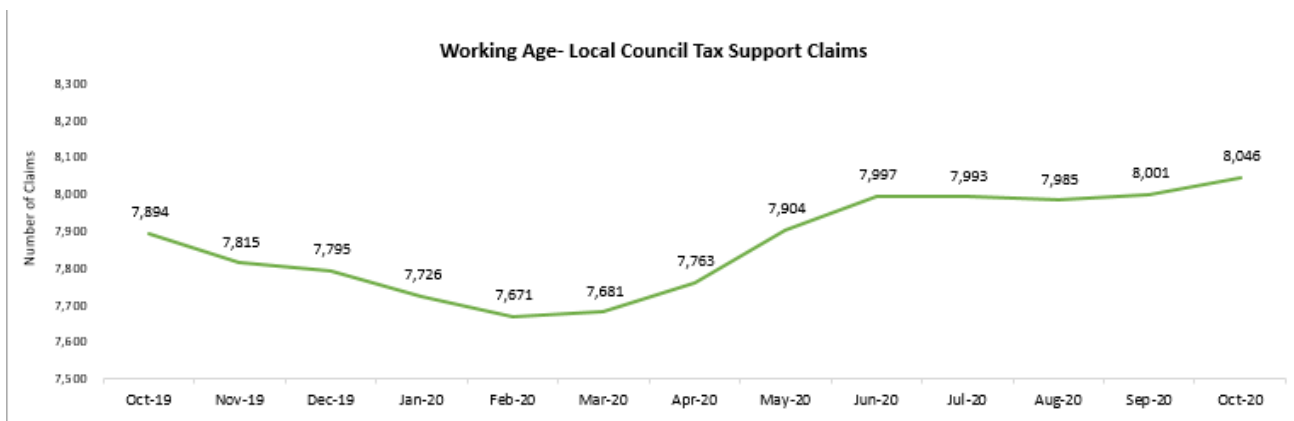
Change in Funding from 2013/14 to 2021/22



**Council Tax**

The forecast funding includes an assumption based on 2.99% general Council Tax increase, although at this point the 2021/22 referendum limits are to be confirmed. The Council has downturned its assumptions in respect of the Council Tax base to take account of the following:

- Reduced housing growth due to slower construction as a result of the social distancing and lockdown measures implemented in March 2020;
- Reduced collection rates (1.9%), which have led to a forecast collection fund deficit of £3m. This Collection Fund deficit will be spread across three financial years.
- Increase in the level of Local Council Tax Support (LCTS) claims, as a result of a rise in unemployment. This is expected to increase as the furlough scheme ends. Prior to the C-19 pandemic, the levels of LCTS were reducing. This is demonstrated in the following graph:



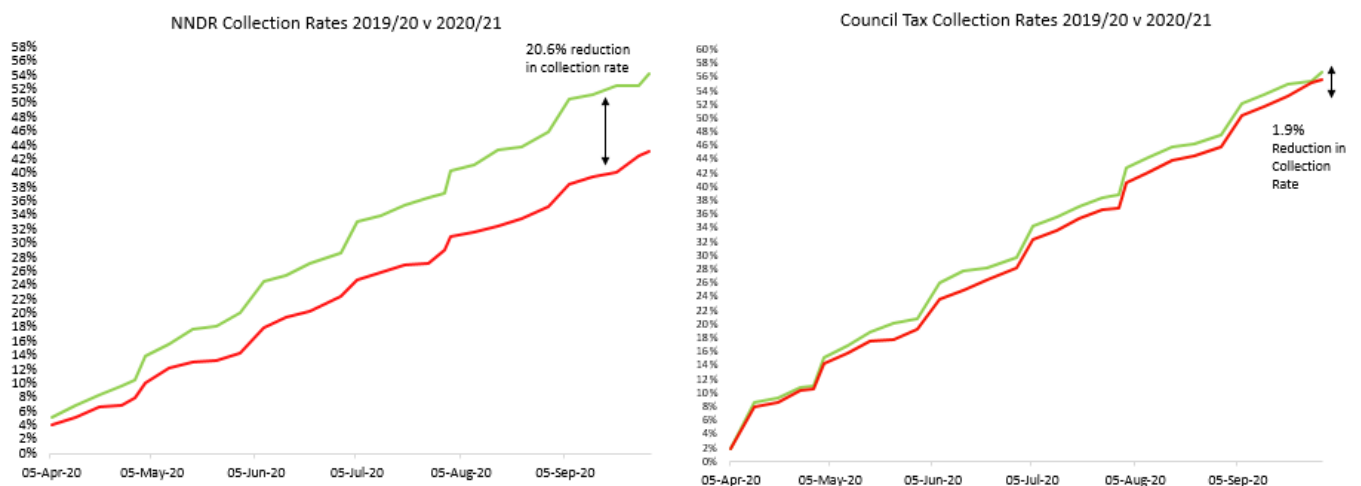


## Business Rates

Business Rates is a major source of income for the Council, with a budget of £51.4m in 2020/21. However, this income source has been impacted by the C-19 pandemic. Although the government has provided a package of support for businesses in the shape of 100% business rates reliefs and grants, the Council has experienced a significant drop in collection rates (20.6%) when compared to 2019/20 performance, and in turn has forecast Collection Fund deficit of £7.2m, which will be spread over the next three financial years.

There is a further risk to the Council's Business Rates income base due to potential rateable value reductions, as a result of the rising level of material 'Change in Circumstance' (MCC) claims raised through the 'Check Challenge Appeal' process and a reduction in business growth.

The following graphs demonstrate the reduction in collection rates for both Council Tax and Business Rates in 2020/21 in comparison to 2019/20:



## Grants

- Revenue Support Grant has been included at the same level as 2020/21.
- New Homes Bonus Grant levels are forecast to reduce in line with prior assumptions.
- The Adult Social Care grants and Improved Better Care Fund (IBCF) have been included at the same level as 2020/21.

Whilst the full extent to which the Councils income will be impacted is unknown, it is expected that prior to approving the budget in March 2021, clarity on Local Government funding will be provided within the Local Government Settlement and as the economy stabilises this will enable budget assumptions to be developed with more certainty.

## Fairer Funding Review

There is uncertainty surrounding the level of funding for the Council in the future, as a result of the pending Comprehensive Spending Review, Local Government Finance Settlement and Fairer Funding Review (FFR).

The new funding allocations of the FFR are expected to be in place in 2022/23. Based on the direction of travel for this review to date, the Council has analysed potential scenarios. The following points summarise what the Council would like taken into consideration within the FFR, and which would contribute towards a funding package more geared towards the Council's demographic and financial position:

- Use of the latest population projections including levels of deprivation.
- Prioritise funding of children's services (social care and other children's services).
- Full Council Tax equalisation.

## 5.4 Financial Strategic Approach

### Approach Taken to Date

As outlined in sections 4.3 and 4.4, the Council has been operating in a challenging financial climate for several years. The Council has delivered millions of pounds of savings and efficiencies, in addition to managing the additional service demand, at the same time seeing a significant reduction in the levels of funding from the Government. As delivering these savings plans has become increasingly difficult the Council has been proactive in using other financial solutions to deliver a balanced budget. However, as these alternative options have been exhausted over recent years this has left the Council with little resilience to withstand a shock, such as the C-19 pandemic.

Appendix D provides an overview of the Council's financial strategy and position over recent years.

In responding to the C-19 pandemic the Council's financial position has been further strained. The new savings opportunities identified earlier in the year have been impaired to £2.7m, as included within the Council's proposed MTFS Phase One position and as reported within the monthly C-19 financial management returns submitted to MHCLG. The in-year position has deteriorated to such an extent that Council is now facing a forecast £11.0m funding gap. As a result, the Council's usable reserves are forecast to be virtually fully depleted by the end of the financial year. The scale of the change required is at such an extent that the Council will require additional government funding and / or alternative funding solutions and will not be able to close the £35.7m budget gap with savings alone.

The Council are in discussion with MHCLG about potential funding solutions for the financial situation that the Council faces. The outcome of these discussions will be crucial to the second phase of MTFS proposals and being able to deliver a balanced budget next year.

### Peterborough Takes Action

On 1 October the Council approached MHCLG ([press release](#)), in accordance with the CIPFA [modifications](#) to enable the further explorations of alternatives to issuing a s114 notice. The Council would like a review of other funding opportunities to ensure that local services meet statutory and legal obligations, and the Council's response meets the challenges of C-19 both now and in the future.

As part of 'Peterborough Takes Action', Council officers have consulted with the following people and groups, who are aware of the Council's financial position and the approach made to MHCLG:

- Leading members in the local authority, including Cabinet, Group Leaders, and full Council;
- The Council's external auditors, Ernst and Young (EY);
- Two MP's responsible for the Peterborough area – Paul Bristow and Shailesh Vara;
- Senior finance colleagues in other local authorities;
- CIPFA, SOLACE and other professional bodies;
- The Local Government Association, and local authority special interest groups;
- MHCLG informally.

The fundamental funding shortfall which the Council has experienced for several years needs to be addressed. The Council has suggested the following solutions to bridge the immediate funding gap for the Council and wider Local Government prior to addressing the underlying medium-term funding shortfall:

Option	Short term	Long term	Advantage	Disadvantage
One-year holiday on the repayment of <b>debt</b> (MRP)	✓	✗	Enables transformational activity	Increased revenue costs through interest payments in the short and longer term
One-year holiday on the contribution to past <b>pension</b> liabilities	✓	✗	Enables transformational activity	Increased revenue costs in the short and longer term
Remove the penalty on <b>PWLB loans</b> to allow Council to renegotiate the loan rates (refinancing)	✓	✓	Benefits are spread over the short to long term time frame Precedence exists for such activity	Impact on national economics Immediate benefits smaller
Use PWLB borrowing to fund the <b>pension</b> deficit	✓	✓	Maximise the benefit of gilts to fund a longer-term liability	Impact on national economics
For current financial year reduce the <b>business rate</b> contribution to the central share	✓	✗	Assists with the council's cash flow Risk transferred to central government	Impact on the wider local government funding mechanism
Maintain the <b>New Homes Bonus</b> and not phase in the grant reduction	✓	✓	Reduction in the funding gap Reward for policy decisions	Impact on the wider local government funding mechanism
Relax the <b>Council Tax</b> referendum limits	✓	✓	Local flexibility and ownership over tax regime Tax base begins to fund services being consumed	Requires change in legislation Impact on taxpayer especially JAMs Political implications
<b>Capitalisation direction</b> for C-19 costs	✓	✗	Cash injection for revenue funding	Future generations burdened with non-asset related debt

## Conclusion

The Council's financial position is challenging, and a comprehensive approach has been taken to implement a financial recovery programme (aided by the Capitalisation Direction). However, in the wake of C-19, it is clear that without additional funding from Government, or the ability to use some of the alternative solutions, the Council will exhaust all reserves in response to the current financial year C-19 challenges and in doing so will be unable to function in the following financial year(s). The financial situation and continued uncertainty in funding arrangements, future demand impacts and recovery from the pandemic mean that forward planning is highly compromised.

The Council will continue to work hard on the recovery of the financial position, while discussions take place with MHCLG. The MTFs Phase Two report will be published in January, for approval by Council on 3 March 2021, solutions will need to be agreed in advance of this to ensure the Council can legally set a balanced budget.

## 5.5 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 possible. An officer-led Capital Review Group oversees the Council’s capital requirements. All related strategies are scrutinised prior to full council by Audit Committee.

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.

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

Work has been undertaken to reduce the capital programme to £80m per year. However, this excludes Invest to Save schemes as the inherent nature of these projects means that the expenditure is less likely to suffer from the same constraints as the Council not having the project officer capacity to deliver a programme over £80m and reducing the budget on these projects does not lead to revenue savings.

The £22m for IFRS16 transition is excluded as this is not new capital spend, but a change in accounting treatment. Under the previous accounting rules leases that did not account for substantially for all an assets useful economic life were treated as off balance sheet and charged to revenue. The new accounting brings these leases (unless under a year in duration or for assets below a de minimum value) onto the balance sheet as capital expenditure. On transition, the remaining value of these existing leases is treated as capital expenditure incurred on 1 April 2021. The implementation of this work was delayed by a year nationally, and therefore is included again in Phase One.

Phase Two will reflect a further review of the programme to reduce costs as well as some further investment in line with Council priorities. Additional investment schemes that have been added to the previous MTFS for approval are summarised in Table 8.

**Table 8: New Capital Schemes included within Phase One**

Directorate	Schemes Included
Resources Place & Economy	<p><b>2020/21</b></p> <ul style="list-style-type: none"> <li>• Purchase of 62-68 Bridge Street - £9m (Borrowing)</li> <li>• New Towns Fund Parks and Opens spaces improvements - £1m (Third Party)</li> <li>• Contribution to the infrastructure costs of the new University development - £2m (Borrowing)</li> <li>• A1260 Nene Parkway Junction 15 improvements £0.47m (Third Party)</li> <li>• A1260 Nene Parkway Improvement Jn 32 to Jn 3 (Fletton Parkway) £0.5m (Third Party)</li> <li>• Peterborough Builds Back Better Project – Creating a Café Culture £0.983m (£0.183m Borrowing, £0.8m Third Party)</li> <li>• Expansion and Improvement of Heltwate SEND school £2.8m (£1m borrowing – funded by removal of Additional Secondary school places budget, and £1.8m Third Party)</li> </ul>
People & Communities	
Place & Economy	<p><b>2021/22</b></p> <ul style="list-style-type: none"> <li>• Highway enhancements £0.15m (Borrowing)</li> </ul>

Table 9 provides a summary of the Capital Programme the over the MTFS period. The full list of schemes is detailed in Appendix B - Capital Programme Schemes 2021/22-2023/24. These tables include the changes to the programme listed above and those agreed by 21 September Cabinet.

**Table 9: The Capital Programme 2021/22- 2023/24 Summary**

<b>Capital Programme</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Customer & Digital Services	5,000	3,500	3,500
People & Communities	45,430	22,247	6,453
Place & Economy	30,999	27,483	25,353
Resources	6,878	2,056	2,045
<b>Total Capital Programme</b>	<b>88,307</b>	<b>55,286</b>	<b>37,351</b>
Grants & Third-Party Contributions	53,998	33,220	17,551
Capital Receipts repayment of loans	-	15,000	-
Borrowing	34,309	7,066	19,800
<b>Total Capital Financing</b>	<b>88,307</b>	<b>55,286</b>	<b>37,351</b>
Invest to Save	24,799	10,000	10,000
IFRS16 Transition	22,000	-	-
<b>Invest to Save and Other Borrowing</b>	<b>46,799</b>	<b>10,000</b>	<b>10,000</b>

## 6. ROBUSTNESS (SECTION 25) STATEMENT FOR PHASE ONE

### 6.1 Requirement

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

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

- a) the robustness of the estimates made for the purpose of the calculations; and*
- b) the adequacy of the proposed financial reserves.”*

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

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

This report has been prepared by the CFO as part of fulfilling this duty and gives the required advice relating to the Councils current and future years financial position, including a consideration of the proposed budget as a whole and all the financial risks facing the Council. It identifies the Council’s approach to budget risk management and assesses the risks associated with the current year and 2021/22 budget to inform the advice on robustness.

At Peterborough City Council this Statement is usually only completed in Phase Two of the budget setting process, as all budgetary information including latest estimates and developments are taking into account. However, this year given the financial position of the Council it is deemed prudent and appropriate for the CFO to provide this assessment in this first Phase as well as later on as part of Phase Two.

### 6.2 Overall Financial Position

As has been stated, the Council is operating in a challenging financial climate, there are now additional uncertainties and significant risk factors brought about by the impact of the C-19 pandemic and the resultant national and local responses to control the virus as well as support the City in its recovery efforts. Previous

Robustness Statements had highlighted the fragility of the Council's financial resilience through a reducing reserves position leaving little recourse if savings were not delivered as planned or unforeseen events materialised. It for these latter reasons that the Council sought, and successfully received the Capitalisation Direction to fund the transformational change that was required to delivery an ongoing and sustainable budget.

In order to achieve a sustainable budget, the Council has exhausted several financial options, such as using capital receipts, reviewing the Councils Minimum Revenue Provision (MRP), delivering years of extensive saving plans and maximising its Council Tax and Business Rates income. Therefore, as part of the financial strategy contained in the last MTFS the Council undertook an intensive six-week period of investigative and service review work to be used to inform the development of a new operating model. This work was facilitated by working alongside experts from Grant Thornton and Local Government Association. At the time of the commencement of lockdown £11.9m of fundamental change savings had been identified for more detailed business case development implementation in this financial year and to close the opening £14.2m 2021/22 budget deficit.

As a direct result of responding to the national emergency created by the C-19 pandemic the savings identified from the above process have been impaired to an estimated £2.8m. Management of the local response and recovery to the pandemic has seen redeployment of teams, and the management capacity required to deliver such transformational change severely reduced. Therefore, without additional funding from government, or the ability to use some of the alternative financial solutions (as suggested to MHCLG) the Council will use the majority of useable reserves to fund the additional C-19 challenges in the current financial year.

The Council has, in accordance with the CIPFA modifications, contacted MHCLG to enable the further explorations of alternatives to issuing a s114 notice. The Council is now exploring further funding opportunities with MHCLG, to ensure that local services meet statutory and legal obligations, and the Council is able to respond to, and recovery from, the challenges of C-19 both now and in the future for residents and businesses of the City.

MHCLG recognise that even with the considerable support already provided to local government, there will be individual authorities with unique circumstances, which is why they are encouraging them to approach MHCLG to discuss their future financial position. They will continue to work closely with Peterborough City council as they support their community through the pandemic.

For Phase One, the opinion of the CFO is that the 2021/22 budget estimates contain considerable risk due to the level of uncertainty in the Councils operating environment, making it problematic to develop meaningful assumptions on which to base income receipt levels and demand-led expenditure budgets.

### **6.3 Robustness of the 2020/21 budget estimates**

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

- Funding availability
- Risks and uncertainties
- Inflation
- Priorities
- Demography
- Service pressures
- Commercial opportunities
- Response to C-19 pandemic
- Recovery from the C-19 pandemic

The MTFS highlights that the current financial position is untenable without some form of intervention. Whilst a balanced budget for 2020/21 was approved in March 2020, the Council is currently forecasting a £11.0m overspend due to the additional demands placed on it from responding to the C-19 pandemic, which in turn is utilising the remaining available reserves balances to fund these pressures.

For Phase One of the MTFS it has proven problematic to find surety in the development of realistic assumptions due to the significant uncertainty inherent in the Council's operating environment. These uncertainties include:

- Increase in demand for council services.
- Market sustainability of key service providers.

- The inability to forecast with any certainty the future profile of recovery for income generators such as car parking.
- Uncertainty with how to profile business rate income given the reduction in government support, and associated closures of businesses due to C-19.
- Uncertainty with the increase to Local Council Tax Support scheme with any future recession.
- Continued uncertainty from the overall impact in funding of the local government sector from central government.
- Unknown financial and demand impact from any future national or local C-19 related lockdown.
- Unknown indirect impacts from any future global recession with no previous experience to base it on.
- No resources to implement any recovery or transformational activity.

Given all the uncertainty which encapsulates this MTFs budget, the assumptions have been based on the best available information to the Council at this time. Work will continue in validating all assumptions, robustly challenging estimates, ensuring the delivery of existing saving plans alongside robust demand management action. Updates will be included in Phase Two of the MTFs and balanced budget setting process.

## 6.4 Reserves

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

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

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

The Council's General Fund working balance is forecast to reduce to £1.5m, with ring-fenced reserves at £4.4m. The latter reserve type includes the actuarial assessed £3.5m insurance reserve and £0.8m of reserves held on behalf of schools for future capital expenditure.

### The General Fund

The General Fund is usually held at a balance of £6m but was temporarily reduced in 2019/20 due to the identification of a timing difference in Business Rates, which meant income from Section 31 grants, was £0.9m lower than budgeted. The income has been received in 2020/21 and the General Fund replenished. However, as the usable reserves are expected to be almost fully utilised, after providing £6.8m of support for the forecast in-year overspend of £11.3m, the remaining £4.5m has been met from the General Fund reducing the balance to £1.5m. In the opinion of the CFO this is an inadequate amount to mitigate and fund any emergent risks. This amount would equate to less than 1% of the Council's forecast net revenue budget.

### Usable Reserves

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

The balance shown for the Capacity Building Reserve includes an element for redundancy costs and investment required to enable transformational change and implementation of the service saving proposals. This balance is insufficient for the investment which would be required to deliver £35.7m of budget savings. The remaining

balance is forecast to be used to meet the in-year forecast overspend, leaving this reserve fully utilised by the end of 2020/21.

Departmental reserves are amounts set aside by departments, during the closure of the accounts and is in accordance with financial guidance to minimise risk exposure to the Council in the following financial year. These reserves are currently anticipated to reduce significantly in 2020/21 due to several specific grants being used to fund expenditure. These funds have been received for specific projects covering multiple years, and includes:

- Family Safeguarding Innovation Programme
- Integrated communities Strategy
- Controlled Migration Fund (CMF)
- COVID-19 reserve relates to the first tranche of C-19 response funding from MHCLG. This is an un-ringfenced grant and was received on 27 March. Following the application of the accounting rules this was put into reserves at the end of 2019/20 for use in 2020/21;

The following chart shows the reducing balance of the reserves from the end of 2017/18 to an estimated end position for 2020/21. The reserves balance at the end of 2019/20 appear relatively high due to the inclusion of the £5.4m of C-19 response fund, with this being fully utilised within the current financial year. The reserves balances will have experienced a reduction of 78% in 2020/21, resulting in a balance equating to less than 5% of the net revenue budget.

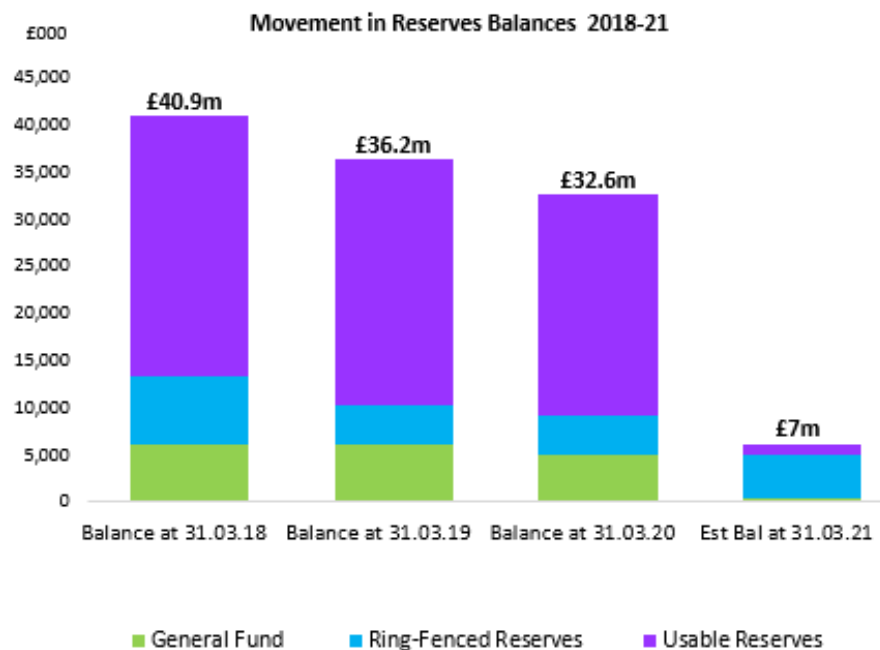


Table 10 outlines the forecast position on the General Fund (unallocated reserve), the usable and ring-fenced reserves (earmarked reserves).

**Table 10: The Reserves Position 2019/20 to 2021/22**

	2019/20	2020/21	2021/22
Summary of Reserves	Balance at 31.03.20	Est Bal at 31.03.21*	Est Bal at 31.03.22*
	£000	£000	£000
General Fund	5,111	1,469	1,469

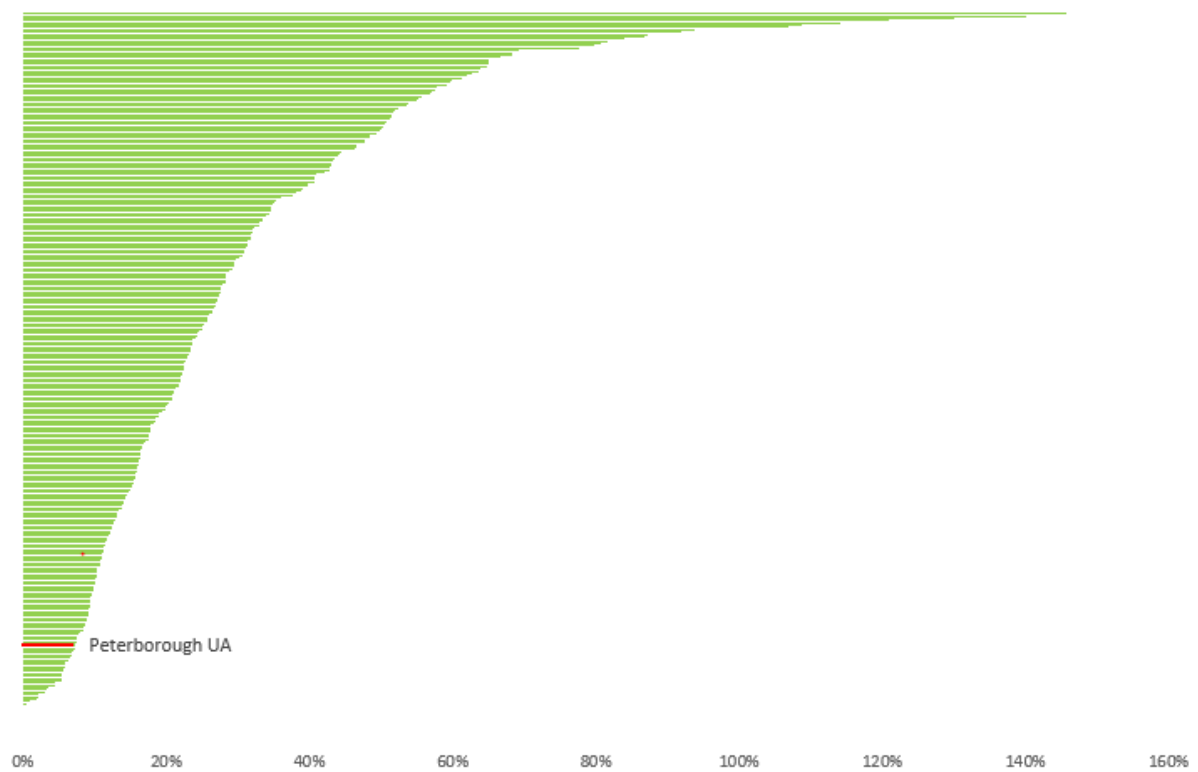


<b>Usable Reserves:</b>			
Capacity Building Reserve	12,992	-	-
Departmental Reserve	5,077	1,147	1,147
COVID-19 reserve	5,332	-	-
<b>Usable Reserves</b>	<b>23,401</b>	<b>1,147</b>	<b>1,147</b>
<b>Ring-Fenced Reserves:</b>			
Insurance Reserve	3,073	3,459	3,459
Schools Capital Expenditure Reserve	752	752	752
Parish Council Burial Ground Reserve	56	56	56
Hackney Carriage Reserve	173	173	173
Public Health Reserve	9	-	-
<b>Ring-Fenced Reserves</b>	<b>4,063</b>	<b>4,440</b>	<b>4,440</b>
<b>Total Earmarked and General Fund Balance</b>	<b>32,575</b>	<b>7,056</b>	<b>7,056</b>

*\*this includes the assumption that the projected 2020/21 overspend of £11.3m is funded from reserves and does not assume any of the budget gap in 2021/22 is funded via reserves.*

The following chart shows the Council's reserve balances in comparison to other local authorities. This shows the Council has one of the lowest reserves balances in the Country, with the ratio of reserves to net revenue expenditure in 2020/21, equating to only 7.4%.

Forecast Earmarked and unallocated Reserves at 1 April 2020 as % of the Net Current Revenue Budget



Source- [Revenue Account Budget data- 2020/21](#)

## 7 FINANCIAL RISK

- 7.1 The Council assesses financial risks as part of its annual budget setting process and regular Budgetary Control process. The Council also has a Risk Management Board, led by the Acting Corporate Director of Resources, which is set up to challenge and support risk management across the Council and partner organisations. The output from this Board is considered regularly at Audit Committee. The last meeting of this board was held on 28/09/2020.

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

Most of the financial risks identified are inherent, including the requirement to delivery savings plans, management of budgets, which relate to demand led services and assumptions in respect of the level of resources receivable through Council Tax, Business Rates and Government grants.

An additional risk log has been developed to identify C-19 specific risks. This is reviewed by the Joint Management Team (CMT that covers both the Council and Cambridgeshire County Council). This includes operational and finance risk, some of which exacerbate the financial risks already identified. These exacerbated risks include the assumptions around the levels of income and collections rates in respect of Council Tax and Business Rates and the levels of short term and ongoing Government grant received to support the additional costs and new responsibilities taken on by the Council such as Test and Trace. In addition to this estimating the levels of sales, fees and charges, income and expenditure levels, remains incredibly difficult, especially in the wake of a deep economic recession and a potential second C-19 wave.

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

## 8 CONSULTATION

- 8.1 Phase One will be the first Phase of the 2021/22 budget process. The updated budget position will be published on 16 October 2020. Consultation feedback will then be considered by Cabinet on 30 November, before recommended for approval by Council on 9 December 2020. The timeline for Phase One of the budget process is outlined in Table 11.

**Table 11: 2021/22 Budget consultation timetable**

	Phase One
Consultation start date	16/10/2020
Cabinet	26/10/2020
Budget Joint Scrutiny Committee	11/11/2020
Cabinet	30/11/2020
Consultation close date	07/12/2020
Council	09/12/2020

This will ensure stakeholder and resident’s feedback is received and considered prior to the Council meeting.

## 8.2 Methods of consultation

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

The stakeholder groups outlined in Table 12 have been contacted and offered a virtual briefing on the budget position during the consultation period, to enable residents, partner organisations, businesses and other interested parties to feedback on budget.

**Table 12: Stakeholder groups and events**

Groups and Stakeholders we are consulting with	Officer Lead
Trade Unions Joint Consultative Forum (JCF)	Peter Carpenter and Mandy Pullen

Joint Scrutiny of Budget meeting	Peter Carpenter
Members of Parliament- Shailesh Vara and Paul Bristow	John Holdich and Pete Carpenter
Parish councils	Adrian Chapman
Connect Group – Churches Together	Adrian Chapman and Gillian Beasley
Cambridgeshire and Peterborough Combined Authority	Cllr John Holdich
Opportunity Peterborough Bondholders	Steve Cox and Cllr John Holdich
Greater Peterborough City Leaders Forum	Gillian Beasley
Peterborough Disability Forum	Adrian Chapman
Age Concern UK	Adrian Chapman
Cambridgeshire Police	Wendi Ogle-Welbourn
Peterborough Civic Society	Steve Cox
Cohesion and Diversity Forum	Adrian Chapman
Joint Mosques Group	Adrian Chapman and Gillian Beasley
Interfaith Council	Adrian Chapman and Gillian Beasley
Peterborough Youth Council	John Holdich and Gillian Beasley
Peterborough Living Well Partnership	Liz Robin
Health Care Executive	Liz Robin and Wendi Ogle-Welbourn
School unions	Jon Lewis
Schools Forum	Jon Lewis

## 9 ANTICIPATED OUTCOMES OR IMPACT

- 9.1 The release of Phase One of the 2021/22 MTFS, outlines budget proposals to address the financial gap and the financial challenges facing the Council as a result of years of austerity measures and C-19 pandemic.

Cabinet will seek the opinions of all residents, partner organisations, businesses and other interested parties to understand which Council services matter most. The Council must set a balanced budget for 2021/22 within the financial resources it will have next year, and the feedback received will help inform Cabinet in considering budget proposals.

Cabinet will review the consultation feedback on the proposals and the MTFS at this meeting on 30 November 2020, before making a final recommendation to Council on 9 December 2020.

## 10 REASON FOR THE RECOMMENDATION

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

## 11 ALTERNATIVE OPTIONS CONSIDERED

- 11.1 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.

## 12 IMPLICATIONS

### Elected Members

- 12.1 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.
- 12.2 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**

- 12.3 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.
- 12.4 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.
- 12.5 When it comes to making its decision on 9 December 2020, 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.
- 12.6 The principle of fairness applies to consultation on the budget proposals, both consultations required under s65 of the Local Government Finance Act 1992 and more generally as proposed here, which operates as a set of rules of law. These rules are that:
- Consultation must be at a time when proposals are still at a formative stage;
  - The proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
  - Adequate time must be given for consideration and response; and
  - The product of consultation must be conscientiously considered in finalising any statutory proposals.
- 12.7 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.
- 12.8 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.
- 12.9 By virtue of section 25, Local Government Act 2003, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (CFO), as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

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

Act 1988.

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

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

### **Modifications to the Guidance**

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

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

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

#### **12.10 Human Resources**

In order to deliver Phase One of the budget, it is anticipated that there will be less than 5 FTE reductions. It is always the aim of the Council to try and minimise compulsory redundancies and the impact on our service delivery. This will be achieved, wherever possible, by seeking redeployment opportunities, the deletion of vacant posts, restrictions on recruitment (considering service delivery), natural wastage / turnover and reducing or eliminating overtime, (providing service delivery is not compromised). Where staff are affected, the Council will seek voluntary redundancies as appropriate to minimise compulsory redundancies and where this is unavoidable, appropriate outplacement support will be considered.

#### **12.11 Equality Impact Assessments**

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

#### **12.12 Carbon Impact Assessments**

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

### **13 BACKGROUND DOCUMENTS**

- 13.1 [Medium Term Financial Strategy- 2020/21- 2022/23](#)  
[Budget Setting Process: \(Item 9a, Cabinet Report, Appendix A\)](#)  
[COVID-19 Financial Update: 11 May Cabinet, Item 5](#)  
[Final Outturn Position 2019/20: 22 June 2020 Cabinet, Item 6](#)

[Budgetary Control Report April 2020: 22 June 2020 Cabinet, Item 8](#)  
[Budgetary Control Report May 2020: 13 June 2020 Cabinet, Item 6](#)  
[Budgetary Control Report July 2020: 21 September 2020 Cabinet, Item 8](#)  
Budget Setting Process: [\(Item 9a, Cabinet Report, Appendix A\)](#)  
[COVID-19 Financial Update: 11 May Cabinet, Item 5](#)  
[Final Outturn Position 2019/20: 22 June 2020 Cabinet, Item 6](#)  
[Budgetary Control Report April 2020: 22 June 2020 Cabinet, Item 8](#)  
[Budgetary Control Report May 2020: 13 June 2020 Cabinet, Item 6](#)  
[Budgetary Control Report July 2020: 21 September 2020 Cabinet, Item 8](#)  
Budgetary Control Report August 2020 – 26 October 2020 Cabinet (same meeting)

## **14 APPENDICES**

- 14.1
- Appendix A – 2021/22- 2023/24 MTFS Detailed Budget Position-Phase One
  - Appendix B – Capital Programme Schemes 2021/22- 2023/24
  - Appendix C – Budget Consultation Document, including Phase One Budget Proposal detail
  - Appendix D – Financial Strategy pre-C-19
  - Appendix E – Financial Risk Register
  - Appendix F – Equality Impact Assessments
  - Appendix G – Carbon Impact Assessments

## Appendix A – 2021/22-2023/24 MTF5 Detailed Budget Position-Phase One

	2021/22	2022/23	2023/24
	£000	£000	£000
NNDR	(45,859)	(46,109)	(46,360)
Revenue Support Grant	(10,413)	(10,413)	(10,413)
Council Tax	(84,166)	(87,944)	(91,924)
New Homes Bonus	(2,066)	(1,461)	-
Business Rates Pool	-	-	-
Improved Better Care Fund	(7,260)	(7,260)	(7,260)
Social Care Grant	(4,680)	(4,680)	(4,680)
<b>TOTAL CORPORATE FUNDING</b>	<b>(154,444)</b>	<b>(157,867)</b>	<b>(160,637)</b>
<b>PLANNED EXPENDITURE</b>			
<b>Chief Executives</b>			
Chief Executive	165	171	176
Human Resources	1,051	1,073	1,096
<b>Total Chief Executives</b>	<b>1,216</b>	<b>1,244</b>	<b>1,272</b>
<b>Governance</b>			
Director of Governance	143	146	150
Constitutional Services	2,033	2,045	2,058
Legal Services	1,948	1,980	2,012
Performance & Information	219	223	226
<b>Total Governance</b>	<b>4,343</b>	<b>4,394</b>	<b>4,446</b>
<b>Place &amp; Economy</b>			
Development and Construction	(59)	(33)	(8)
Director, OP & JV	453	460	468
Peterborough Highway Services	4,191	4,468	4,745
Sustainable Growth Strategy	1,563	1,582	1,601
Waste, Cleansing and Open Spaces	15,856	16,109	16,363
Westcombe Engineering	32	44	56
Service Director Environment & Economy	202	203	205
Director of Housing	1,348	1,348	1,348
<b>Total Place &amp; Economy</b>	<b>23,586</b>	<b>24,181</b>	<b>24,778</b>
<b>People &amp; Communities</b>			
Adults	-	-	-
Children's & Safeguarding	327	496	664
Director	1,245	1,311	1,377
Education	6,427	6,479	6,532
Adults - Commissioning	44,988	46,670	49,319
Adults - Operations	9,784	9,885	9,998
Children's - Operations	11,833	11,833	11,833
Children's Commissioning	18,087	18,087	18,087
Commissioning Team & Commercial Operations	573	688	802
Communities - City Centre Management	535	706	877
Communities - Cohesion and Integration	(71)	(71)	(71)
Communities - Community Safety	(101)	(99)	(99)
Communities - Think Communities	2,983	2,794	2,853
Communities - Regulatory Services	1,614	1,614	1,614
DSG	-	-	-

	2021/22	2022/23	2023/24
	£000	£000	£000
<b>Total People &amp; Communities</b>	<b>98,224</b>	<b>100,393</b>	<b>103,786</b>
<b>Public Health</b>			
Children 0-5 Health Visitors	3,886	3,886	3,886
Children 5-19 Health Programmes	887	887	887
Sexual Health	1,933	1,933	1,933
Substance Misuse	2,218	2,218	2,218
Smoking and Tobacco	292	292	292
Miscellaneous Public Health Services	1,518	1,518	1,518
Public Health Grant	(11,179)	(11,179)	(11,179)
<b>Total Public Health</b>	<b>(445)</b>	<b>(445)</b>	<b>(445)</b>
<b>Resources</b>			
Director's Office	280	285	290
Financial Services	3,648	3,137	3,177
Corporate Items	3,534	3,389	3,387
Peterborough Serco Strategic Partnership	6,055	6,398	6,740
Energy	478	478	478
Cemeteries, Cremation & Registrars	(1,479)	(1,467)	(1,454)
Corporate Property	858	915	971
COVID-19	-	-	-
<b>Total Resources</b>	<b>13,374</b>	<b>13,135</b>	<b>13,589</b>
<b>Customer &amp; Digital Services</b>			
Director Customer & Digital Services	75	75	75
ICT	6,347	6,522	6,700
Marketing & Communications	335	343	350
Resilience & Health & Safety	266	271	276
<b>Total Customer &amp; Digital Services</b>	<b>7,023</b>	<b>7,211</b>	<b>7,401</b>
<b>Business Improvement</b>			
Programme Management Office	573	576	579
<b>Total Business Improvement</b>	<b>573</b>	<b>576</b>	<b>579</b>
<b>NET SERVICE EXPENDITURE</b>	<b>147,894</b>	<b>150,690</b>	<b>155,406</b>
<b>Corporate Expenditure</b>	<b>5,392</b>	<b>5,416</b>	<b>5,440</b>
<b>Capitalisation Directive</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Financing Costs</b>	<b>31,768</b>	<b>33,397</b>	<b>33,397</b>
<b>Contribution from/to Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non- Delivery of Savings Plans</b>	<b>5,058</b>	<b>4,978</b>	<b>4,978</b>
<b>TOTAL PLANNED EXPENDITURE</b>	<b>190,112</b>	<b>194,481</b>	<b>199,221</b>
<b>REVISED DEFICIT/(SURPLUS)</b>	<b>35,668</b>	<b>36,614</b>	<b>38,584</b>



Appendix B – Capital Programme Schemes 2021/22- 2022/24

Project	2021/22	2022/23	2023/24	2021/22 Funding		2022/23 Funding		2023/24 Funding	
	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Strategic Plans</b>									
New Primary provision	100	100	100	100	-	100	-	100	-
New school provision in Great Haddon	900	10,000	-	-	900	-	10,000	-	-
<b>People &amp; Communities Total</b>	<b>1,000</b>	<b>10,100</b>	<b>100</b>	<b>100</b>	<b>900</b>	<b>100</b>	<b>10,000</b>	<b>100</b>	<b>-</b>
A1260 Nene Thorpe Bridge / Nene Parkway	-	2,500	2,500	-	-	2,500	-	2,500	-
A15 Paston Parkway APV Baker Footbridge	-	150	750	-	-	150	-	750	-
A1260 Nene Parkway Longthorpe Footbridge	-	250	2,500	-	-	250	-	-	2,500
Parkway Drainage Improvement Programme	-	250	900	-	-	250	-	-	900
Intelligent Transport Systems Infrastructure	250	250	250	250	-	250	-	250	-
Werrington Brook	-	-	20	-	-	-	-	-	20
Rail Station Western Access	-	-	3,000	-	-	-	-	1,000	2,000
A16 Norwood Dualling	-	-	5,000	-	-	-	-	1,500	3,500
Leisure Trust schemes	1,200	-	-	1,200	-	-	-	-	-
<b>Place and Economy Total</b>	<b>1,450</b>	<b>3,400</b>	<b>14,920</b>	<b>1,450</b>	<b>-</b>	<b>3,400</b>	<b>-</b>	<b>6,000</b>	<b>8,920</b>
North Westgate Development	3,000	-	-	3,000	-	-	-	-	-
Crematorium Relining	88	-	-	88	-	-	-	-	-
<b>Resources Total</b>	<b>3,088</b>	<b>-</b>	<b>-</b>	<b>3,088</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Strategic Plans</b>	<b>5,538</b>	<b>13,500</b>	<b>15,020</b>	<b>4,638</b>	<b>900</b>	<b>3,500</b>	<b>10,000</b>	<b>6,100</b>	<b>8,920</b>
<b>Rolling Programmes</b>									
ICT Projects	5,000	3,500	3,500	5,000	-	3,500	-	3,500	-

Project	2021/22	2022/23	2023/24	2021/22 Funding		2022/23 Funding		2023/24 Funding	
	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Customer &amp; Digital Services Total</b>	<b>5,000</b>	<b>3,500</b>	<b>3,500</b>	<b>5,000</b>	-	<b>3,500</b>	-	<b>3,500</b>	-
Capital expenditure incurred by Peterborough Schools	458	458	458	-	458	-	458	-	458
Off Street Car Parks - Structural Works and Resurfacing	100	100	100	100	-	100	-	100	-
School capital maintenance, minor works and overall programme costs	2,090	2,100	2,110	890	1,200	900	1,200	910	1,200
Social Care property adaptations and equipment	4,265	3,650	3,685	1,665	2,600	1,450	2,200	1,485	2,200
<b>People &amp; Communities Total</b>	<b>6,913</b>	<b>6,308</b>	<b>6,353</b>	<b>2,655</b>	<b>4,258</b>	<b>2,450</b>	<b>3,858</b>	<b>2,495</b>	<b>3,858</b>
Play Areas Improvement Programme	185	185	185	185	-	185	-	185	-
Wheelie Bins	160	160	160	160	-	160	-	160	-
Roads and Bridges	330	330	330	330	-	330	-	330	-
Highways	3,921	3,921	3,921	555	3,366	555	3,366	555	3,366
Surface Treatments	630	630	630	630	-	630	-	630	-
Integrated Transport Programme	1,407	1,407	1,407	-	1,407	-	1,407	-	1,407
Refurbishment of Traffic Signal Sites Nearing End of Life	100	120	120	100	-	120	-	120	-
Parkways Five Year Maintenance programme	1,500	1,500	-	1,500	-	1,500	-	-	-
Extreme Weather Network Improvements	750	750	750	750	-	750	-	750	-
Safety Fencing Network	1,750	1,400	1,400	1,750	-	1,400	-	1,400	-
Street Lighting Cables and Feeder Pillar Upgrade	500	500	500	500	-	500	-	500	-
Street Signage	50	50	50	50	-	50	-	50	-
Footway Slab Replacement Programme	230	230	230	230	-	230	-	230	-
Highways Capitalisation	250	250	250	250	-	250	-	250	-
<b>Place and Economy Total</b>	<b>11,763</b>	<b>11,433</b>	<b>9,933</b>	<b>6,990</b>	<b>4,773</b>	<b>6,660</b>	<b>4,773</b>	<b>5,160</b>	<b>4,773</b>
Corporate costs	400	-	-	400	-	-	-	-	-
Cost Of Disposals	500	-	-	500	-	-	-	-	-

Project	2021/22	2022/23	2023/24	2021/22 Funding		2022/23 Funding		2023/24 Funding	
	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Leisure Trust Property capital maintenance and minor works	350	350	350	350	-	350	-	350	-
Strategic Property Portfolio capital maintenance and minor works	1,840	1,706	1,695	1,840	-	1,706	-	1,695	-
<b>Resources Total</b>	<b>3,090</b>	<b>2,056</b>	<b>2,045</b>	<b>3,090</b>	<b>-</b>	<b>2,056</b>	<b>-</b>	<b>2,045</b>	<b>-</b>
<b>Total Rolling Programmes</b>	<b>26,766</b>	<b>23,297</b>	<b>21,831</b>	<b>17,735</b>	<b>9,031</b>	<b>14,666</b>	<b>8,631</b>	<b>13,200</b>	<b>8,631</b>
<b>Business Cases in Development</b>									
Heltwate - expansion and refurbishment	5,759	-	-	3,959	1,800	-	-	-	-
St John Henry Newman Catholic School	12,300	-	-	-	12,300	-	-	-	-
Manor Drive (Paston Reserve) Primary - new 2FE primary	6,326	-	-	-	6,326	-	-	-	-
Manor Drive (Paston Reserve) Secondary - new 6FE secondary	13,000	5,839	-	-	13,000	-	5,839	-	-
<b>People &amp; Communities Total</b>	<b>37,385</b>	<b>5,839</b>	<b>-</b>	<b>3,959</b>	<b>33,426</b>	<b>-</b>	<b>5,839</b>	<b>-</b>	<b>-</b>
Eastern Industries Access Phase 1 - Parnwell Way	5,000	-	-	1,500	3,500	-	-	-	-
A1260 Nene Parkway Junction 15 improvements	-	7,500	-	-	-	2,250	5,250	-	-
A1260 Nene Parkway Improvement Jn 32 to Jn 3 (Fletton Parkway)	5,000	-	-	1,500	3,500	-	-	-	-
Peterborough University Access	5,000	5,000	-	1,500	3,500	1,500	3,500	-	-
Highway Enhancements	150	-	-	150	-	-	-	-	-
<b>Place and Economy Total</b>	<b>15,150</b>	<b>12,500</b>	<b>-</b>	<b>4,650</b>	<b>10,500</b>	<b>3,750</b>	<b>8,750</b>	<b>-</b>	<b>-</b>
IFRS 16 Transition	22,000	-	-	22,000	-	-	-	-	-
<b>Resources Total</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Business Cases in Development</b>	<b>74,535</b>	<b>18,339</b>	<b>0</b>	<b>30,609</b>	<b>43,926</b>	<b>3,750</b>	<b>14,589</b>	<b>0</b>	<b>0</b>
<b>Active Schemes</b>									
Day Opportunities	132	-	-	132	-	-	-	-	-
<b>People &amp; Communities Total</b>	<b>132</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Project	2021/22	2022/23	2023/24	2021/22 Funding		2022/23 Funding		2023/24 Funding	
	Budget	Budget	Budget	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.	Corp. Res.	3rd Party Inc.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operation Can Do	1,000	-	-	1,000	-	-	-	-	-
Nene Bridge Bearings	1,228	-	-	1,228	-	-	-	-	-
Crescent Bridge Refurbishment	95	-	500	35	60	-	-	500	-
Strategic Network Review	-	150	-	-	-	150	-	-	-
A47/AA15 Lincoln Road Junction 18 Improvements	228	-	-	228	-	-	-	-	-
Westwood Footbridge Pier Top Concrete Refurb	85	-	-	3	82	-	-	-	-
<b>Place and Economy Total</b>	<b>2,636</b>	<b>150</b>	<b>500</b>	<b>2,494</b>	<b>142</b>	<b>150</b>	-	<b>500</b>	-
Housing Joint Venture	700	-	-	700	-	-	-	-	-
<b>Resources Total</b>	<b>700</b>	-	-	<b>700</b>	-	-	-	-	-
<b>Total Active Schemes</b>	<b>3,468</b>	<b>150</b>	<b>500</b>	<b>3,326</b>	<b>142</b>	<b>150</b>	<b>0</b>	<b>500</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>110,307</b>	<b>55,286</b>	<b>37,351</b>	<b>56,308</b>	<b>53,999</b>	<b>22,066</b>	<b>33,220</b>	<b>19,800</b>	<b>17,551</b>
<b>Active Schemes</b>									
ADS Fleet Renewal	4,000	-	-	4,000	-	-	-	-	-
<b>Active Schemes Total</b>	<b>4,000</b>	-	-	<b>4,000</b>	-	-	-	-	-
<b>Strategic Plans</b>									
Housing for Vulnerable People	799	-	-	799	-	-	-	-	-
Invest to Save (eg Property Acquisition)	20,000	10,000	10,000	20,000	-	10,000	-	10,000	-
<b>Strategic Plans Total</b>	<b>20,799</b>	<b>10,000</b>	<b>10,000</b>	<b>20,799</b>	-	<b>10,000</b>	-	<b>10,000</b>	-
<b>Total Invest to Save</b>	<b>24,799</b>	<b>10,000</b>	<b>10,000</b>	<b>24,799</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>	<b>0</b>

**Medium Term Financial Strategy  
2021/22 Phase One Budget  
Consultation Document**

**Embargoed until 5pm  
16 October 2020**



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## OVERVIEW

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 2021/22.

The budget setting process for next year will once again be a challenge, with the funding we receive from Government and elsewhere not coming close to meeting the demand for services. The Covid-19 pandemic has raised the bar on this challenge, placing an unprecedented strain on Peterborough's future financial stability, and will mean that the council has a much greater level of savings to make to achieve a balanced budget for 2021/22, as explained later in this document.

It is well known that the council has been operating within a difficult financial position for the past decade, having to make millions of pounds worth of savings annually to be able to balance its budget. To put it into context, since 2013/14 the council's funding from Government has been reduced by over 70% – that equates to £58million. Yet demand for services has increased at an unprecedented rate, meaning we are having to provide services for more people, with less funding.

In recent years we have taken a comprehensive approach and worked hard to implement a financial recovery programme which has included external challenge and review of all our services to ensure they are achieving best value, increased HR and financial controls to generate savings and a review of all our contracts to ensure they are achieving best value. We also now generate £78million of external income annually, through selling our services, rental, fees and income.

As a result, we are a well-run council which provides good quality and low-cost services for our residents.

However, the pressures on our services remain:

- The population is growing older and people are surviving longer with significant health conditions and requiring more complex care, which in turn is significantly increasing our costs of care. Although we are not seeing an increase in numbers supported, due to our significant prevention and early intervention work, we are seeing increasing costs for those who do need our support. In 2019/20 we supported 2,743 people with long-term packages of care and 553 people with shorter term reablement care. We also responded to referrals for 3,419 clients, offering services and support to help them stay independent.
- The number of children in care nationally has risen which has had an impact on where we place children. The recruitment of foster carers has not kept pace with the number of children requiring care and we have had to use residential placements which are more costly, this position has been exacerbated by Covid-19. As a result, the council has needed to identify an additional £2m in 2021/22 to meet additional placement costs.
- We continue to experience a growing demand in special educational needs. Comparing 2020 with 2016, we have experienced a 40% increase in pupils with Education, Health and Care Plan (EHCP) supported by Peterborough City Council.
- We face significant pressure in providing enough school places as a result of extensive new housing developments and demographic changes resulting from increased birth rates. The school population in Peterborough has increased from 28,257 pupils on roll in January 2006 to 37,582 in January 2020, an increase of 33%.

- In 2019/20 a total of 1,145 new homes were completed and we have averaged more than 1,100 new homes per year for the last five years - good news, but with this growth comes extra service demands.

Alongside a rise in demand and reduced government funding, the council also faces a number of additional financial challenges including more people on lower council tax bands restricting our ability to raise local taxes, a fast-growing population - the population is now over 202,300, with a 13% increase since 2009 - and low resilience, with virtually non-existent levels of usable reserves forecast by the end of the financial year.

2021/22 was always going to be a difficult year, but with the measures we had taken in previous years and the savings and changes to services that we had identified we had a plan for our budgets in future years, to move towards sustainability.

However, the Covid-19 pandemic has exasperated our financial situation and created unprecedented strain on our services and created additional pressures which include:

- Forecast loss of £2.4million in parking revenue.
- Council tax deficit of £2.8million as a result of people being unable to pay and an increase in households receiving council tax support.
- Business rates deficit of £7.2million as a result of businesses being unable to pay their rates because of the impact on their operation.
- Additional £13.8 million on providing Adult Social Care services differently during the pandemic.
- £2.2m to provide accommodation for all rough sleepers so that they could isolate safely.
- Inability to achieve £5.5million of the savings that we expected to in the current year which creates a pressure in-year and next year.

As a result, we are faced with a gap in our budget for 2021/22 of £36million.

The scale of the challenge next year will require additional funding and solutions, we cannot meet the challenge by savings alone.

As a result, we are discussing with the Ministry of Housing, Communities and Local Government (MHCLG) about potential solutions to the financial situation that we and many other councils face. The outcome of these discussions will be crucial to our second phase of proposals and being able to deliver a balanced budget next year.

We have presented a number of options which will not just allow us to set a balanced budget for 2021/22 but may give the Government the time it needs to adjust national finances to take account of the Covid-19 emergency nationwide. These include:

- Providing additional un-ring fenced funding for these exceptional Covid-19 incurred costs.
- Allowing the council powers to use debt financing to cover one-off Covid-19 issues in 2020/21.
- Allowing the council to take a one-year holiday in 2021/22 on Minimum Revenue Provision Payments. This is the same as the private sector re-negotiating their debt repayments and would free up £15m.
- Allowing the council to take a one-year holiday on Pension Fund payments. With the present three yearly revaluation the council pension fund is fully funded over its 25-year, life and this



will have no impact on staff pensions currently or in the future, but would free up in the region of £6-8m.

This will not just help the council to continue to deliver essential services, but will allow us to continue our highly effective support in fighting the effects of Covid-19 in Peterborough.

We are awaiting a response from Government on the suggestions that we have made.

Although the pandemic has placed unprecedented strain on our services, it has also shone a light on the vital role that councils play in the lives of residents and in supporting businesses, and how important it is for local government to be at the forefront when there is a crisis.

Of particular note this year has been:

- Our work with communities to reduce our rates of infection from a position which saw us go from sixth highest rates in the country, to below the national average.
- Our scheme to contact trace people who have tested positive for COVID-19 which has a 90% success rate, one of the highest in the country.
- Our work to distribute £32m in business grants and award 100% business rate relief for designated businesses totalling £40.3m – at one point being among the best in England for issuing grants to local businesses, and better than anywhere else in Cambridgeshire.
- Our work in supporting those most affected by the pandemic through the Peterborough Coordination Hub.

In addition, we have continued to maintain good quality services and outcomes for residents and taken big strides forward with the redevelopment of the city. Particular successes include:

- Plans for a dedicated university for Peterborough progressing at pace with Anglia Ruskin University announced as the academic partner and planning permissions now being sought.
- Progress on the redevelopment of North Westgate following an agreement with Hawksworth Securities PLC to begin acquiring land, bringing momentum to ambitious redevelopment plans for the delivery of a vibrant new £150m quarter for the city.
- Redevelopment of Fletton Quays continues with work getting underway on the new Hilton hotel and due to start soon on a new Government hub.
- Leadership of an ambitious £600m regeneration and growth strategy set out in the 2019 City Centre Investment Prospectus and the recently submitted Towns Fund Investment Plan which sets out proposals for £25m of Government investment.
- Partnership with Network Rail and LNER to agree a visionary masterplan for the station quarter; and as a landowner and partner working with Peterborough United FC to enable the relocation of the football ground in the city.
- Lower numbers of children in care than our statistical neighbours which has been achieved through our family safeguarding initiative and good quality early help services.
- We have one of the lowest hospital delayed discharge rates for adults with social care needs in the country.
- We have kept pace with the significant demand for school places by investing £88million in school buildings and expansion over the past five years. The council has directly funded £25million of this sum.
- Our highways service (a partnership with Skanska) ranked first in the East of England in the 2019 National Highways and Transport public satisfaction survey and was awarded 'Project

of the Year' for the Nene Bridge in the regional Chartered Institute of Highways and Transportation awards.

As demonstrated, we are a well-run, innovative and imaginative council which runs low cost, good quality services, however in setting a budget for 2021/22, we have immediate and significant financial challenges and we must identify £36m of savings.

This first phase of proposals details how we will save £2.7million in 2021/22 but there is a significant challenge ahead - one that we cannot meet without Government support. Therefore, we continue to work with MCHLG and our MPs on how we will be able to deliver a balanced budget next year and continue to provide the services that our residents need.

## **THE BUDGET PROCESS**

The council is faced with a challenging financial position this year. The magnitude of the savings required has meant that we have had to consider significant changes to our operating model and redesign the way we deliver services.

Due to the nature and scale of this, developing the proposals has required additional time and resource to ensure the plans are robust, deliverable and collectively achieve financial sustainability.

At Full Council in July ([Item 9a, Cabinet Report, Appendix A](#)) a budget process was approved, with fewer revisions, which will allow the council to consider and develop a balanced budget. The timetable approved is outlined within the following table:

### **MTFS Phase One**

Consultation start date	16/10/2020
Cabinet	26/10/2020
Joint Scrutiny Committee Meeting - budget	11/11/2020
Cabinet	30/11/2020
Consultation close date	07/12/2020
Council	09/12/2020

### **MTFS Phase Two**

Consultation start date	22/01/2021
Cabinet	01/02/2021
Joint Scrutiny Committee Meeting- budget	10/02/2021
Cabinet	22/02/2021
Consultation close date	02/03/2021
Council	03/03/2021

## **CABINET PRIORITIES**

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



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 as part of our Climate Change declaration.



Supporting Peterborough's culture and leisure offer.



Keeping our communities safe, cohesive and healthy.



Achieving the best health and wellbeing for the city.

## **COUNCIL DIRECTORATES**

### **Governance**

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

### **Place and Economy**

This department is responsible for the Peterborough Highways Service, planning, regeneration, waste treatment, energy and the management of Aragon Direct Services, who provide services relating to waste, cleaning and open spaces.

It leads on the promotion of the city to attract business and investment by working with Opportunity Peterborough and the Peterborough Investment Partnership.

It also leads of delivering support to individuals and families requiring housing through the housing needs team, and works with Medesham Homes, the council's partnership with Cross Keys Homes to provide more affordable housing within the city to reduce the risk of homelessness.

### **People and Communities**

This department is responsible for ensuring the needs of our residents are met, particularly those that are most vulnerable. It works with adults, children, families and communities, including schools, health services and the police. It leads on keeping children and adults safe, ensuring sufficient quality education placements, including early years settings, supporting children with special educational needs and commissioning of services, often with our partners.

It takes the lead on services that help people feel safe in their communities, improving community relationships and working with communities to support and help each other.

And also leads on tourism and city services including CCTV, car parks, events and the City Market.

In the current year it has also led on the work to support people who are more at risk from Covid-19 and those who need support to remain safe and well. This has been through the Countywide Coordination Hub and the local Peterborough Support Hub. It has also supported with outbreak management, to contain outbreaks when they occur and to encourage people to follow national guidance.

### **Public Health**

This department works to improve the health and wellbeing of residents. Services include local health visiting and school nursing services, services to treat people with drug and alcohol misuse and addiction issues, sexual health and contraception services and services to support people to give up smoking, lose weight and achieve health goals.

In the current year it has led on the council's response to Covid-19, both in terms of managing outbreaks when they occur and working intensively with our communities to make sure as many people as possible are following national guidance to reduce the spread of the virus.

## **Resources**

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

## **Customer services and digital**

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

## **Business improvement and development**

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

## **Chief Executive**

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

## FUNDING AND COUNCIL SERVICE EXPENDITURE

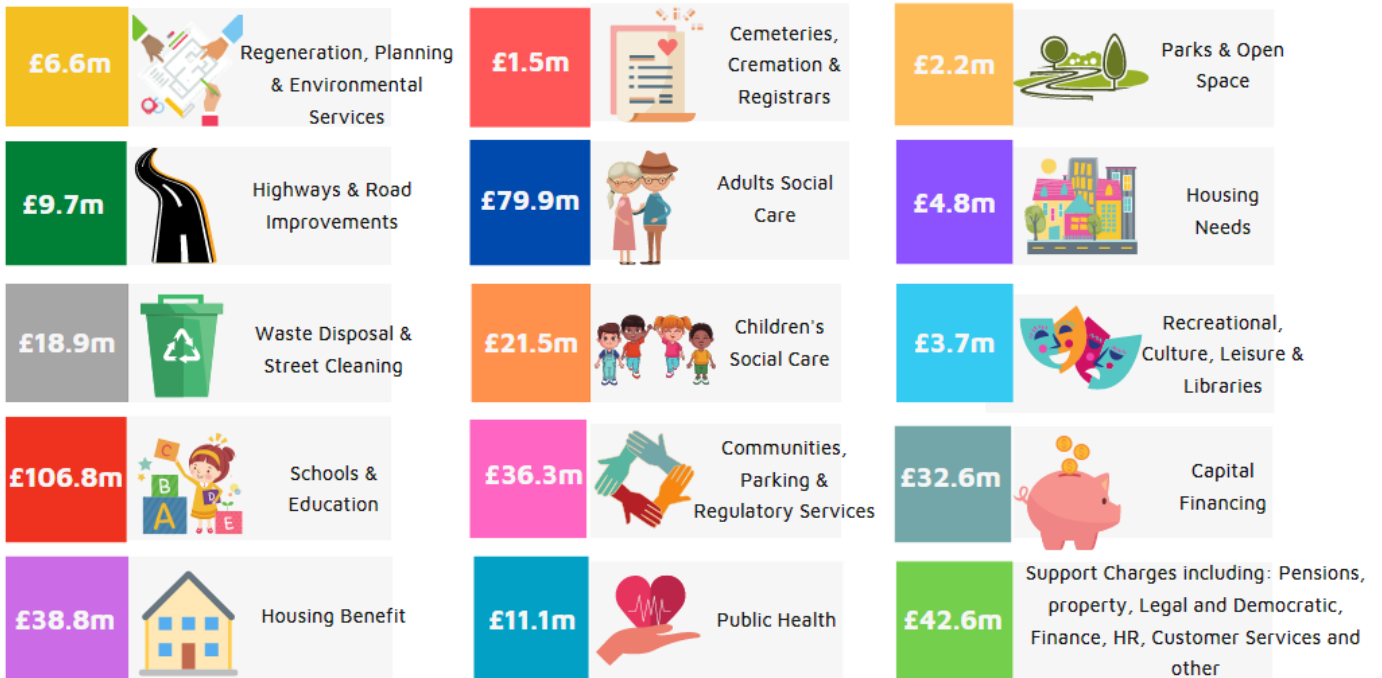
### Funding 2021/22

The council's forecast total funding for 2021/22 is £154m, comprising of council tax, business rates, its Revenue Support Grant (RSG) and other grants. The council has seen a 70% reduction in the level of grant funding received since 2013/14, and over this period has relied on Council Tax increases and Business Rates growth to bridge the funding gap, and have only partially achieved this, leaving a £18m difference (as demonstrated in the following chart). This is a significant reduction in funding, and to illustrate the scale of the challenge the £18m is the equivalent of almost 180% of the Councils current level of RSG.



## The Councils Expenditure Budget 2021/22

The Following Graphic outlines some of the Councils key service areas, and the gross expenditure budget for these areas for 2021/22:



These budgets reflect the proposals outlined within this document, but at this stage this is an estimated position, based on the best and most up to date information available to the Council. The Councils will finalise the budget within Phase Two of the MTFs and balanced budget setting process.



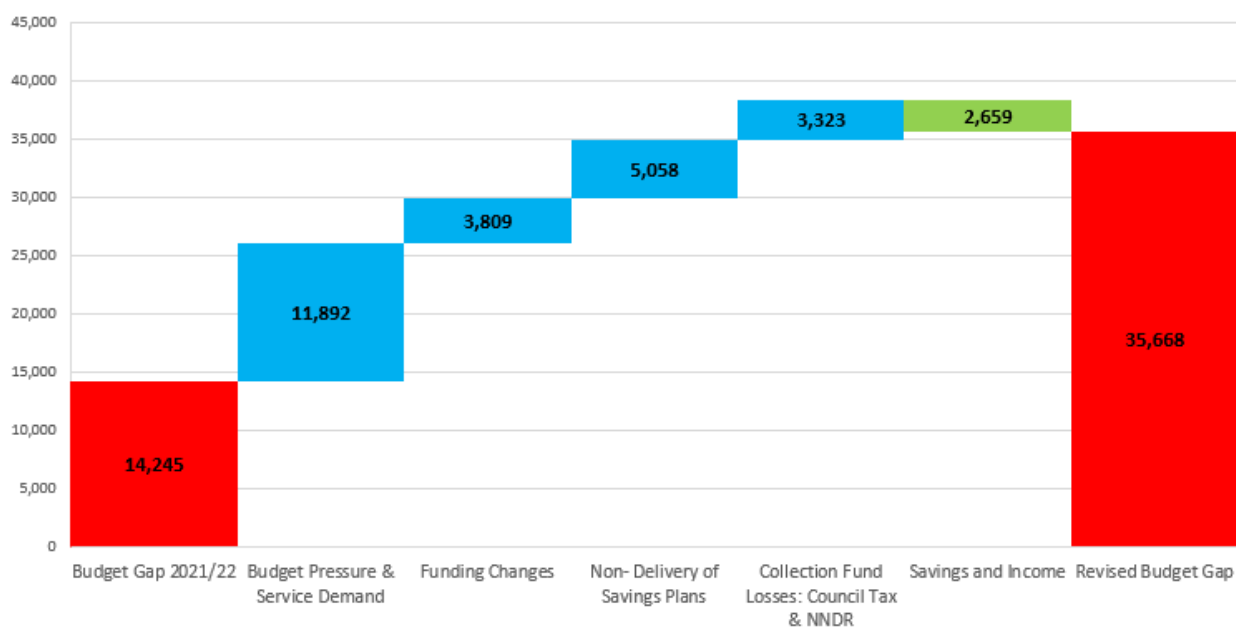
## OVERALL BUDGET POSITION

### Revenue

Phase one contains the first of two rounds of budget proposals, which outline £24.1m of additional pressures and £2.7m of savings, leaving the council facing a £35.7m budget gap.

Estimated 2021/22 MTFS budget gap

Existing budget gap **£14.2 m** + pressures **£24.1m** - new savings **£2.7m** = revised budget **gap of £35.7m**



	2021/22	2022/23	2023/24
	£000	£000	£000
<b>Budget Gap from 2020/21 MTFS</b>	<b>14,245</b>	<b>14,808</b>	<b>14,609</b>
Budget Pressure & Service Demand	11,892	12,649	15,168
Funding Changes	3,809	3,515	3,165
Non- Delivery of Savings Plans	5,058	4,978	4,978
Collection Fund Losses: Council Tax & NNDR	3,323	3,323	3,323
<b>Revised Budget Gap</b>	<b>38,327</b>	<b>39,273</b>	<b>41,243</b>
Savings and Income	(2,659)	(2,659)	(2,659)
<b>Budget Gap</b>	<b>35,668</b>	<b>36,614</b>	<b>38,584</b>

## **SAVINGS PROPOSALS**

### **Capital programme review- reduction in capital financing costs**

This is the impact to the capital financing budget following amendments to the council's capital programme for 2020/21 onwards, resulting in lower borrowing requirement and lower associated revenue costs.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>367,000</b>	<b>367,000</b>	<b>367,000</b>

### **Customer services and digital - changes within the ICT service**

The managed IT contract with Serco came to an end during 2020 with IT staff and services transferring back to the council generating savings totalling £311,000.

An additional £50,000 saving should be possible from consolidating and sharing the council's IT service structure with Cambridgeshire County Council as outlined in the Joint IT Strategy. Savings amounting to £300,000 have also been identified within business systems including removal of entire systems where these are either no longer required, have been replaced or where the functionality can be provided through an existing or cheaper alternative.

As part of the sharing of services with Cambridgeshire County Council, the council will host its IT systems in the Peterborough DataCentre. This will provide Peterborough City Council with an income of £50,000 per annum and represents the first step towards becoming a more commercial IT service.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>711,000</b>	<b>711,000</b>	<b>711,000</b>

### **Reduce spend on virtual school for children in care**

Peterborough virtual school for children in care works in partnership with schools and other agencies in order to improve standards of achievement for this group of children and young people. It has a focus on improving educational outcomes and accelerating learning from early years to the end of Year 13.

Following an Ofsted review in 2015, it was noted that the virtual school lacked sufficient capacity to monitor and improve educational outcomes for looked after children, including those in post-16 education. A substantial investment was made to increase capacity and in 2018 Ofsted noted that the quality of planning and support for children in care and care leavers provided by the virtual school had improved following investment in key new posts.

Since then, the council has received further grant funding from the Department for Education to support the core functions of the virtual school and as a result the investment made by the council in 2015 can be reduced by £80,000 per year.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>

### **Reduction of posts in Adult and Safeguarding**

This proposal looks to delete three part-time non-essential vacant posts from Adults and Safeguarding, within the People and Communities directorate.

In April 2020 new financial assessment software was implemented following an upgrade of the council's electronic care record system. This new way of working has led to more automation of several aspects of the work and therefore the need for less staffing resource. As a result, voluntary redundancy was agreed for one post and there is now the opportunity to delete a full time equivalent (FTE) Financial Assessment Officer role from the team.

There is also the opportunity to remove the post of Early Help Prison Support Worker (0.5 FTE). The previously outsourced care act assessment and support planning functions within the prison were transferred back to the council last year and further review of the function and duties undertaken has established that this now vacant role is no longer required.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>59,000</b>	<b>59,000</b>	<b>59,000</b>

### **Disability Forum infrastructure**

There are regular provider forums in place and a more robust communication and support channel with the provider market which offer alternative solutions for those requiring the support previously offered.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>

### **Reviewing Dedicated Schools Grant (DSG) expenditure**

In 2018, the Department for Education removed the Education Service Grant which funded services provided by local authorities to maintained schools, trusts and academies. Some of the responsibilities previously held by the council for all schools including attendance, work with excluded pupils, child employment and the statutory oversight of education, were transferred into the Dedicated Schools Grant (DSG) as additional funding.

The council has undertaken a review of its spend across these areas and as a result we are able to charge more costs, previously met by core council funding, against the centrally retained schools block in the DSG. This will lead to £250,000 being saved by the council, providing the DSG continues to provide funding for these activities.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

## Housing service

The council's housing service is working towards becoming a national leader in customer service, efficiency and performance. A number of proposals are being put forward to support these aims.

Firstly, it is proposed to establish a new permanent housing assistant director role at an annual cost of £127,000. An interim appointment covering the same scope of work has already been successful in achieving key objectives such as ending the use of B&B accommodation, reducing the backlog of homelessness and housing register cases and reducing the number of new homelessness cases requiring temporary accommodation. This post would enable the continuation of this work, supporting the council to deliver a range of additional savings and manage demand.

There is also a proposed project to establish a housing management and repairs service within the Housing Service. This would take responsibility for all repairs, asset management, compliance and housing management functions using a fit-for-purpose information system; making a saving of £160,000 in comparison to the current contract costs.

In addition, there are proposed improvements to temporary accommodation and traveller sites income collection, and debt collection more generally, in the Housing Service which would generate a saving of £205,000.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>238,000</b>	<b>238,000</b>	<b>238,000</b>

## Brown bin fee increase

The council runs an opt-in garden waste (brown bin) collection service for all residents across the city; since 2014 there has been a charge for this.

This proposal is to increase the current subscription fee for the scheme, from £45 to £50 per year, to reflect the fact that the existing budget does not allow for back office software improvements, the impact on vehicle costs, or officer time. This would be the first increase to the charge since 2018/19.

The council is also proposing to introduce a £25 charge for a second (or any subsequent) brown bin to further mitigate the costs outlined above. The limit on the number of brown bins any one household has would be removed where operational demand allows.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>

## Peterborough Highway Services

Peterborough Highway Services is a partnership between Peterborough City Council and Skanska. The contract covers the improvement and maintenance of Peterborough's highway network and maintains 550 miles of carriageway, 718 miles of footways and 366 structures.

A review has been undertaken to identify any elements of the services provided which can be stopped, amended or reduced; or, where income could be increased or new income streams identified.

This proposal includes a number of options where savings can be delivered. These include:

- Changes to street lighting across the city, options include altering lighting levels or switching off some lights altogether between midnight and 5am, which could generate a £100,000 annual saving.
- Adapting intervention standards on roads by allocating £150,000 of capital funding to allow whole areas of highway to be improved, rather than one-off patching, to enhance the asset, which would generate £150,000 revenue saving.
- A review of fee levels to ensure that costs are recovered in relation to S38 (construction of new estate roads) and S278 (works to an existing highway) applications; this would increase income by £50,000.
- A fee increase to street naming which will cover costs in this area and generate additional income of £6,000.
- A budget adjustment of £5,000 to reflect maintenance work at Junction 3A (Ikea) being absorbed within the wider maintenance budget and another for £5,000 to reflect that the activity of the Accessibility and Travel team has been absorbed as part of a wider programme of work.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>316,000</b>	<b>316,000</b>	<b>316,000</b>

### **Sustainable Growth Strategy savings**

The council has contracts with several other local authorities to deploy its staff to provide planning policy service support. There is increasing demand for this, so the council is proposing to increase the target for income achieved through such contracts over the coming years.

In addition, the council plans to reduce its budget for the examination of planning policy documents, for example the inspection fees for the Local Plan. For the next few years, less examinations/inspections are programmed in and therefore the budget can reduce accordingly.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

### **Westcombe Engineering**

Westcombe Engineering is a sheltered employment scheme that manufactures engineering components for external sale. It has recently secured new long-term work orders, which, with associated capital investment has enabled additional income to support the budget, releasing a saving of £100k per year.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>



### Public Health - Falls Prevention funding

As part of a new contract for the Integrated Lifestyles Service across Cambridgeshire and Peterborough, which started on 1 October 2020, the service is now fully funded by the Public Health Grant.

This saving has been taken early and so also has a part year effect in the second half of 2020/21.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>

### Public Health – Removal of Head of Public Health Intelligence post

As part of a realignment of the Public Health directorate, which works across Cambridgeshire and Peterborough, the Head of Public Health Intelligence post was made redundant at the end of August 2020. This post was employed by Cambridgeshire County Council, but because the team is jointly funded, a proportion of the cost of this post is a saving for Peterborough City Council.

This saving has been taken early and so also has a part year effect in the second half of 2020/21.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>

### Commercial property portfolio

This proposal reflects an uplift of commercial rents for properties within the council's portfolio which are due for review, including the Eco Centre and units at Saville Road and Alfric Square.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>

### Core property contract

NPS Peterborough Limited is a joint venture with Peterborough City Council which was set up in 2016. The team provides estate services including asset management and rural estates, estate management, property agency, rating and valuation and consultancy services.

As with all other outsourced contracts and joint ventures, the council has reviewed the service level agreement with NPS Peterborough Limited and the services delivered to identify potential savings. As a result, an 11.5% reduction is proposed to the budget over the next three years by making efficiencies around our strategic estates management function and the management of capital works.

	2021/22	2022/23	2023/24
<b>Saving</b>	<b>96,000</b>	<b>96,000</b>	<b>96,000</b>

### **Reduction in security**

This proposal reflects changes in security arrangements following alterations in the usage of council buildings, enabling a saving to be made. This includes a reduction in the number of security officers employed at Peterborough Central Library from two to one to reflect a lower than expected usage of the conference facilities which security is required for.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Saving</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>



## **BUDGET PRESSURE & SERVICE DEMAND**

### **Adult Social Care- market sustainability**

These pressures and recommended investment ensure the social care market continues to support service user's needs under the backdrop of continued financial pressures seen on a national and regional scale as a result of Covid-19.

The vast majority of external funding which had been available during phase one of Covid-19 has now ceased – at a time when the NHS is gearing back up to 'business as usual', and we organise to meet the challenges of winter pressures, flu and further expected Covid-19 outbreaks.

The budget required under this proposal would enable the council to continue to support providers with the costs of direct intervention. Measures include:

- Continuing to fund the additional c. 104 beds commissioned by the council for patients discharged from hospital into other care settings during phase one of Covid-19
- Continuing to support providers with infection control measures associated with Covid-19, for example PPE and professional support
- Supporting providers to cover the cost of the largest increase to the National Living Wage seen in 20 years.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Pressure</b>	<b>5,147,000</b>	<b>4,480,000</b>	<b>4,815,000</b>

### **Adult Social Care - Cost drivers and demography review**

Nationally, Adult Social Care is facing unprecedented financial pressures resulting from reducing budgets, rising costs of care, increasingly complex needs and an ageing population, exacerbated further by the Covid-19 pandemic.

The council has not escaped these pressures, which are driven by a growing population and an increase in contract inflation and the cost of providing care.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Pressure</b>	<b>0</b>	<b>2,314,000</b>	<b>4,628,000</b>

### **Think Communities investment**

The Peterborough and Cambridgeshire Think Communities approach brings together local authorities across the county, the voluntary and faith sector, community groups, housing providers, business, health, police and fire services to coordinate place-focused people-centred support.

The approach was first developed in 2019, but since the start of the Covid-19 pandemic the coordinated Hub response implemented in Peterborough and Cambridgeshire has proven how the concept works in real time, supporting tens of thousands of residents to protect themselves, and as such not overload the NHS or other statutory services. This way of working achieved some outstanding outcomes and is something the council and Cambridgeshire County Council want to take experience from and to build on.

Targeted preventative work will be delivered to ensure that people who might need help and support - for example, if they are lonely and isolated, or if they struggling with their household bills, or who are an informal carer - are able to get that support from within their own community first and foremost, either through a stronger and more resilient set of community-led services or through council and other staff working more closely within and alongside communities.

The council is proposing an initial 18-month investment to build on our existing core-funded infrastructure, embed many of the features developed during the Covid-19 pandemic, and deliver highly practical outcomes across all services. After the 18 months of transformation investment, it is expected that this approach and way of working will be embedded in the organisation and that ongoing work will be part of core budgets.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>247,000</b>	<b>0</b>	<b>0</b>

### Care Home Support Team

Across Cambridgeshire and Peterborough there are 167 registered residential and nursing homes (131 in Cambridgeshire and 36 in Peterborough). Compared to other areas, a higher percentage of homes are rated good or better, however, there are a small number of homes which require focus to address and respond to quality and practice issues.

This proposal involves the establishment of a dedicated Care Home Support Team across Cambridgeshire and Peterborough for two years to support homes where systemic issues are identified, in order to reduce the risk of provider failure and/or large-scale safeguarding concerns.

This dedicated team of staff could provide practical support to the homes for a concentrated period to bring practice and documentation up to the required position. They could also work with providers where early involvement is likely to provide a preventative benefit. This support will include:

- Talking to residents and staff to gather their concerns and provide advice and reassurance
- Ensuring care and support documentation is up-to-date and meets the needs of all
- Supporting adherence to Mental Capacity Act and Deprivation of Liberty Safeguards statutory duties across the home
- Liaising with safeguarding teams as appropriate
- Celebrating and sharing good practice
- Checking the clinical needs of each resident are met and infection control measures are in place and appropriate
- Identifying opportunities for use of technology to support practice throughout the home as opposed to a resident by resident basis
- Work alongside home management to ensure they understand what is required and are able to take the changes forward positively.

To resource this new team, a manager and five social workers would need to be recruited. The resource would be shared across Cambridgeshire and Peterborough so that it can be deployed where needed. The costs of this service would be shared by Peterborough City Council (26%) and Cambridgeshire County Council (74%).

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>73,000</b>	<b>30,000</b>	<b>0</b>

### **Children’s Family Safeguarding**

Family Safeguarding was implemented in Peterborough with the support of a grant from the Department for Education in 2017/18. This grant met the initial set-up costs and additional staffing costs for operating the model. It has now been fully utilised.

Family Safeguarding is an approach to working with children living in families where issues affecting parents place them at the greatest risk of harm. These parental factors are substance and/or alcohol misuse, parental mental ill-health and domestic abuse and in the most complex family situations, parents may be struggling with all these issues.

In Family Safeguarding, practitioners with expertise in supporting adults to address these difficulties are seconded into teams of children’s social workers. Those practitioners support adults to address the difficulties they are facing, leaving the children’s social workers to ensure that those changes are having a positive and sustainable impact for the children in the family.

This approach is associated with fewer children coming into care as more families are supported to make permanent positive changes and is why Peterborough has fewer children in care than our statistical neighbours. Having fewer children in care more than offsets the additional staffing costs for the adult practitioners, which are £900,000 per annum. Part of this cost is met by the public health grant, because successfully addressing substance, alcohol and domestic abuse and improving mental health are all core public health priorities. This reduces the staffing pressure to £700,000 per year.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>

### **Children’s rise in placements**

While the council’s overall number of children in care remains significantly below the average of its statistical neighbours, we have seen a small increase during the Covid-19 pandemic, partly as a result of families struggling to continue to look after children with very complex needs at a time when other forms of support including help from extended family was less available to them.

Prior to Covid-19, the council had been reducing its placement costs and was set to achieve a £300,000 saving in 2020/21 and a further £500,000 saving in 2021/22.

The costs of specialist placements for young people with complex social and emotional needs and for children and young people with complex disabilities are often as much as £5,000 per week per child or young person and can be significantly higher. This means that there can be an increase in placement costs of £1million resulting from an additional four children and young people with complex needs coming into care.

The council is concerned that the impact of Covid-19 will continue to affect families and children and young people with the most complex needs, resulting in a continuing small increase in the numbers needing specialist care and placements over the remainder of the current financial year and into 2021/2. It is therefore prudent to assume a potential pressure of up to £2million in additional placement costs over the coming years.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

#### **Aragon Direct Services (Peterborough Ltd)**

Since 2019, the council has operated a local authority trading company Peterborough Limited, through which a range of services are delivered under the name Aragon Direct Services. These include refuse collection, recycling, street cleansing, parks, trees and open spaces and other services.

Since these services were insourced from the previous contract with Amey (Enterprise Managed Services Ltd), operations and costs have been reviewed to ensure high quality standards are maintained for the future. This review has identified that the cost base upon which the original contract was established was insufficient to sustain the required service levels in the long-term. The impact of the coronavirus pandemic has also led to additional financial pressures.

Additional investment is required in several areas, including the replacement and updating of refuse vehicles, street sweepers, transport fleet and other equipment.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

#### **Reduction in income from sale of electricity from Energy from Waste plant**

The council is able to sell electricity produced by its Energy Recovery Facility and as a result a predicted income is built into the council's budget. However, energy prices have been lower than previous years and the amount of power generated by the facility has fluctuated, meaning it is expected to generate a reduced income. Therefore, a pressure of £500,000 needs to be reflected within the council's budget for 2021/22, reducing in future years in anticipation of an improved market.

	2021/22	2022/23	2023/24
<b>Pressure</b>	<b>500,000</b>	<b>400,000</b>	<b>300,000</b>

### Pay award- 2.75%

In August 2020 an agreement was reached between the National Employers and the NJC Trade Union on rates of pay applicable from 1 April 2020, which included an increase of 2.75%. The council's budget had assumed a lower level of pay award, therefore an adjustment is required to ensure the full cost of this is covered.

	2021/22	2022/23	2023/24
Pressure	725,000	725,000	725,000

### Increase in sundry bad debt provision - due to the economic impact of the Covid-19 pandemic

Due to the economic impact of Covid-19 the council is anticipating that a high level of provision may be required at the end of the financial year. This is to reflect a higher than anticipated level of sundry debt outstanding, resulting from businesses, organisations and individuals struggling to pay for new and historic debt.

	2021/22	2022/23	2023/24
Pressure	500,000	0	0

### Peterborough Serco Strategic Partnership- Budget adjustment

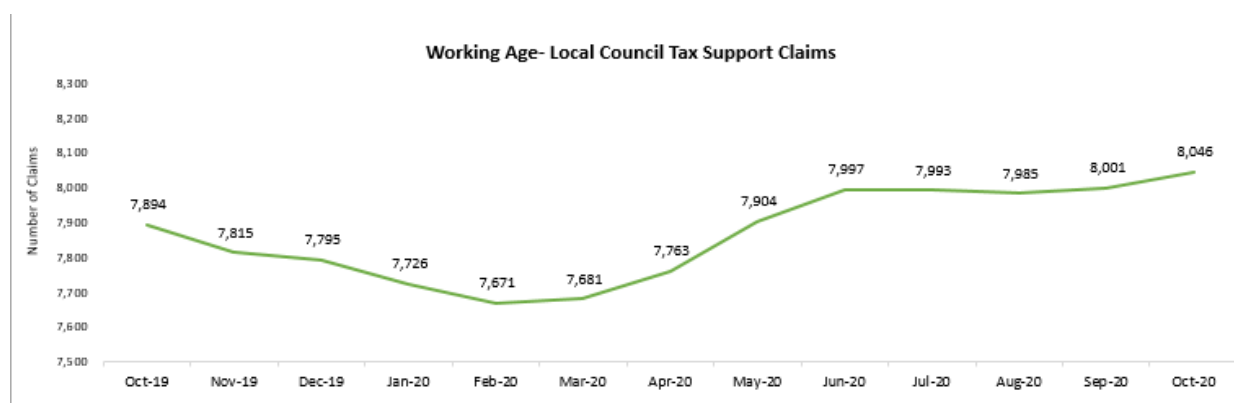
This budget adjustment reflects amends to the original contract with Serco to provide a range of frontline and back office services to the Council. Initially, the contract included a £500,000 'growth rebate' to be paid to the council after five and ten years, this was later adjusted to a £100,000 payment in each year of the ten-year contract. However, an error meant the second £500,000 payment was left in the 2021/22 budget, which is why this adjustment is required.

	2021/22	2022/23	2023/24
Pressure	500,000	500,000	500,000

## **FUNDING CHANGES AND COLLECTION FUND LOSSES**

The council's Council Tax and NNDR collections levels have been significantly impacted by the Covid-19 pandemic, which due to timing impact the council's budget in 2021/22. These are important income sources for the council, funding 84% of its net revenue budget.

Annual growth in the Council Tax base has been assumed within the council's Medium Term Financial Strategy, however as a result of C-19 housing growth has been slower and it's evident that unemployment levels have led to a rise in the levels of Local Council Tax Support (LCTS) claims. With the furlough scheme coming to an end it is anticipated that the levels of claims will continue to rise. The following graph demonstrates the rise in the level of Local Council Tax Support claims:



Although the government has provided a package of support, including rates relief and grants for businesses, there is still a significant risk to the Councils NNDR income due to potential ratable value reductions and a reduction in business growth.

Whilst we don't know the full extent to which the council's income will be impacted, it is expected that prior to approving the budget in March 2021, clarity on local government funding will be provided and as the economy settles this will enable budget assumptions to be firmed up.

### **Collection Fund Deficits**

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

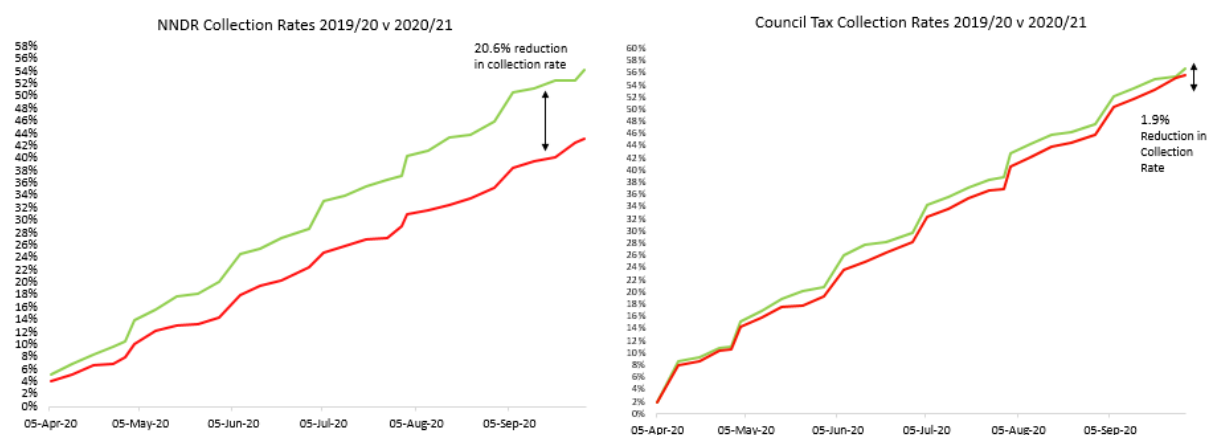
For years the council has declared a surplus position due to the level of growth within the city. However due to Covid-19 the actual position in comparison to the forecast has been significantly impacted by reduced construction and a strained economy, effecting both businesses and households. the following graphs outline a reduction in the collection rate in comparison to 2019/20:

On 2 July, the government announced measures to support local authorities. This included a scheme to allowing them to spread the collection fund deficits over three years rather than the usual one. Therefore, the following table outlines the impact of this on the council's budget.

	2021/22	2022/23	2023/24
<b>Council Tax</b>	<b>934,000</b>	<b>934,000</b>	<b>934,000</b>
<b>NNDR</b>	<b>2,389,000</b>	<b>2,389,000</b>	<b>2,389,000</b>

### Bad Debt Provision Increase

Estimated increase required in the council's bad debt provision, as a result of the current levels of income collection. The following graphs outline a reduction in the collection rate in comparison to 2019/20:



	2021/22	2022/23	2023/24
<b>Council Tax</b>	<b>500,000</b>	<b>400,000</b>	<b>300,000</b>
<b>NNDR</b>	<b>1,000,000</b>	<b>750,000</b>	<b>500,000</b>

### Reduced Income Base

The council tax base is calculated by looking at the amount of properties within the city, and considering other variables, such as property banding, exemptions, discounts and the level of (LCTS) recipients. Covid-19 has meant that construction has been slowed, therefore there is a decrease in the levels of houses now forecast, and the number of households in receipt of LCTS has risen by 365 since the beginning of the Covid-19 pandemic, both of these having a negative impact on the Council Tax Base.

The NNDR income base is based on the rateable value of businesses and organisations within the city. This too is forecast to be adversely impacted by the economic fallout of Covid-19.

	2021/22	2022/23	2023/24
<b>Council Tax Base</b>	<b>1,304,000</b>	<b>1,304,000</b>	<b>1,304,000</b>
<b>NNDR Income Base</b>	<b>1,005,000</b>	<b>1,005,000</b>	<b>1,005,000</b>

## **HUMAN RESOURCES IMPLICATIONS**

In order to deliver Phase 1 of the budget as outlined in this document, it is anticipated that there will be less than 5 FTE reductions. It is always the aim of the council to try and minimise compulsory redundancies and the impact on our service delivery. This will be achieved, wherever possible, by seeking redeployment opportunities, the deletion of vacant posts, restrictions on recruitment (taking into account service delivery), natural wastage / turnover and reducing or eliminating overtime, (providing service delivery is not compromised). Where staff are affected, the Council will seek voluntary redundancies as appropriate to minimise compulsory redundancies and where this is unavoidable, appropriate outplacement support will be considered.



**BUDGET CONSULTATION FORM**

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

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

The consultation will close on 7 December 2020 at 5pm. Cabinet will consider comments on Monday 30 November 2020 and Full Council will debate the phase one proposals on Wednesday 9 December 2020.

The consultation will ask the following questions:

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

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

2. Having read the phase one proposals document, how much do you now feel you understand about why the council must make total savings of almost £35.7million in 2021/22 and over £38.6million by 2023/24? Tick the answer you agree with.

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

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

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

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

Are you?

- Male
- Female

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

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

Which of these age groups do you fall into?

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

What is your ethnic group?

**A White**

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

**B Mixed/ multiple ethnic groups**

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

**C Asian/ Asian British**

Indian  
Pakistani  
Bangladeshi  
Chinese  
Any other Asian background, write in

- D Black/ African/ Caribbean/ Black British**
  - African
  - Caribbean
  - Any other Black/ African/ Caribbean background
  
- E Other ethnic group**
  - Any other ethnic group

**Do you consider yourself to have a disability?**

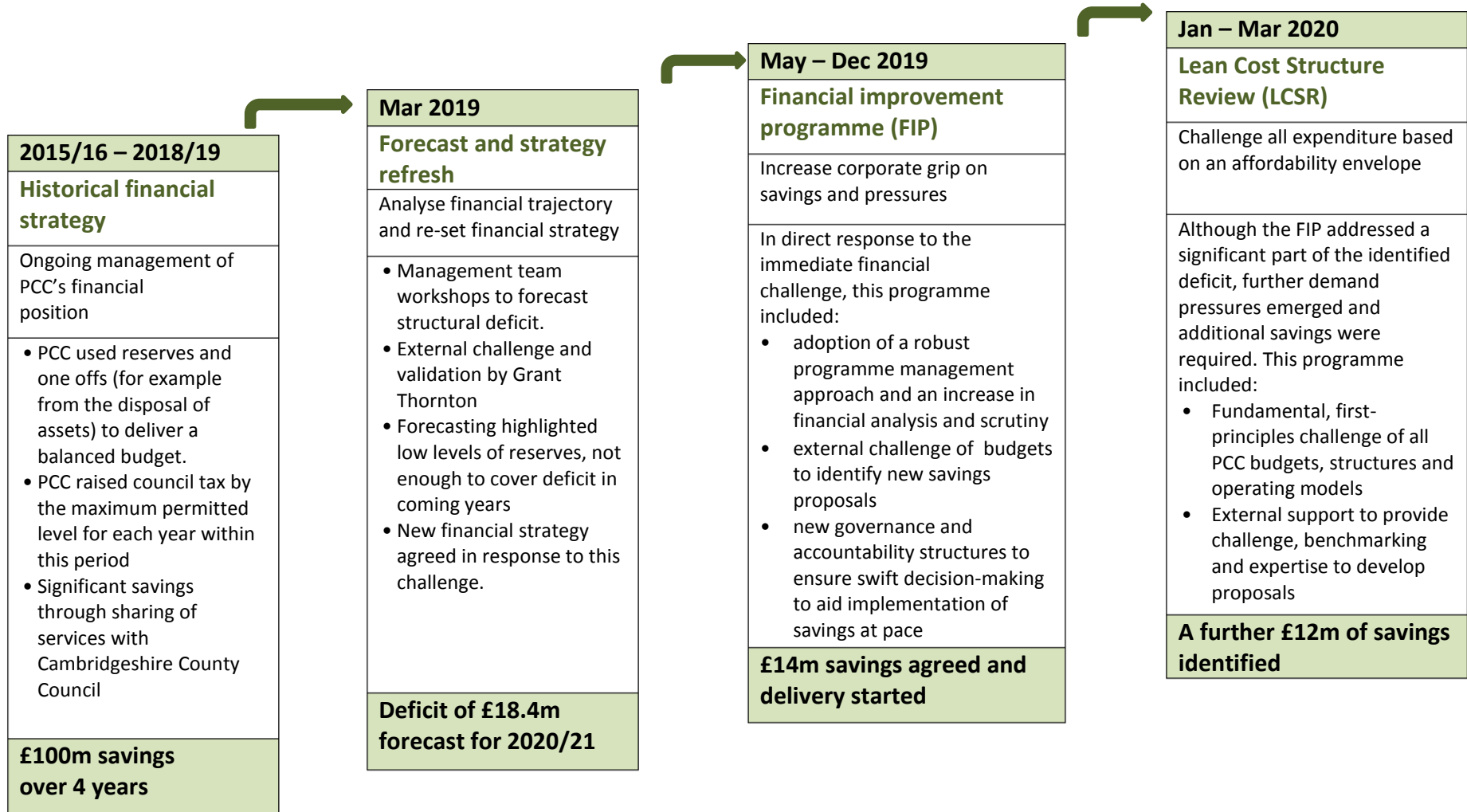
Yes.....

No .....

**Thank you for taking the time to complete this survey**



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**Appendix D - Financial Strategy pre-C-19**




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## Appendix E - Financial Risk Register



Risk Area	Detail	Action	C-19 Impact
<p><b>Level of Reserves</b></p>	<p>As set out in this report (Section 6) the Robustness statement (Section 6.4) the Council has limited recourse in reserves and balances. This presents a risk to the financial sustainability of the organisation over the medium term.</p> <p>The council has very little recourse available if savings are not delivered as planned, or unforeseen events occur. A risk assessment of the general fund level is outlined within Section 6, the robustness statement.</p>	<p>Robust financial control within 2020/21 and future years will be exercised through regular budget monitoring, tracking of the delivery of approved savings plans through the Corporate Programmes and Finance Board and the development of further savings proposals, which will be progressed through CMT.</p> <p>The use of available specified reserves will be closely managed and controlled to ensure that only required and approved use of these funds takes place, to ensure that the council maintains a level of resilience.</p> <p>Reserves and balances will be reviewed regularly, within the monthly Budgetary Control Reporting (BCR), and reported weekly within a budget update to the FIPMB, to ensure that they remain adequate in light of the Council's overall financial position. They will also be reviewed to ensure that any commitments are:</p> <ul style="list-style-type: none"> <li>• Essential and necessary to deliver future financial benefit;</li> <li>• Represent value for money;</li> </ul> <p>As outlined within the report. The Council received approval from MHCLG for a capitalisation direction, this is to fund costs associated with transformation and redundancy.</p>	 <p>The C-19 pandemic has meant that the Council is now almost fully utilizing unable reserve balances and the general fund in order to meet the additional costs. The Council has entered in to discussions with MHCLG to seek funding solutions in the short and longer term.</p>
<p><b>Level of one-off (non-repeatable) savings</b></p>	<p>The Council has relied upon non-repeatable budget savings and income items in order to balance the budget, in 2020/21 and previous years. This is not a sustainable approach.</p>	<p>Although the Council has been aiming to reduce the use one-off budget savings in recent years, table 2, within the report sets out that the Council plans to use £10.6m on one off-resources from various sources to balance the 2020/21 Budget. The table also outlines that this has been practice for a number of years now, which has temporarily resolved the financial position creating a cliff edge in 2021/22.</p> <p>The Council now has limited options in terms of one off non-repeatable savings and had embarked on implementing structural organisational change in 2021/22, to ensure a sustainable future, and to provide services within its funding envelope. Work had already started on the development of this, however this work was unable to be progressed due to the outbreak of the pandemic and the savings identified in the early stages of this have been significantly impaired.</p>	 <p>Mitigating action has been impacted by C-19 and sustainable savings identified have been significantly impaired.</p>


Risk Area	Detail	Action	C-19 Impact
<b>Service Delivery-Demand Led Services</b>	<p>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> <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 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>Regular monitoring, forecasting and reporting of financial and service performance and anticipated pressures will be undertaken to ensure that corrective management action is taken to control expenditure within the approved budget. Savings plans are based on intervention and prevention, aiming to reduce need and service demand.</p> <p>The Council has recently resourced a housing specialist to support the housing needs team imbed new practises and prevention techniques to better manage the future demand for temporary accommodation. This will include a training programme for staff, tighter controls around the use of bed and breakfast accommodations and improvements to the customer journey and working practises. The Council are also continuing to build on a portfolio of housing supply to meet this demand, this includes working closely with local housing organisations and increasing the use of private rented accommodation.</p> <p>Regular reporting to the CMT will continue to take place throughout the course of the year.</p>	 <p>Demand for Council services in particular adults and children's social care and housing have been significantly impacted by C-19, and this risk has been heightened as a result.</p>
<b>Savings Delivery (current and new proposals)</b>	<p>The achievement of a balanced budget and sustainable MTFS is reliant upon the successful delivery of agreed savings plans and the identification of new plans.</p> <p>A number of ambitious savings plans had previously been agreed which have creates structural budget problems, leading to in year forecast overspends.</p>	<p>In July the Corporate Programmes and Finance Board took over the responsibility to monitor the delivery of programmes and savings from the Rapid Implementation Team (RIT). This group meets on a monthly basis to report, monitor and challenge the delivery of savings to ensure are on track as per the original plan. If within this group savings, are being reported as not deliverable or as high risk and remedial action is not effective, those items are escalated to CMT where final debates and future actions are agreed.</p> <p>Delivery of savings are also monitored on a regular basis within the monthly BCR, this is also reported to the Corporate Programmes and Finance Board, CMT and Cabinet.</p> <p>Scrutiny of savings plans was highlighted as an area for improvement within the financial controls review (2019) , and the finance team have scrutinised the proposals and assumptions within this budget. This together with the new governance structure for financial reporting and monitoring have enhanced the level of integrity and confidence within the Councils financial reporting.</p>	 <p>The delivery of existing savings plans has been made more challenging, and in some cases unachievable due to C-19. In order for the Council respond to the pandemic, staff have been redeployed, volunteers used and work reprioritised to ensure policies and actions as</p>





Risk Area	Detail	Action	C-19 Impact
			set out by the Government were delivered and residents and businesses within Peterborough were supported. Therefore, the resource required to deliver these programmes was not available.
<b>Income</b>	<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><b>Debt</b> There is also a risk from the non-payment of invoices from our suppliers. The Clinical Commissioning Group (CCG) currently accounts for 35.5% of the Council's general debtor. This is monitored regularly to CMT and separately within the Statement of accounts due to the significant value of the outstanding balance. This level of debt also provides a cash flow risk to the Council.</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 (i.e. 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 core group to the programme board, as part of joint corporate management team meeting and through to Cabinet.</p> <p>Delivery of planned income generation (and savings) is tracked through monthly BCR, and reported to CMT and Cabinet. Programme and project governance will require recovery plans to be prepared where projects are identified as varying adversely from plan.</p> <p>The Council continues to work closely with senior officers at the CCG to resolve this issue and manage the payments to allow the effective management of the Council's cashflow and debt levels. Issues have been escalated to the appropriate internal level at the CCG resulting in significant progress so far in 2020.</p>	 <p>Income levels have been significantly impacted by C-19, with the Council reporting a £7.6m loss of income within the latest C-19 Financial monitoring return submitted to MHCLG. The Council has now completed the first Sales Fees and Charges compensation form and expects to receive £3.9m in grant funding to compensate the Council for these losses. The income streams impacted including planning income, parking and leisure will be closely monitored and reviewed against the economic outlook.</p>

Risk Area	Detail	Action	C-19 Impact
<b>Business Rates</b>	<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 new government ‘Check, challenge and appeal’ system seems to have reduced the level of open appeals however there is a provision set aside for appeals by the council, and there is a risk that this may not be sufficient</p> <p>Business Rates 75% retention and Business Rates baseline reset have been further postponed, and a ‘Business Rates Review call for evidence’ consultation has now now being issued by the treasury, as they plan to fully review the system. At present it is not clear how this could impact on the Councils funding levels.</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. On a monthly basis dashboard reports are made available to the s151 officer and the corporate finance team to monitor business rates income.</p> <p>The Council has reviewed the level of Business Rates provision it holds to mitigate the financial impact of valuation change and appeals. From this review the Council has been able to release some of this, due to:</p> <ul style="list-style-type: none"> <li>o An element being held in respect of the 2010 revaluation list, where a number of appeals have been withdrawn reducing the overall risk</li> <li>o A reduction in the overall % held in respect of the 2017 list. The national average was set at 4.7%, and the Council has been contributing at a rate of 4%, but on review this has been able to be reduced to 3.09% which is appropriate at this stage to the level of activity. This will continue to be monitored by officers.</li> </ul> <p>Officers will feedback to all consultations, to ensure all concerns are communicated and considered.</p> <p>As information becomes available officers will model the financial impacts, and ensure the budget reflects the appropriate funding levels.</p>	 <p>The Councils Business Rates income levels have been severely impacted by C-19, with collection rates currently standing at over 20% worse than 2019/20.</p> <p>In addition to the reduced collection rates there are a number of reliefs which have been provided this year by the government which may make the recommencement of collection next year challenging for Council.</p> <p>There have been a number of Material change in circumstance claims raised by businesses seeking a reduction in the ratable value, these are thought to be affected businesses which have not been eligible for the additional C-19 reliefs- This could impact the Councils Business Rates income based</p>

Risk Area	Detail	Action	C-19 Impact
			in the current and future years.
<b>Fairer Funding Review (FFR)</b>	The Fairer Funding Review presents a risk for the Council as it means there is significant uncertainty surrounding its future funding levels. The impact of this could be significant for the Council as it could mean additional savings would need to be achieved. At present the MHCLG has issued two of three consultations, however the implementation has now been postponed further.	Officers are continuing to monitor all announcements, publications and consultations from MHCLG and from Local Government advisors. This will include networking and attending events to keep abreast of the latest information.  Officers will feedback to all consultations, to ensure all concerns are communicated and considered. As information becomes available officers will model the financial impacts, and ensure the budget reflects the appropriate funding levels. This will include using the modelling tools which are available to us from PIXEL and the LGA.	 C-19 has delayed the FFR further
<b>Council Tax and Local Council Tax Support</b>	<p>Non-collection rates increase beyond the budget assumptions and / or increase in the levels of Local Council Tax Support (LCTS) eligibility, beyond budget assumptions.</p> <p>The LCTS scheme was changed in 2019/20, following approval at Council on 6 March 2019. elements of the changes were incremental and so there is a further change to the LCTS scheme in 2020/21, (increasing the rate from, 31% 2019/20 to 32% 2020/21 and to 33% 2021/22), this could also have an impact on collection rates.</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>	 C-19 has risen the level of LCTS claims the Council has received, due to an increase in the levels of unemployment. As the furloughing scheme ends, it is anticipated that this could increase further putting further strain on the Council Tax budget.
<b>Partnership Working/</b>	The council now outsources or contracts out a large proportion of services, on a long-term basis to third	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.	

Risk Area	Detail	Action	C-19 Impact
<b>Contractual Commitments</b>	<p>party organisations, such as Serco, Aragon, Skanska 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 flexibility to generate savings within the current budget due to the level accounted for via these contracts. The terms of the contracts may also restrict this.</p>	<p>The Council is also looking to put stronger contract management processes and associated specification management for the end to end procurement processes it runs and this will form a basis of the Operating Model review which will take place at the end of the 2019/20 financial year</p> <p>The Council will continue to work closely with its partner organisations to deliver the best services to its residents in the most effective and efficient manner.</p>	
<b>Capital</b>	<p><b>Capital Receipts</b> The agreed Minimum Revenue Provision (MRP) policy allows the Council to repay its debt through the application of receipts from asset disposal to repay debt. This represent a risk to the final outturn position if those receipts are not achieved.</p> <p>If the legislation was to be change to prevent the Councils current use of capital receipts, the council would look to use capital receipted flexibly to fund redundancy and transformation expenditure.</p> <p><b>Capital Programme</b> 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</p>	<p>This is monitored monthly through Budgetary Control Reporting to Capital Review Group (CRG), CMT, FIPMB and Cabinet. The Finance team also receive the latest forecasts for sale completion, estimated receipt level and market environment operating under on a bi-weekly basis from out property partners NPS.</p> <p>The Council has included a Flexible use of Capital Receipts Policy within the Capital strategy 2020/21, and in the instance f the legislation changing will look to use this for redundancy and transformation expenditure, in line with the policy, in order to maintain a level of resilience in the reserves balances.</p> <p>The capital programme is closely monitored and reported by officers within the monthly budgetary control reporting. The council operates an officer led CRG, which meets regularly to review the progress of schemes contained in the capital programme and evaluate new proposals or opportunities available to the council</p> <p>All capital investment proposals require a business case which assesses funding options and associated risks and mitigating actions.</p> <p>Developer contributions, such as that within a section 106 agreement, are to be realised in line with approved policy and legal agreement.</p>	 <p>The Councils 2021/22 budget included £4.5m in respect of capital receipts expected as a result of the sale of assets. However, as a result of the economy slowing and the impending deep recession the commercial property market has slowed, meaning the Council is carrying the risk of not being able to achieve these sales, putting additional strain on the revenue budget.</p>

Risk Area	Detail	Action	C-19 Impact
	<p>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 a risk associated with the management and maintenance v in relation to insufficient resources being available to maintain adequately the councils existing and planned infrastructure.</p>	<p>Grant bids to be worked up by the budget/project managers in partnership with the finance team, in line with previous successful approach.</p> <p>As a result of a structural report produced in July 2019, highlighted severe concerns around the structural integrity of one of the Councils assets, Northminster Car park. The Council has reviewed, and heightened the level of review, scrutiny around the condition and maintenance of the Council's assets. This will be coordinated by our partners, NPS and Aragon who have put in place programme of maintenance and review, which will be reported to an officer lead property group, and directly to the Chief Executive of the council.</p>	
<b>Economic (Treasury) Risk</b>	<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) via the Council's treasury advisors. Existing borrowing has been undertaken at fixed rates in order to minimize the exposure of this risk. A review and assessment will be undertaken to try to achieve the optimum time to enter into new borrowing in light of advice on future rate rises, taking into account 'cost to carry' in relation to any early borrowing.</p> <p>The Council will review the level and timing of the capital programme and debt portfolio if rates increase beyond forecast levels.</p>	 <p>The economic forecast still remains threatened by C-19, as the UK remains in a 'deep recession'. Interest rates are at 0.1%, an historic low. And the potential for a further lockdown if the virus rates continue to increase worsen these forecasts.</p>

Risk Area	Detail	Action	C-19 Impact
<b>Financial Resilience</b>	<p>There is a risk that the Councils financial resilience is insufficient to further withstand the combined pressures of reducing grant funding and the increased cost and demand pressures.</p> <p>Any weaknesses in the delivery of the strategy to strengthen financial resilience may exacerbate this risk. The consequence is an unsustainable and financially unviable organisation beyond the short term.</p>	<p>A number of metrics are being developed to measure financial resilience across local government (CIPFA Resilience Index). The strategy to strengthen financial resilience is underpinned by a set of financial planning and management arrangements, including significant changes in arrangements for commissioning services. However, a clear route to a sustainable medium term financial position has not yet been fully identified as a national measure.</p> <p>Section 4.4 of the report sets out the how the Council was approaching implementing change in 2021/22, to ensure that the Council has a sustainable future, and is able to provide services within its funding envelope. The £11.9m of savings which had been identified as part of this work have now been significantly impaired to £2.7m. Furthermore, as a result of C-19, the Council is now forecasting an in year overspend of £11m and has a projected £35.7m budget gap in 2021/22- which will exhaust all reserves.</p> <p>The Council's financial position is reviewed weekly by CMT and regularly reported to Cabinet (as outlined within the supporting documents). Adverse variances are clearly identified and actions, discussed at these forums and put in place to mitigate the financial impact as far as possible.</p>	 <p>It is projected that the additional cost and lost income generation as a result of C-19 will strip the Councils reserves balances, leaving the Council with no financial resilience.</p>
<b>Brexit</b>	<p>Brexit carries a number of risks which could have a financial or operational impact the on services the Council provides. This is likely to be the result of changes in the funding and regulatory frameworks including the following:</p> <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Regulatory services</li> <li>• European Union (EU) funding</li> <li>• Loss of staff, where staff are from the EU</li> </ul> <p>There is a wider risk to the economy, through importation/export delays and tariffs, price pressure on key commodities e.g. fuel and labour</p>	<p>High level impact assessment have been completed by officers within the Council</p> <p>Officers from Cambridgeshire County Council and Peterborough City Council are on a joint risk group assessing the impact from Brexit, this has included officers attending MHCLG events and participating in teleconferences by the Home Office.</p> <p>As the UK has now left the EU on 31 January 2020, the UK enter a period of transition, where negotiation continue. The Council will continue monitor these negotiations for progress and will update policy and issue guidance, where there is an impact on current practices.</p>	

Risk Area	Detail	Action	C-19 Impact
	market which could place more demand on services or budgets.		

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## Appendix F - Equality Impact Assessments

### Disability Forum infrastructure Initial assessment

#### What are the proposed outcomes of the policy?

To remove the Disability Forum Manager post, to reflect the establishment of alternative provider forums and provision of support to providers.

#### Which individuals or groups are most likely to be affected?

Independent Providers of adult social care to those with care and support needs, but there should be no adverse impact as support will continue to be provided through alternative provider forum provision and support channels.

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

Equality Group	Note any positive or negative effects
Particular age groups	All age groups
Disabled people	Independent providers provide support to people with care and support needs which are often related to disability or long term health condition
Married couples or those entered into a civil partnership	No specific impact
Pregnant women or women on maternity leave	No specific impact
Particular ethnic groups	No specific impact
Those of a particular religion or who hold a particular belief	No specific impact
Male/Female	The prison has both male and female inmates
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No specific impact
Sexual orientation	No specific 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?

No specific impact

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

Not applicable

Can any differences be justified as appropriate or necessary?

Not applicable

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

Continue to monitor effectiveness of alternative provider forums and support channels.

Policy review date	
Assessment completed by	
Date Initial EqIA completed	
Signed by Head of Service	

## Public Health - Falls Prevention funding

### Initial assessment

#### What are the proposed outcomes of the policy?

The outcome is to create a £43,500 saving for the Council through a change in the source of funding allocated to the Everyone Health Integrated Lifestyles contract for the falls prevention service in 2020/21, from the Better Care Fund (BCF) to the public health grant.

#### Which individuals or groups are most likely to be affected?

Older people (65+ years) will continue to receive the same falls prevention health trainer service as a result of the funding being maintained, albeit from a different funding source. Therefore, no additional positive or negative impact to older people is anticipated by the continued delivery of this service.

The new source of the funding allocation is the Public Health grant. The funding was already included in the Integrated Lifestyles contract to provide capacity for the health trainer service to respond to demand. Therefore, no impact is anticipated on other areas of the service.

The savings to the BCF, and subsequently to adult social care, are expected to help support the savings required this year by Cambridgeshire County Council. The savings are not expected to be used directly towards another service or innovation, but will help support the continued delivery of critical core services identified by ASC. Therefore no groups or individuals will benefit directly but older adults and adults with disabilities and social care needs may benefit indirectly.

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

Equality Group	Note any positive or negative effects
Particular age groups	Possible indirect positive impact through Adult Social Care (as above)
Disabled people	Possible indirect positive impact through Adult Social Care (as above)
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?**

Client group of CCC adult social care.

**Who will be the beneficiaries of the policy?**

Older adults and adults with disabilities may benefit indirectly

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

No, this specific change has not been explained as the benefits will be indirect and therefore non-specific and difficult to communicate. It is expected that Adult Social Care will communicate with service users at key points about collective changes undertaken by the Council to manage the deficit and maintain adult social care service delivery. This change will be a part of that.

**Can any differences be justified as appropriate or necessary?**

Yes – the Better Care Funding is to support health and social care including priority groups such as older people and disabled people.

**Are any remedial actions required?**

None

**Once implemented, how will you monitor the actual impact?**

No specific monitoring of the change is anticipated (Falls Prevention service is performance managed). Again, adult social care will consider the impact of any service changes to meet the needs of the population.

<b>Policy review date</b>	
<b>Assessment completed by</b>	<b>Helen Tunster</b>
<b>Date Initial EqIA completed</b>	<b>13/10/2020</b>
<b>Signed by Head of Service</b>	

## Reduction of post - Financial Assessment Officer

### Initial assessment

#### What are the proposed outcomes of the policy?

To reduce the staffing establishment providing financial assessment as a result of the implementation of an electronic module within the care record system and the resulting decrease in staffing capacity required to deliver the service.

#### Which individuals or groups are most likely to be affected?

Financial assessments are carried out for people receiving long term care and support funded in whole or in part by the Council. Generally these are people with long term disabilities or health conditions, aged 18 and over.

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

Equality Group	Note any positive or negative effects
Particular age groups	All age groups
Disabled people	The service supports people with care and support needs which are often related to disability or long term health condition
Married couples or those entered into a civil partnership	No specific impact
Pregnant women or women on maternity leave	No specific impact
Particular ethnic groups	No specific impact
Those of a particular religion or who hold a particular belief	No specific impact
Male/Female	No specific impact
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No specific impact
Sexual orientation	No specific 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?

No specific impact

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

Not applicable

Can any differences be justified as appropriate or necessary?

Not applicable

Are any remedial actions required?

No

Once implemented, how will you monitor the actual impact?

Continue to monitor demand against capacity of the service

<b>Policy review date</b>	
<b>Assessment completed by</b>	
<b>Date Initial EqIA completed</b>	
<b>Signed by Head of Service</b>	

## Reduction of post- Prison Early Support Worker

### Initial assessment

**What are the proposed outcomes of the policy?**

To reduce the staffing establishment providing statutory support into the prison, to reflect a review of the operating model and the subsequent reduction in capacity.

**Which individuals or groups are most likely to be affected?**

Prisoners with care and support needs, are the clients for the service, but there should be no adverse impact as support will continue to be provided to meet the demand.

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

<b>Equality Group</b>	<b>Note any positive or negative effects</b>
Particular age groups	All age groups
Disabled people	The service supports people with care and support needs which are often related to disability or long term health condition
Married couples or those entered into a civil partnership	No specific impact
Pregnant women or women on maternity leave	No specific impact
Particular ethnic groups	No specific impact
Those of a particular religion or who hold a particular belief	No specific impact
Male/Female	The prison has both male and female inmates
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	No specific impact
Sexual orientation	No specific 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?**

**1. No specific impact**

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

**Not applicable**

**Can any differences be justified as appropriate or necessary?**

**Not applicable**

**Are any remedial actions required?**

**No**

**Once implemented, how will you monitor the actual impact?**

**1. Continue to monitor demand against capacity of the service**

<b>Policy review date</b>	
<b>Assessment completed by</b>	
<b>Date Initial EqIA completed</b>	
<b>Signed by Head of Service</b>	



## Public Health – Removal of Head of Public Health Intelligence post

### Initial assessment

#### What are the proposed outcomes of the policy?

Removal of the Cambridgeshire and Peterborough Assistant Director of Public Health Intelligence post from the joint Public Health team establishment. The joint C&P Public Health Intelligence Team will be managed directly by the Deputy Director of Public Health for Peterborough.

#### Which individuals or groups are most likely to be affected?

Post-holder made redundant from Cambridgeshire County Council. This results in a saving for Peterborough City Council, which was historically recharged for a proportion of this post.

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

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

**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?**

Other public health grant eligible services will benefit from funding made available through the saving

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

Public health directorate staff, including the post-holder, were consulted on the realignment of PH directorate staff which resulted in this redundancy.

**Can any differences be justified as appropriate or necessary?**


There is no differential impact on specific equalities groups.

**Are any remedial actions required?**

No

**Once implemented, how will you monitor the actual impact?**

Ongoing review of staffing capacity vs delivery requirements for the public health intelligence team.

<b>Policy review date</b>	<b>31.3.2022</b>
<b>Assessment completed by</b>	<b>Liz Robin</b>
<b>Date Initial EqIA completed</b>	<b>12.10.20</b>
<b>Signed by Head of Service</b>	

## Brown Bin Fee Increase

### Initial assessment

**What are the proposed outcomes of the policy?**

It is proposed to increase the current chargeable garden waste service from £45 - £50 and all subsequent bins to £25 per year, we will continue to offer a direct debit option split over 3 instalments.

**Which individuals or groups are most likely to be affected?**

None

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

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

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

**Who will be the beneficiaries of the policy?**

PCC

**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?**

Sign up numbers will be monitored

<b>Policy review date</b>	
<b>Assessment completed by</b>	<b>James Collingridge</b>
<b>Date Initial EqIA completed</b>	<b>12/10/2020</b>
<b>Signed by Head of Service</b>	

# Housing Needs Service- Temporary Accommodation Management

## Initial assessment

**What are the proposed outcomes of the policy?**

- Housing Needs Service Transformation
- To make the housing needs service more aligned to preventing homelessness
- To integrate Thinking Communities principles into the service and reduce time spent gathering data to focus resources on advice and prevention work
- To provide digital access channels for clients that provides updates and can be tailored to meet client requirements including access for people with special needs and other languages
- To reduce homelessness
- To improve service standards
- To provide an improved customer journey
- Improved services
- Reduce costs
- Improved policies and procedures
- Better access for people with special needs or different languages

**Which individuals or groups are most likely to be affected?**

Temporary accommodation clients include some of the most vulnerable in our society. They have all been impacted by the trauma of being made homeless and clients can often also have other indicators of deprivation or vulnerability.

This service will also serve the needs of the gypsy and traveler communities living at the two sites in the city.

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

<b>Equality Group</b>	<b>Note any positive or negative effects</b>
Particular age groups	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Disabled people	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services

Married couples or those entered into a civil partnership	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Pregnant women or women on maternity leave	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Particular ethnic groups	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Those of a particular religion or who hold a particular belief	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Male/Female	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services
Sexual orientation	The changes proposed are intended to improve the service for clients and reduce the number of households who are made homeless in the City. The

	<p>service redesign will focus on improving our services to all clients and improved outcomes for all our clients. Improvement in service standards. New ways to access our services</p>
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**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?**

This policy will be of benefit to all clients. This is a service improvement process and will focus on identifying opportunities to improve the customer journey, increase accessibility and widen the choice of ways people can engage with the service.

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

The projects are in early stage, but part of the process will be to consult with partner agencies to shape the final service model. We will also then communicate with our clients and the wider public to explain the new way of working and seek views before final implementation.

**Can any differences be justified as appropriate or necessary?**

These will be positive changes that should not have an adverse impact on any client group.

**Are any remedial actions required?**

No

**Once implemented, how will you monitor the actual impact?**

We will monitor the data to identify any signs of inequality in our service delivery and will seek feedback from clients about their experience of engaging with the service.

<b>Policy review date</b>	
<b>Assessment completed by</b>	<b>Mohamed Hussein</b>
<b>Date Initial EqIA completed</b>	<b>12 October 2020</b>
<b>Signed by Head of Service</b>	

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Appendix G - Carbon Impact Assessments

Proposal	The council's energy consumption via buildings (electricity, gas, oil). Tick +ve if consumption will reduce.	The council's energy consumption via travel (eg petrol). Tick +ve if consumption will reduce.	The councils water usage (especially hot water). Tick +ve if consumption will reduce.	Creation of renewable energy. Tick +ve if it increases renewable energy production.	Carbon offsetting – will the proposal offset carbon emissions such as through tree planting. Tick +ve if yes.	Reducing carbon emissions through amending ongoing activities not covered above eg management of land, such as peat soils, in a way which reduces carbon dioxide emissions. Tick +ve if yes.	If the project involves the creation or acquisition of a building, has the energy rating been considered. Are / will measures be included to make the building energy efficient? Tick +ve if yes.	Embodied energy - does your project/proposal include construction of buildings or other significant infrastructure? If no, then tick neutral. If yes, have genuine efforts been made to minimise the embodied energy* in the materials being used for that construction, and the source of such materials?	Additional info	What information is available to help the environmental impacts identified above to be quantified?	Can any differences be justified as appropriate or necessary?	Are any remedial or mitigation actions required?	Once implemented, how will you monitor the actual impact?	Overall summary to be included in your covering report.
<b>Capital Financing Costs</b>														
Capital Financing Capital Programme Review- Reduction in Capital Financing Costs	Alterations to the capital programme - no Carbon impact anticipated as none of the changes had carbon impacts identified.													
<b>Customer &amp; Digital Services</b>														
Changes within the ICT Service	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Hosting Cambridgeshire County Council's DataCentre in Peterborough will increase overall energy usage in Peterborough.	This will be monitored through energy data collected as part of the Council's Carbon Management process.	The Data Centre has already been relocated.	Data monitoring.	This will be monitored through energy data collected as part of the Council's Carbon Management process.	Negative
<b>Funding</b>	Alterations to the Councils Funding- no Carbon impact anticipated as none of the changes had carbon impacts identified.													
<b>People &amp; Communities</b>														
Reduce spend on virtual School	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This will not result in any changes to the way this service is delivered it is simply an adjustment to the way the funding is recorded.	N/A	N/A	N/A	N/A	Neutral
Reduction of Posts within Adults and Safeguarding	Neutral	Positive	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This relates to two posts one of which has been vacant some time.	Impact will be minimal as only impact relates to staff mileage claims which is monitored corporately	Yes as positive overall	N/A	Through annual mileage data provided by HR	Positive impact due to reduced mileage claim.
Care Homes Team investment	Neutral	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This relates to an increased demand for provision of this service which, due to the nature of the role, could result in additional travel. Impacts have not been included for changes to requirement for office space an water as it is	Impact will be minimal as only impact relates to staff mileage claims which is monitored corporately	Yes in order to deliver service	N/A	Through annual mileage data provided by HR	Negative impact due to increased mileage claim.

									assumed that overall changes in FTE would balance this out.					
Childrens- Family Safeguarding	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This has arisen due to a change in the way this service is funded from Government and will not result in any changes to the actual delivery of service i.e. no increase or decrease in service provision	N/A	N/A	N/A	N/A	Neutral
Childrens Placements	Neutral	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This relates to an increased demand for provision of this service which, due to the nature of the role, could result in additional travel. Impacts have not been included for changes to requirement for office space an water as it is assumed that overall changes in FTE would balance this out.	Impact will be minimal as only impact relates to staff mileage claims which is monitored corporately	Yes	N/A	Through annual mileage data provided by HR	Negative impact due to increased mileage claim.
Adult Social Care- Market sustainability	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This has arisen due to increased costs incurred by external service providers and does not result in any carbon impacts	N/A	N/A	N/A	N/A	Neutral
Disability Forum infrastructure	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This post has been vacant for some time and therefore deletion of this post will not have any carbon impacts.	N/A	N/A	N/A	N/A	Neutral
Use of Dedicated School Grant (DSG) to fund school related overheads	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This has arisen due to a change in the way this service is funded from Government and will not result in any changes to the actual delivery of service i.e. no increase or decrease in service provision	N/A	N/A	N/A	N/A	Neutral
Adult Social Care- Cost Drivers and Demography review	Neutral	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This relates to an increased demand for provision of this service which, due to the nature of the role, could result in additional travel. Impacts have not been included for changes to requirement for office space an water as it is assumed that overall changes in FTE would balance this out.	Impact will be minimal as only impact relates to staff mileage claims which is monitored corporately	Yes	N/A	Through annual mileage data provided by HR	Negative impact due to increased mileage claim.
Think Communities Investment	Neutral	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This will develop the work of Think Communities and will allow recruitment of additional members of staff and therefore potential mileage increases due to the nature of the roles. Impacts have not been included for changes to requirement for office space and water as it is assumed that	Impact will be minimal as only impact relates to staff mileage claims which is monitored corporately	Yes	N/A	Through annual mileage data provided by HR	Negative impact due to increased mileage claim.

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									overall changes in FTE would balance this out.						
<b>Place &amp; Economy</b>															
Brown Bin Fee increase	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	N/A	Neutral	Last time fees were increased there was a small increase in take up and therefore we would not expect a significant increase in mileage covered by the refuse fleet.	N/A	N/A	No	N/A	Neutral	
Peterborough Highway Services	Positive	Positive	Neutral	Neutral	Neutral	Neutral	Neutral	Positive	N/A	Reduce intervention standards on road maintenance: very limited information available to quantify the impact at this stage though options for monitoring this will be explored, assumed some positive impact (though minor) on reduced trips to undertake patching and less material needed on site over a schemes lifetime. Street Lighting: This proposal will explore a number of different options all of which would result in different energy and CO2 reductions, modelling has not yet taken place to quantify this and at this stage it is known known which locations will be affected. Once this has been decided changes to energy consumption will be calculated.	Reduce intervention standards on road maintenance: An approach to treat whole areas rather than patching offers the potential benefits detailed above. Street Lighting: Once locations and dimming/switching off regimes identified the impact of this can be evaluated to ensure this can be achieved.	Reduce intervention standards on road maintenance & Street lighting: Not at this stage.	Reduce intervention standards on road maintenance: TBC. Street Lighting: Through energy consumption monitoring.	Positive	
Aragon Direct Services(Peterborough Ltd)	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This is to manage an existing budget pressure and will not change the way or volume of any services delivered.	N/A	N/A	N/A	N/A	Neutral	

									This covers four different proposals: 1. Increase temporary accommodation rent and service charge collection to 95% of collectable income 2. Bring the management of temporary accommodation back in-house 3. To increase the supply of affordable housing in the City by establishing a housing revenue account 4. Housing Needs Service Transformation. There will be minimal impacts other than a potential increase to staff mileage due to increased FTE. There could also be some indirect benefits from changing the service model which may offset this to include digital access for the public which will reduce the need for clients to come to the office to receive the best service, thus reducing citizen journeys. Impacts have not been included for changes to requirement for office space and water as it is assumed that overall changes in FTE would balance this out.	Impact will be minimal as only impact relates to staff mileage claims which is monitored corporately	Yes	N/A	Through annual mileage data provided by HR	Negative impact due to potential minor increased mileage claim.
Housing Service	Neutral	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral						
Westcombe Engineering	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This proposal results in more output from the facility which will require an increase in energy consumption (though a proportion of this will come from the onsite solar pv) but will not result in an increase in staff.	Impact will be monitored through the Council's annual Carbon Management process.	Yes	No	Impact will be monitored through the Council's annual Carbon Management process.	Negative
Reduction in Income from sale of electricity from Energy from Waste plant	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	The volume of energy produced has remained the same but the value of the electricity has decreased.	N/A	N/A	n	N/A	Neutral
Sustainable Growth Strategy Savings	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	The project relates to gaining more income from existing contracts, such work being desk based by existing staff. No known likely carbon implications	N/A	N/A	N/A	N/A	Neutral
<b>Public Health</b>														
Public Health Falls Prevention Funding	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This is a proposal to change the source of funding allocated to the Everyone Health Integrated Lifestyles contract for the falls prevention service rather than the service itself and therefore	N/A	N/A	N/A	N/A	Neutral

									the impact is expected to be neutral.					
Public health staff reduction	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	N/A	The environmental impact would be dependent on the use of carbon by the postholder to travel to work, use IT equipment etc. This is unlikely to be material in the short term, as the postholder was working from home throughout the Covid-19 pandemic period, and would have been likely to continue a significant element of home working in future	N/A	No	N/A	Neutral - This saving results from removal of a post from the Cambridgeshire County Council public health establishment, therefore removing Peterborough City Council's contribution to the post. The post had a low carbon impact, particularly since home-working during Covid-19.
<b>Resources</b>														
Commercial Property Portfolio	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This is revised rental for commercial portfolio on anniversary of their leases	The energy ratings of the units - they are in the Council's property investment portfolio	N/A	No	N/A	Neutral - would generally look at upgrading against the value of the investment to ensure cost effective to undertake any changes to make more energy efficient. Changes that are not deemed cost effective would only be made if legislation made the changes compulsory.
Pay Award- 2.75% in 2020/21	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	N/A	N/A	N/A	N/A	N/A	Neutral
Peterborough Serco Strategic Partnership Control- Budget adjustment	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	This is a technical adjustment to the accounting treatment - it has no effect on Services delivered, it just rectifies a budget error made in previous years MTFS's	N/A	N/A	N/A	N/A	Neutral

Core Property Contract	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Changes will be made to the existing SLA and efficiencies for the delivery of services. Although this does directly affect the Councils properties (and therefore might have a knock on impact in relation to energy efficiency) it is very unlikely that this will affect energy efficiency and carbon emissions. If changes are required to the property portfolio through Legislation, these will be addressed.	N/A	N/A	N/A	N/A	Neutral
Reduction in Security	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Building is still open - just one less member of staff in the building - which will have a very marginal lowering of use of facilities - not enough to notice.	N/A	N/A	N/A	N/A	Neutral
Increase in Sundry Bad Debt Provision- due to the economic impact of the C-19 Pandemic	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral		N/A	N/A	N/A	N/A	Neutral