

CABINET

MONDAY 25 FEBRUARY 2019
10.00 AM

Bourges/Viersen Room - Town Hall
Contact – philippa.turvey@peterborough.gov.uk, 01733 452268

AGENDA

	Page No
1 Apologies for Absence	
2 Declarations of Interest	
3 Minutes of Cabinet Meetings held on 4 February 2019	3 - 14
4 Petitions Presented to Cabinet	
STRATEGIC DECISIONS	
5 Medium Term Financial Strategy 2019/20 to 2021/22 - Tranche Three	SEE BUDGET BOOK
6 Council Tax Support Scheme 2019/20	15 - 48
7 Commercial Strategy 2018 - 2021	49 - 64
8 Corporate Strategy 2019 - 2021	65 - 80
MONITORING ITEMS	
9 Budget Control Report December 2019	81 - 104

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*Any agenda item highlighted in bold and marked with an * is a 'key decision' involving the Council making expenditure or savings of over £500,000 or having a significant effect on two or more wards in Peterborough.*



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**MINUTES OF THE CABINET MEETING
HELD AT 10:00AM, ON
MONDAY, 4 FEBRUARY 2019
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Cabinet Members Present: Councillor Holdich (Chair), Councillor Ayres, Councillor Cereste, Councillor Fitzgerald, Councillor Hiller, Councillor Lamb, Councillor Smith, Councillor Seaton, and Councillor Walsh

Cabinet Advisors Present: None.

63. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Allen and Councillor Fuller.

64. DECLARATIONS OF INTEREST

No declarations of interest were received.

65. MINUTES OF THE CABINET MEETINGS HELD ON:

(a) 3 DECEMBER 2018

The minutes of the meeting held on 3 December 2018 were agreed as a true and accurate record.

The Service Director for Economy and Environment provided an update on the Bus Service review. The Working Group

(b) 17 DECEMBER 2018 - EXTRAORDINARY

The minutes of the extraordinary meeting held on 17 December 2018 were agreed as a true and accurate record.

66. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS

The Leader and Cabinet agreed to consider Agenda Item No. 12 'Task and Finish Group – Fly Tipping and Waste Policy Review Report' as the first item.

67. TASK AND FINISH GROUP – FLY TIPPING AND WASTE POLICY REVIEW REPORT

The Cabinet received a report in relation to the work of the Task and Finish Group for Fly Tipping and Waste Policy Review.

The purpose of this report was to present the interim report of the Task and Finish Group to Cabinet for consideration of the recommendation drawn up to that point.

Councillor Judy Fox, the Chairman of the Task and Finish Group for Fly Tipping and Waste Policy Review, introduced the report and thanked all officers and expert witnesses for their involvement. It was noted that the issue of fly tipping was not specific to Peterborough, but was a national problem. The suggestions made by the group would take time to implement. A key point raised from the group was that disposal of waste needed to be made easier. Infrared cameras would help enforce restrictions, but only with the support of the police and environment enforcement teams. Following debate at Growth, Environment and Resources Scrutiny Committee further work would be undertaken to review current policies.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- The second stage of the Task and Finish Group would make greater inroads into a change in policy.
- The Group would proceed to consider neighbouring authority policies, new technology, and the facilities of the new Household Recycling Centre.
- It was noted that a new fixed penalty notice had been introduced for offenders, of a £400 fine, instead of prosecution. Though illegally disposing of waste could attract up to a £55,000 fine and 12 months in prison.
- It was felt that the courts should do more to make an example of those that did break the law.
- Comment was raised that some responsibility still lay with Ward Councillors to address fly tipping concerns in their wards.
- It was raised that if fly tipping occurred on land that wasn't owned by the Council, then the Council had no powers. Confirmation was provided, however, that officers were working with partners and were developing a model to be able to coordinate work through the County.
- Members noted that if it was residents that were carrying out the fly tipping and, as such, Education was considered to be important to solving the problem.
- Discussion was had on the permit process and it was suggested that this would operate much more efficiently if it were electronic, and would potentially prevent some cases of fly tipping.

Cabinet considered the report and **RESOLVED** to:

1. Agree the recommendations set out in the interim report of the Task and Finish Group and note that further recommendations are expected following continued work by the Group.
2. Approve the financial and resource commitment required to deliver the short term enforcement and communication elements specified in 7.2 and 7.3 of the Task and Finish Group's interim report.
3. Support the Task and Finish Group in their further work on the specified additional work as requested by Scrutiny Committee at their meeting 9 January 2019. (Section 2.1(b) of the report).

REASONS FOR THE DECISION

The Leader had requested that the Scrutiny Committee consider his request to set up a cross party Task and Finish group to examine the issue of Fly Tipping and how

alterations to the relevant policies and the current operating regime might be altered to help to reduce Fly Tipping. This was the interim report from that Task and Finish Group.

Based on the considerable evidence gathered during the work of the Task and Finish Group a sound understanding and basis in evidence had been generated to support the specific recommendations.

ALTERNATIVE OPTIONS CONSIDERED

To do nothing – This would fail to act on the issues and concerns raised.

68. GOVERNANCE OF COUNCIL COMPANIES, PARTNERSHIPS AND CHARITIES

The Cabinet received a report in relation to the governance arrangements for Council companies, partnerships and charities.

The purpose of this report was to notify Cabinet of the Leader of the Council's decision to revise their executive delegations and the executive procedure rules in relation to governing Council companies, partnerships and charities, and to approve the membership of the Shareholder Cabinet Committee. It was future requested that Cabinet consider the articles of association for Peterborough Limited and the revision of the Audit Committee terms of reference, in line with the Leader's decision.

The Leader of the Council introduced the report and advised that the proposals had been revised slightly to reflect how the governance of the bodies would work in practice, including several functions to be retained with Cabinet. The membership of the Peterborough Limited Board were Councillor Farooq (as Chairman), Councillor Fuller, David Gillette, Paul Sutton and Kirsty Nutton.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- Any approval of policies or business plans would be retained with Cabinet.
- There were a few typographical errors in the appendices that would need to be corrected.
- If a company board wished to amend a policy item, they would have to recommend this to Cabinet for approval.

Cabinet considered the report and **RESOLVED** to:

1. Note the Leader of the Council's approval of the revised Executive Procedure Rules, Executive Delegations, and related structure chart as set out Appendix A and B to the report for the purposes of formal oversight of the Council's companies partnerships and charities which comprise of additions to the delegations to Cabinet and the setting up of a Shareholder Cabinet Committee, subject to the correction of numbering and inclusion of Vivacity in Appendix B.
2. Note the proposed Membership of Council's Shareholder Cabinet Committee as detailed in section 3.6 of the report.
3. Approve the amendment of Peterborough Limited's Articles of Association to adopt the revised list of reserved matters as set out in Appendix C to the report, subject to the correction of numbering and inclusion of the limit to litigation payment sums.
4. Recommend to Full Council the revised Audit Committee Terms of Reference set out in Appendix A to the report.

REASONS FOR THE DECISION

There was a requirement for the Council to have in place appropriate Governance arrangements for all its activities including those operated via partnerships, Companies or Charities.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered.

69. REGIONAL ADOPTION AGENCY SERVICES

The Cabinet received a report in relation to the regional adoption agency services.

The purpose of this report was to request that Cabinet authorise the delegation of duties to the Executive Director for People and Communities in relation to the service.

The Cabinet Member for Children's Services introduced the report and advised that the central government anticipated a regional pool arrangement to be in place by 2020 to address inefficiencies in adoption processes. Officers had negotiated arrangements for Peterborough and Cambridgeshire to form a regional pool between the two. Bids were currently being evaluated with the intention to award the contract in the new financial year.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was expected that TACT, which supplied Peterborough City Council's permanency services, would be one of the bidders. If not successful, they would continue to provide the rest of their services to the Council, without the permanency aspect.
- It was considered that adoption services were in a good position, with positive feedback from OFSTED.
- It was noted that the personnel delivering the service would not change, so there would be continuity in that regard.
- Careful work had been carried out between Peterborough City Council and Cambridgeshire County Council to ensure that both authorities had an equal voice in the specification and evaluation process.
- If other authorities wished to join the regional pool, this could be facilitated, and they would be charged. However, it was suggested that the arrangement would need to first be in place and settled between Peterborough and Cambridgeshire.
- Discussion was had around the impact of IVF on adoption and it was suggested that thought be given to discussion adoption options with those considering IVF.

Cabinet considered the report and **RESOLVED** to delegate authority to the Executive Director of People and Communities to:

1. Vary the existing contract with The Adolescent and Children's Trust (TACT) relating to adoption services; via a Notice of Change (NOC)
2. Authorise the decision for Cambridgeshire County Council to appoint a Voluntary Adoption Agency on behalf of the Council;

3. Enter into a Partnership Agreement with Cambridgeshire County Council, and authorise any subsequent variations required;
4. Authorise the Director of Governance or authorised legal officers to enter into any other legal documentation necessary to document the contractual, and other legal arrangements in relation to Regional Adoption Agency services.

REASONS FOR THE DECISION

The development of Regional Adoption Agencies was a Government requirement; the agreement to deliver this based on a partnership between Peterborough and Cambridgeshire offered a model that was in line with current direction of travel for both authorities, as would be underpinned by a formal Partnership Agreement. Bringing adoption services together in this way also offered the opportunity for benefits in the recruitment of adopters and matching of children.

In order to secure this objective, both authorities had worked collaboratively to deliver a RAA within dedicated timescales. Appropriate governance arrangements had been in place throughout the commissioning activity both via the RAA Governance Board, and Joint Commissioning Board.

ALTERNATIVE OPTIONS CONSIDERED

The government had said that RAAs would need to be fully operational by 2020 at the latest, and every Local Authority would need to demonstrate significant progress by early 2019. There were few alternative options available to the authority given the Department of Education mandate that Regional Adoption Agencies would be in place across England by 2020. Peterborough and Cambridgeshire were in the third wave of authorities to develop a Regional Adoption Agency service model.

70. COMMERCIAL STRATEGY 2018-2021

The Cabinet received a report in relation to the proposed commercial strategy for 2018 to 2021.

The purpose of this report was for Cabinet to consider the proposed strategy and endorse it for review by the Joint Meeting of the Scrutiny Committees.

The Cabinet Member for Resources introduced the report and advised that the motivation behind the strategy was to make best use of the Council's assets, skills and position to generate income to support the delivery of services. The strategy would help contribute to the savings needed over the next three years.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- The strategy deliberately covered the period from 2018, as work around this objective was already ongoing. The Council brought in £72 million in income annually from these projects.
- It was noted that resources would be required, however, should any specialist knowledge or skills be necessary for particular projects, these would be brought in as an when necessary.
- It was considered that, should robust business cases be presented, that projects would be pursue that had multiple benefits, including social benefits.

- It was commented that generating income as a Council meant that money did not have to be taken out of services.

Cabinet considered the report and **RESOLVED** to endorse the proposed Commercial Strategy 2018-2021 for consideration by the Joint Meeting of the Scrutiny Committees.

REASONS FOR THE DECISION

A Commercial Strategy and workplan was needed to build on existing initiatives, increasing the pace of portfolio development to ensure that commercial income made a significant contribution to the Council's budget.

ALTERNATIVE OPTIONS CONSIDERED

The Council had been exploring strategies for achieving a balanced budget and options, which included a range of commercial targets, had been modelled alongside efficiency savings and service reductions.

As part of the development of the Commercial Strategy the working group considered a range of options including alternative delivery models, acquisition and investment, contracts and procurement, and trading income. The resulting Strategy proposed a mixed portfolio of commercial activity with ambitious but deliverable targets.

71. MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22 – TRANCHE THREE

The Cabinet received a report in relation to the third tranche of the Medium Term Financial Strategy 2019/20 to 2021/22.

The purpose of this report was for Cabinet to consider the Medium Term Financial Strategy 2019/20 to 2021/22 – Tranche Three and to approve it for public consultation, as well as noting the accompanying Robustness Statement, grant figures, and future strategic direction.

The Cabinet Member for Resources introduced the report and advised that the use of approximately £3 million from reserves was required to balance the budget and a number of one off payments had been sought. An additional £5 million worth of pressures had been identified in the third tranche of the budget, resulting from demographic changes, trees, child care, the coroners officer, reductions in grants, the formation of the LATCo and rental income.

The Cabinet were further informed that the Local Government Association had been invited to give the Council a 'health check'. The view of the LGA had been that the Council was moving in the right direction, but needed to increase its pace to reach the necessary levels of sustainability.

The way forward was to cease to use one offs to balance the budget, as this resource was finite. Tranche one of the 2020/21 budget would set out clear delivery plans, with a mix of commercial projects, additional savings and efficiencies.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was advised that 14% of unitary authorities were in an equivalent or worse situation to Peterborough City Council in terms of reserve levels.

- Additional funding had been delivered since the ‘Stand Up for Peterborough’ campaign had been launched, though adult social care funding. It was felt that, while central government were listening, further steps needed to be taken.
- It was noted that much of the funding provided to the Council had been in the form of one off funding.
- Approximately £7 or 8 million had been earmarking within the capital budget for transformation. The majority of sites owned by the Council had been sold, as such it was necessary to look to using the remaining sites, as there may be a more beneficial way to manage them than selling.

Cabinet considered the report and **RESOLVED** to approve:

1. The Tranche Three service proposals, outlined in Appendix H to the report as the basis for public consultation.
2. The updated budget assumptions, to be incorporated within the Medium Term Financial Strategy (MTFS) 2019/20- 2021/22. These were outlined in section 5.1 of the report.
3. The revised capital programme approach outlined in section 5.11 and the capital schemes outlined in Appendix G to the report.
4. The Medium Term Financial Strategy 2019/20-2021/22-Tranche Three, as set out in the body of the report and the following appendices:
 - Appendix A – 2019/20-2021/22 MTFS Detailed Budget Position-Tranche Three
 - Appendix B – Budget Proposals- Tranche One, Two and Three.
 - Appendix C – Council Tax Information
 - Appendix D – Grant Register
 - Appendix E – Fees and Charges
 - Appendix F – Performance Data
 - Appendix G – Capital Programme Schemes 2019/20- 2023/24
 - Appendix H – Budget Consultation Document, including Tranche Three Budget Proposal detail
 - Appendix I – Savings RAG Rating
 - Appendix J – Equality Impact Assessments
 - Appendix K – Treasury Management Strategy
 - Appendix L – Capital Strategy
 - Appendix M – Asset Management Plan
 - Appendix N – Investment Acquisition Strategy

Cabinet **RESOLVED** to note:

5. The statutory advice of the Chief Finance Officer outlined in section 6 of the report, The Robustness Statement. This was required to highlight the robustness of budget estimates and the adequacy of the reserves.
6. All the grant figures following the Local Government Provisional Finance Settlement, published on 13 December 2018 outlined in section 4.4 of the report.
7. The future strategic direction for the Council outlined in section 5.10 of the report.

REASONS FOR THE DECISION

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

ALTERNATIVE OPTIONS CONSIDERED

No alternative option had been considered as the Cabinet was responsible under the constitution for initiating budget proposals and the Council was statutorily obliged to set a lawful and balanced budget by 11 March annually.

72. IMPROVING EDUCATION OUTCOMES IN PETERBOROUGH

The Cabinet received a report in relation to improving the education outcomes in Peterborough.

The purpose of this report was to inform Cabinet of the progress made on implementing the recommendations contained within the Education Review report previously presented.

The Cabinet Member for Education, Skills and University introduced the report and advised that while the Council was statutorily responsible for education outcomes in the area, it did not have responsibility over schools' day to day operations. The report provided an overview of progress made in the area, including a shared services structure with Cambridgeshire County Council. The primary focus was on improving leadership and providing support to teachers.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was noted that progress had been made around collaboration with all stakeholders, including primary and secondary school head teachers and the chief executives of academies.
- Work was being carried out with other Council's to learn from their practices, including Tower Hamlets and Newham, where progress was being made in relation to phonics. It was anticipated that this would assist the Council in mobilisation.
- It was recognised that Governors played an important role in the education system and progress was being made to raise the national profile.
- Perception was felt to be key. Though perception at the moment was thought to be quite negative, a lot of practice within schools was outstanding.
- There were national problems in relation to how schools dealt with children and young people with special education needs and disabilities (SEND).
- It was noted that the operating environment for schools had changed remarkably in the past 15 years, with many independent from the local authority, and therefore the Council was unable to impact on the teaching and learning taking place. Officers had been candid about this with schools and a representative of the Department for Education had been invited to the Children and Education Scrutiny Committee.
- It was considered that the Council was often the focus of criticism when schools underperformed, whereas head teachers were not felt to properly address the issues raised.
- Comment was made that home learning and a significant impact on education and work was being done with the 'Start' programme to help ensure that all children were ready to start schools. Reading to children was an important message for parents.
- There was also work being undertaken in relation to the 'Best Start in Life' strategy, in order to tackle the issue from all available avenues.

Cabinet considered the report and **RESOLVED** to:

1. Note the contents of the report and the actions being taken.
2. Support both Elected Members and Officers in their efforts to support and challenge schools to improve outcomes for children and young people in Peterborough.

REASONS FOR THE DECISION

To raise awareness amongst Cabinet and provide support for future actions to be taken as appropriate.

ALTERNATIVE OPTIONS CONSIDERED

None.

73. DEVELOPING A THINK COMMUNITIES APPROACH AND DELIVERING THE INTEGRATED COMMUNITIES STRATEGY

The Cabinet received a report in relation to the Think Communities approach across Cambridgeshire and Peterborough and the delivery of the Integrated Communities pilot programme.

The purpose of this report was to request Cabinet approval of the Think Communities approach, which would form the basis of a shared Demand Management Strategy for Cambridgeshire and Peterborough, and to request Cabinet comment and approve the Integrated Communities Strategy delivery plan which formed a key part of the delivery of the Think Communities approach in Peterborough.

The Cabinet Member for Communities introduced the report and noted that this report came at a time when the Council was in urgent need to embark on a system wide change. The new approach was about understanding communities' needs and delivering these in an intelligent way. Partnership working would be key to harness the power within communities and lead to a reduce demand in services.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was considered that this would represent a big move forward for all councils and would deliver a sign up that hadn't happened before, demonstrating how the authority needed to work differently to save funds and deliver services better.
- Officers were ambitious that this could be delivered within a short time frame, with funding provided to kick start the programme. Research was to be commissioned to embed learning for the future.
- It was noted that any monies from the communities fund had to be spend by March 2020, however, projects would have 12 months to deliver outcomes.
- Officers were exploring the creation of an endowment fund to continue after 2020 for recurring investment.
- Significant work had been carried out to ensure that communities were aware of the programme, including through media, community contacts and drop in sessions. This has result in a high level of interest.
- Members were reassured that the application process for community funding would be straightforward.

- It was noted that many small businesses operated within communities and may be beneficial within this scheme.
- Comment was made that parish council's may already run community funds, and this may be a way to manage such scheme though the parish council precepts.
- It was advised that Wigan Council had embarked on a similar scheme, and that Peterborough was further ahead than they were at the start of the process.

Cabinet considered the report and **RESOLVED** to:

1. Approve the Think Communities approach across Cambridgeshire and Peterborough.
2. Note the progress to deliver an Integrated Communities pilot programme, incorporating the work on Inclusive Cities.

REASONS FOR THE DECISION

Officers were keen to ensure our communities were empowered and supported to become more resilient, that demand for statutory services was managed more effectively, and that outcomes for citizens were improved.

Cabinet approved the report in order to deliver the outcomes within the delivery plan submitted to Government for funding.

ALTERNATIVE OPTIONS CONSIDERED

The alternative was for organisations to work more in isolation, each with limited resources and more likelihood of duplication of effort and points of contact with communities.

Not to accept funding to deliver the Integrated Communities Strategy work with Government. This alternative had been rejected, due to the loss of funding and opportunity to test new methods of delivery which would improve outcomes for the city.

74. MINERALS AND WASTE LOCAL PLAN – FURTHER DRAFT FOR CONSULTATION

The Cabinet received a report in relation to the further draft of the Minerals and Waste Local Plan.

The purpose of this report was to submit to Cabinet for approval a 'Further Draft' version of the Minerals and Waste Local Plan prior to a second round of formal consultation. A number of future stages would also take place, before the Plan was finalised and adopted.

The Cabinet Member for Growth, Planning, Housing and Economic Development introduced the report and advised that the following approval of the first draft for consultation, all representations had now been considered and the planned moved on to stage two consultation. This would now include the approach to allocating new sites. This approach would be flexible, rather than simply allocating sites on a map. The document had been considered by the Growth and Environment Scrutiny Committee and the Planning and Environmental Protection Committee, and was supported.

Cabinet debated the report and in summary, key points raised and responses to questions included:

- It was suggested that Major Policies such as this should be considered by the Youth Council and the Children in Care Council as well.
- It was confirmed that housing need and growth ambition was taken into account when drafting the plan.
- Issues such as traffic in relation to mineral extraction were carefully considered when looking at site allocation. Highways were of key importance, and this was the reason that several extensions had been suggested over the creation of wholly new sites.
- Officers confirmed that it there was no need identified for new waste facilities arising from the proposals within the plan.
- It was noted that any additional costs to the Council resulting from such proposals would need to be taking into account.

Cabinet considered the report and **RESOLVED** to:

1. Approve the Cambridgeshire and Peterborough Minerals and Waste Local Plan - Further Draft (Appendix 1 to the report) and the associated Policies Map (Appendix 2 to the report) (which set out the new or revised allocations), for the purpose of subsequent public consultation likely commencing in March 2019.
2. Delegate to officers the authority to make any minor non-consequential amendments to the Plan as attached, prior to consultation, in order to: correct any typographical errors; improve presentation; or address any minor amendments arising from the Plan's consideration by Cambridgeshire County Council's democratic process.
3. Delegate to the Cabinet Member for Growth, Planning, Housing and Economic Development authority to make more substantive changes to the Plan as attached, prior to consultation, provided he should see fit to do so, if it would help to address any more substantive suggested amendments arising from the Plan's consideration by Cambridgeshire County Council's democratic process.

REASONS FOR THE DECISION

Two main reasons for the recommendation:

- As a 'top tier' authority, the Council had a statutory duty to maintain a Minerals and Waste Local Plan.
- The Council had agreed to proceed with preparation of an updated Plan.

This report ensured the Council was meeting its obligations and commitments.

ALTERNATIVE OPTIONS CONSIDERED

1. To not prepare a plan. This option was rejected by Cabinet in July 2017.
2. Any options relating to not undertaking consultation or not complying with national policy were immediately rejected, as it would be unlawful to do so.
3. Alternative options for Plan content will be considered (and appraised under the legally required sustainability appraisal framework) as this Plan progresses.

MONITORING ITEMS

75. BUDGET CONTROL REPORT NOVEMBER 2018

The Cabinet received a Budget Control Report for the period of November 2018.

The purpose of this report was to provide Cabinet with an update as at November 2018 of the Budgetary Control position.

The Cabinet Member for Resources introduced the report and advised that the overspend for the budget had been reduced from £6 million to £3.9 million, and work was ongoing to reduce this further.

Cabinet considered the report and **RESOLVED** to note:

1. The Revenue Budgetary Control position for 2018/19 at November 2018 includes a £3.921m overspend position on the revenue budget.
2. The key variance analysis and explanations were contained in Appendix A to the report.
3. The estimated reserves position for 2018/19 was outlined in Appendix B to the report.
4. In year budget risks were highlighted in Appendix C to the report.
5. The Asset Investment and Treasury Budget Report was contained in Appendix D to the report.

REASONS FOR THE DECISION

The report updated Cabinet on the November 2018 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

76. OUTCOME OF PETITIONS

The Cabinet received a report in relation to the outcome of petitions received by the Council.

The purpose of this report was to update the Cabinet on the progress being made in response to petitions submitted to the Council.

Cabinet considered the report and **RESOLVED** to note the actions taken in respect of petitions.

REASONS FOR THE DECISION

As the petitions presented in the report had been dealt with by Cabinet Members or officers, it was appropriate that the action taken was reported to Cabinet.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

Chairman
10:00am – 12.28pm
4 February 2019

CABINET	AGENDA ITEM No. 6
25 FEBRUARY 2019	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director of Resources	Tel. 384564

COUNCIL TAX SUPPORT SCHEME 2019/20

R E C O M M E N D A T I O N S	
FROM : Acting Corporate Director of Resources	Deadline date : 25 February 2019
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the responses to the consultation on the Council Tax Support Scheme 2. Notes the continuation of the discretionary Council Tax Hardship Policy 3. Recommends that Full Council agrees a local Council Tax Support Scheme for Peterborough that contains the following local components: <ol style="list-style-type: none"> (a) The existing 30% reduction that is applied at the end of the benefit calculation is replaced with a 30% liability reduction applied at the start of the calculation (b) Increasing the 30% liability reduction by 1% a year for 3 years, starting in 2019/20. (c) Reducing the capital limit to £6,000 for non-passported claims (d) To amend appropriate rates in line with annual upratings. (e) To allow the use of Universal Credit Data Share documents as claims for Council Tax Support. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following consultation on proposals for the Council Tax Support Scheme 2019/20 including discussion at the cross party Budget Working Group.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to make a recommendation to Council on the Council Tax Support Scheme in Peterborough for the financial year 2019/20. Following a statutory instrument being laid before Parliament on the 21 December 2017, there is a statutory requirement for the Council to set a localised Council Tax Support Scheme by 11 March 2019 and this forms part of the formal budget process under the Budget and Policy framework.
- 2.2 This report is for Cabinet to consider under its Terms of Reference Number 3.2.1 which states '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 deliver excellent services.'

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	Yes	If Yes, date for relevant Cabinet Meeting	25 February 2019
Date for relevant Council meeting	6 March	Date for submission to	11 March 2019

	2019	Government Dept – Communities and Local Government	
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4. BACKGROUND

Council Tax Support Scheme (CTSS)

- 4.1 Peterborough City Council's Council Tax Support Scheme (CTSS) is based on the Council Tax Reduction Default Scheme Regulations amended each year through changes to the government regulations. The council is obliged to consult on the local scheme for the forthcoming financial year (2019/20).
- 4.2 Since April 2013 council tax benefit was abolished by Government and replaced with a localised Council Tax Support Scheme (CTSS). This meant councils had to develop a local scheme, and had less funding to do so. This change meant that:
- Some people who did not have to pay any council tax will now have to pay something
 - Some people who have some help may have to pay more
- 4.3 From 1 April 2013, the council introduced a scheme whereby council tax benefit would be reduced by 30% for working age claimants at an estimated overall cost of £2.4m. The 30% reduction has remained the same since its introduction.
- 4.4 Following further grant reductions in 2015/16, the council consulted on whether to change the scheme to 35% or 40%. Ultimately the scheme remained at 30%. Further grant reductions experienced since then and further planned reductions in 2019/20 will affect the grant provided for council tax support (which is now subsumed within the councils main grant – due to phased out by 2019/20).
- 4.5 A one per cent increase or decrease in the scheme is approximately £73k per annum. Currently council tax support payers pay an average of £249.67, and a one percent increase or decrease would amend this amount by £8.32.
- 4.6 Claimants have been reducing year on year. The caseload in June 2013 was 11,435, in April 2016 it was 10,198, in April 2017 it was 9,584, and by April 2018 it was 9,082 cases. This is positive for the council as either these claimants now pay more council tax or have left the area.

The amount of expenditure for each year is shown in the table below. The amendments to the scheme will only affect the working age expenditure:

	Working Age	Elderly	Total
2013/14	£5,660,968	£4,657,467	£10,318,435
2014/15	£5,318,874	£4,442,098	£9,760,972
2015/16	£5,156,792	£4,204,716	£9,361,508
2016/17	£5,028,828	£4,170,831	£9,199,659
2017/18	£5,032,009	£4,169,725	£9,201,734
2018/19	£5,073,704	£4,192,030	£9,265,734

- 4.7 The council introduced a discretionary Council Tax Hardship Policy under current legislation that operates alongside the operation of council tax. Claimants need to meet policy eligibility criteria to qualify for a reduction in council tax.
- 4.8 The council acts responsibly in collecting council tax and recognises that in some instances people may struggle to pay their council tax. In March 2014, the council signed up to the Citizen's Advice Bureau (CAB) Collection of Council Tax Arrears Good Practice Protocol. The protocol confirms the commitment by the council to do all it can to support people struggling with debt to help them avoid becoming in arrears. The Council and Citizens Advice Peterborough will shortly be signing an updated Good Practice Protocol.

5. PROPOSED CHANGES CONSULTED UPON

Council Tax Support Scheme (CTSS) 1 April 2019 to 31 March 2020

- 5.1 Peterborough City Council's Council Tax Support Scheme (CTSS) is based on the Council Tax Reduction Default Scheme Regulations amended each year through changes to the government regulations. Over recent years, Government has announced that it was proposing changes to Housing Benefit rules and tax credits, and as such, the Council's previous consultations on its Council Tax Support scheme have duly reflected these. By doing so and by introducing these measures, the Council continues to align the Council Tax Support Scheme to Housing Benefit Rules, and it will make it less complicated for claimants and assist with the ongoing transition and administration of Universal Credit.
- 5.2 The potential options for changes to the local components to Peterborough's CTS scheme that were consulted upon were as follows:
- (a) The existing 30% reduction that is applied at the end of the benefit calculation is replaced with a 30% liability reduction applied at the start of the calculation;
 - (b) Alternative options for increasing the above 30% reduction, including: (1) increasing by 1% a year for 3 years; (2) increasing to 35%; (3) increasing to 40%;
 - (c) Introducing a minimum award level of either £1 or £2 per week;
 - (d) A restriction to support being provided at up to band C/D equivalent only (higher bands will be limited to the band C/D level with their parish);
 - (e) An increase to the non-dependent deduction levels;
 - (f) An assumed minimum earnings level for self-employed claimants;
 - (g) Removal of second adult rebate;
 - (h) Removal of extended payments;
 - (i) Removing the current disregard of Child Benefit and treating it as income;
 - (j) Reducing the capital limit from £16,000 to £6,000; &
 - (k) Treating Universal Credit claim notifications as claims for Council Tax Support.

In addition to the above proposals, the Council Tax Support scheme for 2019/20 will be subject to annual benefits uprating and feedback received during this consultation.

6. CONSULTATION APPROACH AND FEEDBACK

- 6.1 Cabinet launched the consultation from 17 December 2018 and it remained open until 31 January 2019. This report considers the feedback received.
- 6.2 An online document was available to respond to the consultation and hard copies were available on request in the Town Hall, Sand Martin House and Bayard Place receptions, as well as at the Central Library.
- 6.3 In addition, specific consultation exercises were held with the following stakeholders:
- Peterborough Community Assistance Scheme (PCAS) - a valuable consultation body as it consists of Peterborough Citizen's Advice, Kingsgate Community Church, Credit

Union, MIND, Disability Peterborough and Age UK Peterborough, all of whom have regular, direct contact with vulnerable individuals.

- Children's Social Care in respect of Care leavers
- Disability groups

6.4 The responses received are attached in Appendices 1 and 2.

7. ANTICIPATED OUTCOMES

7.1 The December Cabinet report launched the consultation for the Council Tax Support Scheme from 1 April 2019 and the discretionary Council Tax Hardship Policy as part of the formal budget process outlined in the council's Major Policy and Budget Framework. The consultation responses will inform the design of the operational scheme, and any financial implications arising from the final design will be factored into the medium term financial strategy.

7.2 Cabinet recommends to Council that the following proposals are implemented in 2019/20:

- (a) The existing 30% reduction that is applied at the end of the benefit calculation is replaced with a 30% liability reduction applied at the start of the calculation
- (b) Increasing the 30% liability reduction by 1% a year for 3 years, starting in 2019/20.
- (c) Reducing the capital limit to £6,000 for non-passported claims
- (d) To amend appropriate rates in line with annual upratings.
- (e) To allow the use of Universal Credit Data Share documents as claims for Council Tax Support.

A number of the options that were consulted upon have not been taken forward for the 2019/20 scheme.

7.3 In addition, the current Council Tax Discretionary Hardship Policy will continue.

7.4 The Council Tax Support Scheme can be found on the council tax support pages of the council's website.

8. REASONS FOR RECOMMENDATIONS

8.1 The Council is statutorily required to approve a Council Tax Support Scheme by 11 March 2019 having had regard for the council's financial position and feedback from responses to the consultation.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 One alternative option is to leave the current 30% Council Tax Support Scheme unchanged. Additionally, a further option is to implement more of the suggested amendments that were included in the consultation document. These alternative options are shown in section 5.2.

9.2 An initial assessment of the revenue implications resulting from applying all options in section 5.2 is that savings in excess of £800k could be achieved. However, given the budget position and the feedback from the consultation process it was felt that this level of savings was not necessary.

9.3 Raise additional revenue equivalent to the changes in 7.2 through increasing overall council tax levels. Increases above 3% would be required to achieve this, which would require a local referendum.

9.4 It is anticipated that these options, along with other potential changes, will be revisited and consulted upon as part of designing a Council Tax Support Scheme for 2020/21.

10. IMPLICATIONS

Financial Implications

- 10.1 In amending the scheme as detailed in paragraph 7.2 the requirement to cover the reduction in grant referred to in paragraph 4.4 through savings elsewhere in the Council's budget will be reduced.
- 10.2 The breakdown of the estimated gross savings from the individual recommendations in 7.2 is as follows:
- a) amendment to a liability reduction: £225k
 - b) increase in reduction for each 1%: £79k
 - c) reducing the capital limit to £6,000: £22k

Legal Implications

- 10.3 There are no legal implications arising from this report.

Equalities Implications

- 10.4 An Equality Impact Assessment has been completed and is appended to this report to assess the implications which may arise from the proposed technical changes.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Housing Benefit (Abolition of the Family Premium and date of claim amendment) Regulations 2015 (S.I. 2015 No. 1857);
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 (S.I. 2016 No. 1262);
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 No. 1305; and
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018 No. 1346.

12. APPENDICES

- Appendix 1 - Consultation Feedback (Peterborough Citizens Advice)
- Appendix 2 - Consultation Feedback (Disability Groups respondent)
- Appendix 3 - Equality Impact Assessment

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Consultation Response: Peterborough's Council Tax Reduction 2019-20

Thank you for the opportunity to comment on the proposed new local Council Tax scheme. We are pleased to make the following comments. We appreciate the difficult position the local authority faces in bringing forward a local and relevant Council Tax benefit scheme, and doing so within the context of nationally reduced budgets. We strongly believe that improved strategies around debt recovery and more effective uptake of Council Tax Reduction (CTR) could help mitigate the effects of reduced national funding for the new scheme.

Background

The Welfare Reform Act 2012 put in place government policy to, among other things, removed Council Tax benefit and replace it with local Council Tax Reduction schemes. Under this legislation responsibility was passed to local authorities to administer and fund financial support around Council Tax. Peterborough City Council chose to provide a maximum Council Tax Reduction of 70% hitherto, however with further cost reductions required, the Council is now seeking consultation on how best to proceed.

Key Points

- Austerity and Welfare Reform are placing undue burden on some of the poorest people in our community.
- Vulnerable community members already pay higher costs for goods and services through the 'Poverty Premium'
- Peterborough being a full-service Universal Credit city negatively impacts on the resources of people working in poverty, families, carers and those unable to work through long term illness or disability. Any potential gains made from Universal Credit would be removed by a reduced allowance in the Council Tax Reduction Scheme and losses will be greater by an increased minimum contribution.
- Last year Citizens Advice Peterborough provided support to over 10,500 Peterborough citizens. Specifically, we gave advice on Council Tax benefit and Council Tax arrears to 1,174 people and 17.25% of our debt enquiries concerned arrears for Council Tax payments.
- We encourage the Local Authority to sign the updated LGA Council Tax Protocol (a revised collection of Council Tax arrears good practice protocol), as early intervention and engagement in proactive contact with people struggling with priority bill payments, as a means to boost recovery, reduce costs of collection and calls on local public services.

Option 1 - Amending the calculation in respect of the 30% reduction

Case study 1: Mark– applying the 30% reduction before the means test was applied:

Mark is a 35-year-old single father, earning minimum living wage, working 8 hrs a week part time, while his 4-year-old son is taking a free place at pre-school. He rents a 2-bedroom property from a housing association for 92.50 a week. He receives no child maintenance from his sons' mother.

With the current Council Tax Reduction scheme Mark gets **£13.97** support – see Appendix 1 for calculation

With Option 1 in place (having the reduction before the calculation of award), Mark would see his Council Tax Reduction of **£0.16** – see Appendix 2 for calculation

Amending the calculation of Council Tax Reduction so that the 30% reduction is applied before the means test, would only affect households in work with additional income other than means tested benefit. This penalises working households and does not appear to '*make work pay*' and therefore does not adhere to the Government principles for Universal Credit. This can have a massive impact of households that are just about managing; the case study below highlights.

Option 2 - Limiting the maximum level of Council Tax Reduction to 69% from 1st April 2019 and then by a further 1% each year until the maximum level of Council Tax Reduction is 67%

While any reduction is undesirable, incremental changes to the current scheme would reduce the impact on local households. However, this proposal is likely to most affect those receiving the highest level of support; meaning the people with the lowest income would be most affected. From our experience with clients, those who are receiving the maximum reduction are already struggling to maintain their priority payments. As a result, an increase in their Council Tax liability is likely to create increased financial pressure, potential debt and hardship. Case Study 2 below highlights the impact of the proposal on a couple looking for work.

Case study 2: Richard and Tracy – reducing the maximum amount of support:

Richard and Tracy are a working age couple, who were both working for a local company that recently went into administration. They are now both actively looking for work. They are living in a 1 bed flat costing £425 per calendar month (the cheapest 1-bedroom property currently available to rent in the private sector in Peterborough). Both Richard and Tracy are fit and healthy, have no dependants, and when employed they were just about managing financially. As a result, they have no savings, but equally, no debts.

The couple currently claim Universal Credit and Council Tax Reduction.

Universal Credit £ 897.74 – see Appendix 3 for breakdown of calculation

Council Tax Support £ 61.57 – see Appendix 4 for breakdown of calculation

Total Income £959.31

The couple have received support from Citizens Advice Peterborough to reduce their outgoings to be able to live within their means. This resulted in decreasing expenditure as follows;

They have no car costs and use public transport. They cancelled their TV packages, and as their mobiles were out of contract, switched to sim only deals with data allowances that allowed them to cancel their home broadband package but still allow them to access their digital Universal Credit journals online. They also switched energy providers to get a better deal, and cancelled pension contributions until they are back in work.

The couple have been able to reduce their spending to just cover the priorities, so each month the couple spend;

Rent	£425.00
Council Tax	£87.96
TV licence	£12.25
Utilities	£123.60
Transport	£36.94
Communication	£37.00
Food/housekeeping	£236.25
Total outgoings	£959.00

This leaves the couple with **£0.31 a month**

Reducing the current Council Tax Reduction as suggested in Option 2 would have the following impact on Richard and Tracy (Case Study 2);

Council Tax Reduction of 69 % - the couple would receive an award of **£ 60.69** and leave them with **[£0.57] outstanding** after all expenditure - See Appendix 5 for breakdown of calculation

Council Tax Reduction of 68 % - the couple would receive an award of **£ 59.81** and leave them with **[£1.45] outstanding** after all expenditure - See Appendix 6 for breakdown of calculation

Council Tax Reduction of 67 % - the couple would get and award of **£ 58.93** and leave them with **[£2.33] outstanding** after all expenditure - See Appendix 7 for breakdown of calculation

As case study 2 highlights, a couple with minimal outgoings who are striving to look for work are being forced into debt. With increased costs of living, and the cost of looking for work not included in the calculation, this proposal is adding to the hardship that Richard and Tracy are experiencing with a direct impact on health and wellbeing.

Option 3 - Limiting the maximum level of Council Tax Reduction to 65%

Limiting the maximum level of Council Tax Reduction to 65% would have the following impact on our couple from Case Study 2;

Council Tax Reduction of 65 % - the couple would get and award of **£ 57.17** and leave them with **[£4.09] outstanding** after all expenditure - See Appendix 8 for breakdown of calculation

Option 4 - Limiting the maximum level of Council Tax Reduction to 60%

Limiting the maximum level of Council Tax Reduction to 60% would have the following impact on our couple from Case Study 2;

Council Tax Reduction of 60 % - the couple would get and award of **£52.78** and leave them with **[£8.48] outstanding** after all expenditure - See Appendix 9 for breakdown of calculation

This highlights that, reducing the amount of Council Tax Reduction has the potential to lead to more Council Tax arrears, as less people will have the financial resources to pay their Council Tax liability.

Option 5 - To set a minimum level of Council Tax Reduction at £1 or £2 per week

We have no comment to make on this option.

Option 6 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band C or a Band D charge

We would like to see published as part of this consultation the Council's Equalities Impact Assessment.

We are concerned that this proposal will have a disproportionate impact on people with disabilities, and families who need to occupy a larger home for health reasons. We think your proposals should ensure that people facing the additional costs of disability adaption to properties should be better protected.

We have concerns that this proposal may impact on people or families who are asset rich but cash poor and do not have the resource or support to downsize their property.

We are also concerned that this proposal would have a disproportionate impact on low income households. We think this proposal is likely to damage the overall equality of the Council Tax Reduction scheme by not protecting those that are vulnerable.

Option 7 - Increasing the existing Non-Dependant Deductions

We in general feel that the use of non-dependent deductions in both the housing benefit and council tax benefit system creates significant difficulties for many people. We are aware that currently this is a major contribution to the cause of Council Tax arrears we assist with.

Increasing the non-dependant deductions will increase the potential conflict in the household, as Council Tax payers negotiate contributions from non-dependants to make up for the reduction in their Council Tax Reduction award. From our experience, the majority of Council Tax payers often fail to recover costs from others living in their household following a non-dependant deduction. As a result, this may lead to increased household debt and the potential to create a hostile environment with the family/household potentially leading to the non-dependent presenting to the Council as homeless and seeking assistance.

Option 8 - Introducing a Minimum Income Floor for Self-Employed applicants

The Minimum Income Floor [MIF] does not deliver equal treatment between those self-employed and employees; it appears to have little regard for the reality of self-employment with peaks and troughs in income. As a result, self-employed people risk missing out on eligibility for support because their monthly income is not regular, as it is volatile and will vary from month to month.

For Universal Credit - The MIF applies to all gainfully self-employed Universal Credit claimants after a 12-month grace period, not just those in the first year of business. This actively assists a number of self-employed claimants during the first year of their claim (after that the MIF will be as burdensome as ever) but again it does not come into effect till January 2020 for managed migration; or September 2020 for people moving across through a change of circumstances.

As the proposal is to bring Council Tax Reduction "broadly in line with Universal Credit", will this MIF commence at the same time as it does for Universal Credit claimants?

If this option was to be considered further, we would recommend a proposal closely synchronised with Universal Credit regulations.

Option 9 - Removing Second Adult Reduction from the scheme

On balance we welcome this simplification of the Council Tax Reduction scheme.

We would recommend a more detailed proposal to provide transitional relief to people affected by this measure be implemented.

Option 10 - Removing the Extended Payment Provision from the scheme

We have no comment to make on this option.

Option 11 - To take any Child Benefit paid to an applicant or partner into account in full in the calculation of Council Tax Reduction

Case study 1: Mark

Mark is a 35-year-old single father, earning minimum living wage, working 8 hrs a week part time, while his 4-year-old son is taking a free place at pre-school. He rents a 2-bedroom property from a housing association for 92.50 a week. He receives no child maintenance from his sons' mother.

Amending the calculation of Council Tax Reduction to include Child Benefit in the calculation would have the following impact on Mark (Case study 1);

With the current Council Tax Reduction scheme Mark receives **£13.97** support – see Appendix 1 for calculation

With Option 11 in its place (taking Child Benefit paid to Mark into account in full in the calculation of Council Tax Reduction), Mark would see his Council Tax Reduction of **£1.41** – See Appendix 10 for calculation

Mark would lose over £12.50 a month in his Council Tax Reduction entitlement as a result of Option 11, which is the equivalent of 14% of his Child Benefit payment.

Child benefit is a tax-free payment that is aimed at helping parents cope with the cost of bringing up children. As a result, we do not feel it is appropriate to reduce this payment, in Marks case by around 14% and therefore we overall strongly suggest against option 11s implementation as to the negative impact it could have on child poverty in the city.

Option 12 - Including Child Benefit as an income for all applicants but excluding the payment for either the first or second child

Amending the calculation of Council Tax Reduction to include Child Benefit regardless of how many children are excluded (first or second), is not appropriate. The two child rule for Universal Credit is already negatively impacting on large households, and this is another element that will further push these families into debt and impact child poverty.

Option 13 - Reducing the maximum capital limit from the existing £16,000 to £6,000

We have no comment to make on this option.

Option 14 - Increasing the Applicable Amounts and applying other annual up ratings in the scheme in line with those in Housing Benefit and the prescribed Council Tax Support regulations

We have no comment to make on this option.

Impact of localised Council Tax Reduction Schemes

The Institute for Fiscal Studies¹ in a recent report on Council Tax Reduction schemes throughout England, highlights that cuts to Council Tax Support have had the following impacts;

- Minimum Council Tax payments have led to a sizeable increase in the amount of Council Tax remaining uncollected
- Around a quarter of the additional Council Tax liability arising from cuts to Council Tax Reduction is not collected in the tax year it is due
- Difficulties in collecting the extra tax appear to be long-lasting, as Councils failed to collect a quarter of the additional liabilities created by minimum payments in 2017–18 even when the minimum payment had been in place since 2013–14
- Introducing a minimum payment in a LA also caused a significant increase in the number of people in that LA contacting Citizens Advice for support relating to Council Tax liabilities or Council Tax Reduction
- There are clear effects on the likelihood of households falling behind with their Council Tax payments and, as a result, on a LA's ability to actually collect the extra Council Tax they intend as additional revenue

¹ Institute for Fiscal Studies (2019) 'The impacts of localised council tax support schemes'
<https://www.ifs.org.uk/publications/13827>

Council Tax Protocol

Citizens Advice Peterborough encourages Peterborough City Council to publicly sign up to the updated LGA Council Tax Protocol² (a revised collection of Council Tax arrears good practice protocol).

Council tax payers receive a better level of service when local authorities, enforcement agencies and debt advice agencies work closely together in an effective partnership. Early intervention and proactive contact with people struggling with priority bill payments can help prevent people incurring further default charges and help alleviate stress. It may also help reduce collection costs and calls on local public services, particularly mental health services. The good practice protocol makes several suggestions on how local partnerships can be strengthened and residents better supported to deal with their finances.

The protocol reflects best practice at local level and is intended to facilitate regular liaison on practices and policy concerning Council Tax debt collection. In setting down clear procedures and keeping them regularly under review, all parties can ensure that cases of arrears are dealt with appropriately, whilst complaints are handled efficiently. By signing the protocol and adopting the practices, local authorities, enforcement agencies and advice agencies can help taxpayers pay their Council Tax bills in a timely manner while accessing budgeting or debt advice when needed.

² Citizens Advice (2017) 'Council Tax Protocol'

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>

Our Recommendation:**To increase the global level of Council Tax to fund a Reduction Scheme**

Case study	Current situation	Increase C. Tax by 3.9%	Option 1	Option 2	Option 3	Option 4	Option 11
Case Study 1	£52.00	£52.76	£65.81	£52.38 £52.58 £52.78	£53.17	£53.99	£64.56
Case Study 2	£26.39	£27.41	£26.39	£27.27 £28.15 £29.03	£30.79	£35.18	£26.39

▲ Table 1 - The amount of Council Tax the Case Studies must pay after Council Tax Reduction is applied based on the options given in the proposal

The above table demonstrates that by increasing the level of global Council Tax, the Council Tax Reduction Scheme produces better outcomes and is preferable to the options proposed in this consultation. This global Council Tax increase helps to spread the burden of revenue constraints across the city, which results in no particular group or individual bearing the weight of any reduction in support. We feel this is a more just and equitable methodology to address the financial constraints faced by the Council but which at the same time also lessens the force of any negative impact on those poorest in our community.

Appendix 1

Case Study 1 - Breakdown of Council Tax Reduction now

Step 1: Calculate maximum Council Tax Reduction - This is determined by the local Council

Tax Support scheme set by the local authority

- Council Tax liability £ 65.97
- Local Council Tax Support maximum £ 65.97
- Maximum Council Tax Support £ 65.97

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 317.82
- Child £ 277.08
- Housing £ 400.83
- Maximum Universal Credit £ 995.73

Step 3: Calculate income

- Income for Universal Credit purposes £ 284.61
- Universal Credit £ 941.17
- Income for assessment £ 1225.78

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 65.97
- Minus 20% of income above Applicable Amount £ 46.01
- Council Tax Support £ 19.96

Step 5: Reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

Local scheme award percentage 70.00 %

AWARD £ 13.97

Appendix 2

Case Study 1 - Breakdown of Council Tax Reduction calculation proposed in Option 2

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority (accounting for the reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority)

- Council Tax liability £ 65.97
- Local scheme award percentage 70.00 %
- Maximum Council Tax Support £ 46.179

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 317.82
- Child £ 277.08
- Housing £ 400.83
- Maximum Universal Credit £ 995.73

Step 3: Calculate income

- Income for Universal Credit purposes £ 284.61
- Universal Credit £ 941.17
- Income for assessment £ 1225.78

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 46.179
- Minus 20% of income above Applicable Amount £ 46.01
- Council Tax Support £ 0.16

AWARD £ 0.16

Appendix 3

Case Study 2 - Breakdown of Universal Credit

Step 1: Calculate any Housing Element

- Gross monthly rent £ 425.00
- Deduction due to ineligible services and charges £ 0.00
- Deduction due to maximum rent allowed (LHA) £ 26.15
- Housing Component £ 398.85

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income This is 63% of net earned income after application of the work allowance plus non-earned income & income from savings. Private pension contributions are deducted.

- Total income £ 0.00
- Income for assessment £ 0.00

Step 4: Deduction due to income & savings Deduct income from maximum Universal Credit

- Maximum Universal Credit £ 897.74
- Minus income for assessment £ 0.00

Award £ 897.74

Appendix 4

Case Study 2 - Breakdown of Council Tax Reduction

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 87.96
- Local Council Tax Support maximum £ 87.96
- Maximum Council Tax Support £ 87.96

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income

- Income for Universal Credit purposes £ 0.00
- Universal Credit £ 897.74

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 87.96
- Minus 20% of income above Applicable Amount £ 0.00
- Council Tax Support £ 87.96

Step 5: Reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

- Local scheme award percentage 70.00 %

AWARD £ 61.57

Appendix 5

Case Study 2 - Council Tax Reduction of 69 %

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 87.96
- Local Council Tax Support maximum £ 87.96
- Maximum Council Tax Support £ 87.96

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income

- Income for Universal Credit purposes £ 0.00
- Universal Credit £ 897.74

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 87.96
- Minus 20% of income above Applicable Amount £ 0.00
- Council Tax Support £ 87.96

Step 5: Reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

- Local scheme award percentage 69.00 %

AWARD £ 60.69

Appendix 6

Case Study 2 - Council Tax Reduction of 68 %

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 87.96
- Local Council Tax Support maximum £ 87.96
- Maximum Council Tax Support £ 87.96

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income

- Income for Universal Credit purposes £ 0.00
- Universal Credit £ 897.74

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 87.96
- Minus 20% of income above Applicable Amount £ 0.00
- Council Tax Support £ 87.96

Step 5: Reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

- Local scheme award percentage 68.00 %

AWARD £ 59.81

Appendix 7

Case Study 2 - Council Tax Reduction of 67 %

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 87.96
- Local Council Tax Support maximum £ 87.96
- Maximum Council Tax Support £ 87.96

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income

- Income for Universal Credit purposes £ 0.00
- Universal Credit £ 897.74

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 87.96
- Minus 20% of income above Applicable Amount £ 0.00
- Council Tax Support £ 87.96

Step 5: Reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

- Local scheme award percentage 67.00 %

AWARD £ 58.93

Appendix 8

Case Study 2 - Council Tax Reduction of 65 %

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 87.96
- Local Council Tax Support maximum £ 87.96
- Maximum Council Tax Support £ 87.96

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income

- Income for Universal Credit purposes £ 0.00
- Universal Credit £ 897.74

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 87.96
- Minus 20% of income above Applicable Amount £ 0.00
- Council Tax Support £ 87.96

Step 5: Reduction due to Local Scheme The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

- Local scheme award percentage 65.00 %

AWARD £ 57.17

Appendix 9

Case Study 2 - Council Tax Reduction of 60 %

Step 1: Calculate maximum Council Tax Support This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 87.96
- Local Council Tax Support maximum £ 87.96
- Maximum Council Tax Support £ 87.96

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 498.89
- Housing £ 398.85
- Maximum Universal Credit £ 897.74

Step 3: Calculate income

- Income for Universal Credit purposes £ 0.00
- Universal Credit £ 897.74

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 87.96
- Minus 20% of income above Applicable Amount £ 0.00
- Council Tax Support £ 87.96

Step 5: Reduction due to Local Scheme - The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

- Local scheme award percentage 60.00 %

AWARD £ 52.78

Appendix 10

Case Study 1 – Child Benefit counted as income

Step 1: Calculate maximum Council Tax Reduction - This is determined by the local Council Tax Support scheme set by the local authority

- Council Tax liability £ 65.97
- Local Council Tax Support maximum £ 65.97
- Maximum Council Tax Support £ 65.97

Step 2: Calculate Maximum Universal Credit This is made up of elements based on household circumstances

- Adult £ 317.82
- Child £ 277.08
- Housing £ 400.83
- Maximum Universal Credit £ 995.73

Step 3: Calculate income

- Income for Universal Credit purposes £ 284.61
- Income from Child benefit £ 89.70
- Universal Credit £ 941.17
- Income for assessment £ 1315.48

Step 4: Deduction due to income & savings 20% of any income above Maximum Universal Credit is deducted from maximum CT support

- Maximum CT Support £ 65.97
- Minus 20% of income above Applicable Amount £ 63.95
- Council Tax Support £ 2.02

Step 5: Reduction due to Local Scheme - The percentage of Council Tax Support awarded is determined by the scheme set by your local authority

Local scheme award percentage 70.00 %

AWARD £ 1.41

Contact us

For more information please contact:

Keith Jones / ceo@peterboroughcab.org.uk

Nicky Rees / nickyr@peterboroughcab.org.uk

Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

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citapeterborough.org.uk

January 2019

Citizens Advice Peterborough is an independent Charity and a member of The National Association of Citizens Advice Bureaux

Registered charity number 1068198

No.	Question	Response
1.	I have read the background information (above) about the Council Tax Reduction Scheme:	Yes
2.	Should the Council keep the current Council Tax Reduction scheme?	No
3.	Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from cuts.	-
4.	Do you agree with this change to the scheme? (amending calculation methodology)	Yes
5.	If you disagree with this change, what alternative would you propose?	-
6.	Do you agree with this change to the scheme? (1% increase)	Yes
7.	If you disagree with this change, what alternative would you propose?	-
8.	Do you agree with this change to the scheme? (5% increase)	Yes
9.	If you disagree with this option, what alternative would you propose?	-
10.	Do you agree with this change to the scheme? (10% increase)	Yes
11.	If you disagree with this option, what alternative would you propose?	-
12.	Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £1 per week?	Don't know
13.	Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £2 per week?	-
14.	If you disagree with BOTH of the two options (minimum levels), what alternative would you propose?	-
15.	Do you agree with the principle that the maximum level of Council Tax Reduction payable should be restricted to a maximum of a BAND D charge?	Yes
16.	Do you agree with the principle that the maximum level of Council Tax Reduction payable should be restricted to a maximum of a BAND C charge?	-
17.	If you disagree with BOTH of the two options (banding restrictions), what alternative would you propose?	-
18.	Do you agree that the Non-Dependant Deductions should be increased for higher earners in line with the percentages shown in the table above?	Yes
19.	If you disagree with this option, what alternative would you propose?	-
20.	Do you agree with the principle that applicants who are self-employed for more than one year should have a minimum income floor applied to their claim?	Yes
21.	If you disagree, what alternative would you propose?	-
22.	Do you agree with the removal of Second Adult Reduction?	No
23.	If you disagree, what alternative would you propose?	-
24.	Do you agree that the Extended Payment Provision should be removed from the scheme?	Yes
25.	If you disagree, what alternative would you propose?	-
26.	Do you agree with the principle that any Child Benefit paid to the applicant or partner should be counted in full rather than ignored when assessing Council Tax Reduction?	Yes
27.	If you disagree, what alternative would you propose?	-
28.	Do you agree with the principle that Child Benefit paid to the applicant or partner EXCLUDING THE PAYMENT FOR THE FIRST CHILD, should be counted rather than ignored when assessing Council Tax Reduction?	Yes
29.	Do you agree with the principle that Child Benefit paid to the applicant or partner EXCLUDING THE PAYMENT FOR THE FIRST AND SECOND CHILD, should be counted rather than ignored when assessing Council Tax Reduction?	-
30.	If you disagree with BOTH of the proposals, what alternative would you propose?	-
31.	Do you agree with the principle that the capital limit should be reduced to £6,000?	No
32.	If you disagree, what alternative would you propose?	Should be left as it is
33.	Do you agree with this change to the scheme? (annual upratings)	Yes
34.	If you disagree, what alternative would you propose?	-
35.	Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.	
i.	Increase the level of Council Tax	No
ii.	Find savings from cutting other Council Services	-
36.	If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing a number from 1 or 2 in the boxes below, where 1 is the option that you would most prefer and 2 is the least. Increase the level of Council Tax / Reduce funding available for other Council Services	Least preferred: Increase level of council tax
37.	Please use this space to make any other comments on the scheme.	I do not agree for everyone to pay more council tax when they are not claiming
38.	Please use the space below if you would like the Council to consider any other options (please state).	-
39.	If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere please use the space below.	-
40.	Are you, or someone in your household, getting a Council Tax Reduction at this time?	No
41.	What is your sex?	Female
42.	Age	75+
43.	Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?	Yes
44.	Ethnic Origin: What is your ethnic group?	White British



Equality Impact Assessment: Council Tax Reduction Scheme 2019

What are the proposed outcomes of the policy?

The proposal is to amend the current Council Tax Reduction scheme for working age applicants.

The Council's need to change the scheme are two-fold namely:

1. To provide savings to the Council; and
2. To make administrative savings due the roll out of Universal Credit within the City.

The changes can **only** be made to the working age Council Tax Reduction scheme.

Pension age applicants are protected under Central Government's Prescribed Scheme.

The changes being proposed are as follows:

- (a) The existing 30% reduction that is applied at the end of the benefit calculation is replaced with a 30% liability reduction applied at the start of the calculation
- (b) Increasing the 30% liability reduction by 1% a year for 3 years, starting in 2019/20.
- (c) Reducing the capital limit to £6,000 for non-passported claims
- (d) To amend appropriate rates in line with annual upratings.
- (e) To allow the use of Universal Credit Data Share documents as claims for Council Tax Support

Which individuals or groups are most likely to be affected?

Working Age applicants

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

Equality Group	Note any positive or negative effects
Particular age groups	<p>Working age – negative effects. In most cases, working age applicants will receive less Council Tax Reduction.</p> <p>The numbers of working age applicants based on current caseload affected by the changes are as follows;</p> <ol style="list-style-type: none"> a) 1,991 b) 8,698 c) 43 d) n/a

	<p>e) n/a (administrative change to make the claim process simpler and quicker)</p> <p>Pension Age – neutral. There will be no effect to pension age applicants who receive support under the Central Government Prescribed Scheme.</p>
Disabled people	All working age applicants will be affected. Disability per se will not lead to a reduction in support.
Married couples or those entered into a civil partnership	<p>All working age applicants will be affected. Marriages or Partnerships per se will not lead to a reduction in support.</p> <p>Larger families may be affected by a number of the options for change.</p>
Pregnant women or women on maternity leave	<p>All working age applicants will be affected. Pregnancy or Maternity leave per se will not lead to a reduction in support.</p> <p>Larger families may be affected by a number of the options for change.</p>
Particular ethnic groups	All working age applicants will be affected. Ethnicity per se will not lead to a reduction in support
Those of a particular religion or who hold a particular belief	All working age applicants will be affected. Religion or belief has no effect on level of support
Male/Female	<p>All working age applicants will be affected.</p> <p>There are no specific changes in relation to gender although further analysis will be undertaken when the public consultation is completed to establish whether the changes (especially those relating to families) affect a particular gender.</p>
Those proposing to undergo, currently undergoing or who have undergone gender reassignment	All working age applicants will be affected. Gender reassignment per se does not affect the level of reduction.
Sexual orientation	All working age applicants will be affected. Sexual Orientation per se does not affect the level of reduction.

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

Who will be the beneficiaries of the policy?

All working age applicants will be affected. The Council will continue to assist low income working age applicants with their Council Tax.

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

A full public consultation has been undertaken in line with the statutory requirements. Consultation has also been undertaken with Major Precepting Authorities.

Can any differences be justified as appropriate or necessary?

All proposed changes, if agreed, will be implemented from 1st April 2019.

The Council needs to make savings from the scheme and has taken into account the views of the Public and Major Precepting authorities.

Are any remedial actions required?

The Council currently maintains, and will continue to maintain, an Exceptional Hardship Scheme.

All working age applicants can apply for additional support. Each case will be considered on an individual basis taking into account their income and essential expenditure.

Where exceptional hardship is determined support may be provided to 100% of the Council Tax payable.

Once implemented, how will you monitor the actual impact?

Monthly monitoring will be undertaken

Policy review date	11/03/2020
Assessment completed by	Suzanne Jones
Date Initial EqIA completed	February 2019
Signed by Head of Service	Peter Carpenter

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CABINET	AGENDA ITEM No. 7
25 February 2019	PUBLIC REPORT

Report of:	Amanda Askham – Director of Business Improvement and Development	
Cabinet Member(s) responsible:	Cllr David Seaton – Cabinet Member for Resources Cllr Howard Fuller – Cabinet Adviser	
Contact Officer(s):	Amanda Askham, Director of Business Improvement and Development	07919 166328

COMMERCIAL STRATEGY 2018-2021

RECOMMENDATIONS	
FROM: Director of Business Improvement and Development	Deadline date: N/A
It is recommended that Cabinet approve the Commercial Strategy 2018 – 2021 as attached at Appendix 1 to the report.	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from CMT on 21 November 2018.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- To provide an overview of the proposed Commercial Strategy 2018-21.
- To seek Cabinet approval for the Council's Strategy 2018-21 attached as Appendix 1 of this report.

2.2 This report is 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 deliver excellent services.*'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 The Council has a range of experience in generating income and using commercial opportunities in order to supplement other forms of income, such as that received from the Government, Council Tax collection and other grants. However, it is recognised that the situation now faced by the Council requires a more fundamental shift in the way in which these activities are identified, coordinated, implemented and monitored.

- 4.2 Peterborough City Council has a robust approach to financial planning - with a rolling programme of budget monitoring and budget setting - that allows us to identify where savings and investment need to be made. Based on current plans, we estimate that the Council will need to make another £20 million of savings over the next three years - and we are proactively planning to meet the financial pressures in the years ahead. It has been identified that commercial opportunities and associated income generation provide significant scope for alleviating financial pressures and creating commercial returns which underpin the delivery of crucial frontline services.
- 4.3 The proposed Commercial Strategy signals an intention - driven by necessity - to enter a new phase of enterprise, investment and commercial growth. We will work with partners who share our ambition and values and we shall continue to put the best interests of Peterborough residents at the heart of everything we do.
- 4.5 The Joint Meeting of the Scrutiny Committee considered and commented on the Commercial Strategy on 12 February 2019 and resolved to endorse the Commercial Strategy 2018-21 for approval by Cabinet on 25 February 2019.

5. CONSULTATION

- 5.1 The Commercial Strategy, its themes and design principles have been developed in consultation with Members, lead officers and our partners over the last six months. The strategy builds on the breadth and depth of commercial experience and practice which already exists in the Council whilst also introducing new skills and experience. The Portfolio Holder, members of the Cabinet Policy Forum, the Corporate Management Team and the Council's Section 151 Officer are supportive of the Strategy.
- 5.2 In preparing the Strategy, officers have consulted with leading consultants and looked at case studies and local authority investment processes, structures and activity published by other Councils.
- 5.2 If approved, detailed workplans will be developed under each Commercial Theme in the strategy. As a way of initiating the delivery of this work, an Opportunity Appraisal Framework has been developed in consultation with Members and Officers in order to ensure a clear vision and consistency in the way future activity is managed.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The purpose of developing a strong commercial strategy is ensure that the Council makes the best use its assets, skills and position to generate significant levels of new income to support delivery of crucial front line services.

The 2018-21 Commercial Strategy articulates the three priority themes for this period, which are more fully described in the strategy document:

- **Contract management, market shaping and procurement**
- **Contribution and funding**
- **Acquisitions and Investment**

- 6.2 The Strategy also describes more detailed objectives and targets along with governance arrangements, control measures and performance indicators to manage the risks associated with developing a more ambitious commercial portfolio.

7. REASON FOR THE RECOMMENDATION

- 7.1 A Commercial Strategy and workplan is needed to build on existing initiatives, increasing the pace of portfolio development to ensure that commercial income makes a significant contribution to the Council's budget.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The Council has been exploring strategies for achieving a balanced budget and options which included a range of commercial targets have been modelled alongside efficiency savings and service reductions.
- 8.2 As part of the development of the Commercial Strategy, the working group consider a range of options including alternative delivery models, acquisition and investment, contracts and procurement and trading income. The resulting Strategy proposes a mixed portfolio of commercial activity with ambitious but deliverable targets.

9. IMPLICATIONS

Financial Implications

- 9.1 Current financial projections indicate that the Council will be required to make savings of at least £20 million from its revenue budget over the next three financial years. Like many local authorities the Council is keen to pursue commercial opportunities to generate financial returns to support the revenue budget. The Commercial Strategy will contribute positively towards the achievement of savings targets and enable continued delivery of and investment in crucial front line services whilst achieving a balanced budget.
- 9.2 Implementation of the Strategy is likely to give rise to the need for additional internal and external resource, dependent upon the extent, nature and specific timing of acquisition, development and asset management activities.

The requirement for additional external resources will be managed on a case by case basis in order that implementation of the strategy is not affected, including both the ability to deliver improvements to the existing portfolio and to make further investments.

Legal Implications

- 9.4 The Legislative Framework within which the Council operates is a vital consideration for income generating activity and includes, but is not limited to:
- Sections 1, 12, 15 and 95 of the Local Government Act 2003;
 - Sections 111, 120, 123 of the Local Government Act 1972;
 - Sections 1 and 4 of the Localism Act 2011.
- 9.3 The Legal implications and relevant legislative frameworks for individual proposals will be managed on a case by case basis as part of Business Case development and in conjunction with the Council's Legal advisers.

Equalities Implications

- 9.3 Commercial income will underpin the strategic priorities of the Council's Corporate Strategy 2019-2021 which focuses on reducing inequality and designing services with citizens - mandating inclusion of a diverse range of views and voices.

10. BACKGROUND DOCUMENTS

- 10.1 None.

11. APPENDICES

- 11.1 Draft Commercial Strategy 2018-2021

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Commercial Strategy 2018 - 2021

Version 2 – January 2019

53



Contents

Welcome to the Council's Commercial Strategy which outlines our **commercial strategic aims**, how we will achieve them and how we will know that we have been successful.

The audience for this strategy is primarily the Council – its Members, its staff and its partners. Our commitment and aspirations for the next three years will be communicated to the public through a variety of channels and conversations so they know what to expect from us and can hold us to account.

Strategy

Page 3

Introduction to the Commercial Strategy
The Council's Strategic Framework

Page 4

Commercial Vision

Page 5

Commercial Themes

Page 6

Commercial Objectives & KPIs

Back cover

Contact details

Appendices

Page 9

Business Case Methodology

Page 10

Commercial Assets

Page 11

Statutory Guidance

Page 12

Opportunity Appraisal Framework

Introduction

The current financial conditions faced by every Local Authority are very challenging. The funding for our services comes from Government grants and funding raised by the Council through collection of Council Tax and commercial activity. Since 2010, successive governments have reduced funding for Local Government in England as part of their efforts to reduce the fiscal deficit and there has been a move away from central government grants towards a greater reliance on locally sourced taxation such as Council Tax and Business Rates.

The sector has done well to manage substantial funding reductions since 2010, but many Local Authorities are now nearing a cliff edge, with growing overspends and reducing reserves. Based on our current levels of service and the expected national and local demand trajectory, Peterborough City Council will need to make another £20m of savings over the next three years and we are proactively planning to meet the financial pressures in the years ahead.

As part of our 2018 -2021 Corporate Strategy the Council has recognised the need to become more commercially focused, developing strength and depth in our activity and creating commercial returns which underpin the delivery of crucial frontline services.

This Commercial Strategy aligns closely with other key strategies including the Medium Term Financial Strategy, Transformation, Demand Management, Energy and IT & Digital and Asset strategies and incorporates our Acquisition and Investment Strategy, our Fees and Charges Policy and our Procurement framework.

Through this strategy, the Council is signaling an intention - driven by necessity - to enter a new phase of enterprise, investment and commercial growth. We will work with partners who share our ambition and values and we shall continue to put the best interests of Peterborough residents at the heart of everything we do.

Strategic Priorities 2019-2021

Pride in our communities and environment.

First rate futures for our children, young people - and quality support for our adults and elderly.

Better jobs, good homes and better opportunities for all.

Commercial Vision

Our commercial vision is...

To develop a range of commercial activity which delivers financial and social return by becoming a Council which uses its assets, skills and position to generate significant levels of new income to support delivery of crucial front line services.

Our ability to deliver this vision will depend on a number of internal and external factors including: how well we use our powers and delegations; strength of our MTFs; the amount of physical, intellectual and brand assets which can be exploited; political appetite to accept new risk and our capacity to implement change and maximise opportunities.

In this strategy, commercialism includes:

- making a profit - from trading and investments;
- maximising value for money from contractual relationships;
- making robust decisions on a consistent basis with evidence and a sound business case;
- thinking about the return on investment for every pound we spend;
- considering the whole life cost of policy decisions, including market impact;
- collaborating with the market and with partners to develop alternative models for greater return;
- considering new and innovative ways of generating income; and
- maximising use of revenue and assets.

We shall adopt a commercial approach which allows everybody to share their ideas and for these to be evaluated swiftly using a robust methodology. We want our workforce, our partners and our communities to feel valued and involved in our new enterprising and commercial approach and our staff will receive appropriate skills development and training.

We accept that the Council may need to take more risk than in recent times in order to achieve its ambitions and commercial success. Governance, management and performance of new commercial enterprises, partnerships and contracts will continue to be robust to ensure that the Council adheres to its statutory responsibilities and that public money continues to be appropriately used and accounted for.

Commercial Themes

This strategy applies whenever we spend money with external suppliers, enter into or manage our commercial arrangements, generate income or make a commercial decision. Whilst the Commercial Services team will lead on delivery, they will work in partnership with all service teams across the organisation and externally with partners and customers. The 2018-21 Commercial Strategy prioritises three themes for this period:

Commercial Themes		
Contract management, market shaping and procurement	Contribution and funding	Acquisitions and Investment
<ul style="list-style-type: none"> ◆ Short term focus on contract re-negotiations, joint commissioning and contract management. ◆ Entrepreneurial approach to procurement – working with the market to create different solutions. ◆ Improved contract negotiation and management with a professionally specified and negotiated contract <u>every</u> time. ◆ Extended joint commissioning arrangements across all services. ◆ Increase benefits realisation from payment terms and conditions. 	<ul style="list-style-type: none"> ◆ Develop a clear view of baseline position of all commercial activities. ◆ Ensure that income from fees and charges is optimised. ◆ Model options for alternative delivery – e.g. spin outs, joint ventures, mutuals - and ensure maximum return from existing initiatives. ◆ Develop an external income stream from sponsorship, business investors and philanthropists. ◆ Determine the profit and loss of current activities and define full cost recovery for all commercial services. ◆ Maximise return from all our assets. 	<p>All investment decisions should focus on achieving <u>at least</u> one of:</p> <ul style="list-style-type: none"> ◆ Increase number and type revenue generation/ invest to earn investments – for example investment in land and property development, rental property, renewables, schemes that grow Council's business rates income, or proposals to enable existing revenue streams to be maintained longer into the future. ◆ Invest to save - for example, proposals to introduce new technologies which reduce demand and spend on Council services. ◆ Invest for social value - for example, proposals that will bring collective benefit to a community.

57

Commercial Objectives and KPIs

Objectives

The Council's Corporate Strategy identifies a number of key objectives that are directly linked to commercial activity;

- An overarching increase in return from commercial activity to support delivery of crucial front line services.
- A wider range of investments, providing a portfolio approach to risk and reward.
- Additional, sustainable income streams from external funding.
- A reduction in spend across contracted activity.
- An embedded commercial culture across the organisation.
- A reduction in net budget for traded or semi traded services.
- An increased return from energy schemes

Measures of success (KPIs)

These objectives will be measured in a number of ways, for example;

- (£) Additional income generated to support front line services.
- (%) reduction in the net budget of a service by reducing variable cost of a service.
- (No.) of procurement exercises completed using new framework.
- (%) increase in contribution to fixed costs and overheads (%) and contribution to staff costs (%).
- Increase in commercial activity in services demonstrated by the level of additional income contributing to fixed costs, staff and overheads (%).
- (No.) of staff reporting more confidence in commercial decision making
- % increase in the number of partnerships with private and public sector bodies for commercial benefit.

(Indicative) Targets

Work streams and associated KPIs for each of these commercial objectives and for priority themes are being developed. Once completed and risk-assessed, return will be built into budgets for 2019 - 2021. In the meantime the following aspirational targets have been proposed and will be further refined during the early part of 2019:

- To invest in schemes and projects which can deliver £15m to £20m of new revenue income over a period of five to ten years
- To deliver a minimum of £5m of new revenue income by the 31st March 2020.
- To deliver £4m of capital receipts by 31st March 2020.
- To deliver commercial skills development to 33% of Council staff by the end of 2019, rising year on year by 33% to 100% by end of financial year 2021.
- To make a 2% saving across the contracts annually for the lifetime of the strategy.

Appendices

Business Case Methodology

To ensure that commercial return is optimised and that public money is appropriately used, it is crucial that decision making is robust and consistent and is always based on a sound business case. The methodology which will be used to develop business cases for all commercial proposals will be taken from HM Treasury guidance on how to appraise and evaluate policies, projects and programmes – known as ‘The Green Book’.

Business cases will always reflect financial value AND social value and will be built on *Five Case Model Methodology* which is applicable to programmes and projects and comprises of five key areas:

The Strategic Case: makes the case for change and demonstrates how the project will deliver against strategic priorities.

The Economic Case: shows that the project will deliver best public value (financial and social) to society.

The Commercial Case: demonstrates that the preferred option will result in a well-structured deal between the Council and its providers.

The Financial Case: demonstrates the affordability and funding of the preferred option, including the support of stakeholders and customers.

The Management Case: details robust arrangements for the delivery, monitoring and evaluation of the project.

Business cases will developed through VERTO, the Council’s programme and project management IT system which will guide managers through these areas. Further, detailed information is available at:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

Commercial Assets

The Council has a number of assets which can be classified as:

Land and buildings	Using our physical assets to generate income, capital receipts and reduce costs.
Place shaping role	Using our strategic role in society to shape and create the market for growth and enterprise.
Workforce	Using the knowledge and skills of our workforce to create commercial value
Infrastructure	Using and developing infrastructure assets such as digital platforms and IT highways for commercial gain.
Business intelligence	Using our vast amount of business and service data intelligently to create new commercial opportunities and better service delivery models which will generate new income for the Council.
Partnerships	Using and selecting the most appropriate private, public and third sector partner to deliver the schemes and projects that derive the maximum level of income for the Council and value for customers, residents and communities.
Customer intelligence	Using the various channels that the Council has to communicate with the public and use the customer information and contacts we have to help design and develop new commercial opportunities
Market Strength	Use our economic, infrastructure and asset strength to influence how the supply chain and infrastructure providers operate and partner with the Council to derive commercial benefits and new income streams.
Liquid assets	Access to cash, cheap borrowing and liquid assets to enable investment.
Brand	Use of brand value to promote our trading and commercial activities and those which we can partner with others to receive a financial return.

Statutory Guidance

In February 2018, MHCLG published updated statutory guidance on Local Government Investments and statutory guidance on Minimum Revenue Provision after issuing a consultation and response.

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

The guidance sets out the requirement to prepare an investment strategy at least once a year which must be approved by Full Council. We can decide how the information is presented, and it can form part of another document such as the capital strategy or the treasury management strategy, but it must disclose the contribution that investments make “towards the service delivery objectives and / or place making role of the local authority” and must describe how commercial decision are governed.

The commentary published alongside the guidance specifies indicators for the investment strategy, including measuring gross debt as a percentage of net service expenditure and commercial income as a percentage of net service expenditure and we are required to set limits for these indicators in both Councils.

A key part of the guidance states that councils may not “borrow in advance of need” to profit from the investment of the sums borrowed and Local Authorities in England are also directed to have regard to the Statutory Investment Guidance the informal commentary to which cautions local authorities against:

- becoming dependent on commercial income;
- taking out too much debt relative to net service expenditure; and
- taking on debt to finance commercial investments.

Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018:

Borrowing in advance of need

“Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.”

Where a local authority chooses to disregard the Prudential Code the Strategy should explain:

- **Why the local authority has decided to disregard; and**
- **The policies in investing the money borrowed, including management of the risks.**

Opportunity Appraisal Framework

To be developed on approval of commercial objectives



This Commercial Strategy, its themes and enablers have been developed in consultation with Members, lead officers and our partners. The strategy is intended to foster engagement in the commercial culture and builds on good practice and approaches we have been testing and refining over the last two years.

We hope the ambition and themes are inclusive and engaging and this strategy encourages leaders, employees, partners, stakeholders and customers across Peterborough to participate in the important work of public service.

We welcome any feedback, offers of collaboration or ideas for improvement to Business.Improvement@Peterborough.gov.uk Thank you.

CABINET	AGENDA ITEM No. 8
25 February 2019	PUBLIC REPORT

Report of:	Amanda Askham – Director of Business Improvement and Development	
Cabinet Member(s) responsible:	Cllr John Holdich – Leader	
Contact Officer(s):	Amanda Askham – Director of Business Improvement and Development	07919 166328

CORPORATE STRATEGY 2019 - 2021

R E C O M M E N D A T I O N S	
FROM: Director of Business Improvement and Development	Deadline date:
It is recommended that Cabinet comment on and endorse the proposed Corporate Strategy 2019 – 2021 for consideration by the Growth, Environment and Resources Scrutiny Committee.	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following a referral from CMT on 23 January 2019.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- To provide an overview of the proposed Corporate Strategy 2019-21.
- To seek endorsement for the Strategy.
- To recommend that Cabinet recommends the Corporate Strategy for consideration by the Growth, Environment and Resources Scrutiny Committee.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.9, 'To commission reviews by and determine any changes of policy proposed by the Scrutiny Committees and Commissions making recommendations to Council about proposed changes to the Council's major policy and budget framework'.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	JUNE 2019
Date for relevant Council meeting	JULY 2019	Date for submission to Government Dept.	N/A

4. BACKGROUND AND KEY ISSUES

4.1 Over the last four months, the Cabinet has been working to develop Peterborough City Council's 2019-21 Corporate Strategy which focuses on:

- well managed finances so that we can invest in the areas that really matter;
- making improvements to the way we work and to the services we provide;
- putting community outcomes firmly at the centre of all that we do; and
- tackling the issues we face today alongside developing plans for the future.

The strategy builds on the progress we have made so far and sets out our response to new challenges and opportunities.

- 4.2 Peterborough City Council has put outcomes for citizens at the heart of its strategy and change programmes for several years. This outcomes based approach has focused the organisation on the difference that we make, not just what we do and how well we do it. It has also helped us to bring partners around common purpose and shared ambitions for the citizens of Peterborough.

For the past three years, the Council has been working to seven strategic priorities and Cabinet now wishes to refresh these to really focus on three priority outcomes for this period, which are more fully described in the strategy document:

- **Pride in our communities and environment**
- **First rate futures for our children, young people - and quality support for our adults and elderly**
- **Better jobs and quality homes**

- 4.3 The Council's current plans and strategies will be brought together into one framework to drive a shared vision for Peterborough. The strategic framework will focus on achieving positive outcomes for individuals and communities through the following elements:

- The **Corporate Strategy**, describing the Council's long term vision for Peterborough, the outcomes we strive for and our priorities for change;
- A set of ambitious **performance measures** which will be used to hold us to account for improvement across Peterborough;
- The Council's **Medium Term Financial Strategy**, which describes how we will commission services to deliver these outcomes within the resources we have;
- A suite of key strategies describing a detailed corporate approach to the management of core activities such as finances, workforce, digital services and assets;
- A set of **partnership agreements and action plans** which describe multi-agency approaches to deliver improved outcomes across Peterborough;
- **Service plans**, which describe how each of our directorates work to deliver our business plan objectives, including priorities for delivery as well as transformation and service improvement initiatives; and
- A Council wide **transformation programme** which brings together our ambitious programme of change to ensure that we have the resources and capacity to deliver at pace.

5. CONSULTATION

- 5.1 Cabinet have developed the Corporate Strategy, its themes and design principles for consultation with Scrutiny Committee and then Full Council. The strategy builds on the good practice and evidence base that has been developed across services.

- 5.2 To develop action plans against the priority themes and to ensure that the strategy becomes a dynamic, embedded part of the business, further consultation with leaders, our workforce, our partners and the citizens of Peterborough will be essential.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The 2019-21 Corporate Strategy articulates the three priority outcomes for this period, which are more fully described in the strategy document and also describes a set of themes which, when taken together and consistently applied across all of our work, should build on each other and focus the energy and resource of the organisation on priority outcomes:

- Cultivate policy and practice so that citizens are systematically involved in the design, development and, where appropriate, delivery of our services
- Pursue and access the right investment and infrastructure from the Combined Authority and Government to support our economy

- Cultivate relationships and a system wide view to ensure joined up thinking, commissioning and action.
- Approach problems differently and target services more effectively, so that the right services reach the right residents.
- Develop a Local Authority Trading Company to work in ways and in places that matter to citizens
- Develop strength and depth in our commercial activity to ensure we are maximising revenue and minimising the cost to the tax payer

6.2 Through the new Corporate Strategy, the Council's leaders, employees, partners and stakeholders are making a commitment to work together to improve our performance and impact, knowing that the services we provide are making a real difference to the lives of the people living in our communities.

7. REASON FOR THE RECOMMENDATION

7.1 As well as articulating a framework to guide Council action, the Corporate Strategy communicates the Council's objectives and priorities to the community and to partners. It provides clarity about how the Council will be focusing its resource and effort and allows us to measure performance and progress.

7.2 In developing the new Corporate Strategy it was important to have a strategy which:

- clearly articulates our ambition;
- honestly acknowledges the challenges we face;
- helps us to make choices;
- allows us both the freedom to innovate and the rigour to evaluate;
- flows through the business.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The Council has managed well with individual service and functional strategies to date but, as the context in which the Council operates has become both more challenging and more complex, the option to continue without an overarching Corporate Strategy and Strategic Framework was dismissed.

To evaluate the options in the Corporate Strategy, four elements were considered:

- the degree to which the proposed priority outcomes support delivery of the Council's statutory functions;
- the degree to which the proposed priority outcomes meet the needs of the citizens of Peterborough;
- the degree to which the proposed priority outcomes are financially viable and sustainable; and
- the degree to which the proposed priority outcomes are deliverable.

9. IMPLICATIONS

Financial Implications

9.1 There are no significant implications within this category directly involved with the approval of the Corporate Strategy. However, the strategy does guide the focus of the Council's resource and activity over the next two years.

Legal Implications

9.2 There are no significant implications within this category directly involved with the approval of the Corporate Strategy.

Equalities Implications

9.3 There is a particular focus in the Corporate Strategy on reducing inequality and designing services with citizens, mandating inclusion of a diverse range of views and voices.

10. BACKGROUND DOCUMENTS

10.1 None.

11. APPENDICES

11.1 Draft Corporate Strategy 2019-2021

Corporate Strategy 2019 - 2022



Contents

This Corporate Strategy sets out the key **priorities, activities and campaigns** that the Council will pursue over the next three years.

The audience for this strategy is primarily the Council - its Members, its staff and its partners. Our commitment and aspirations for the next three years will be communicated to the public through a variety of channels and conversations so they know what to expect from us and can hold us to account.

70

Page 3

Introduction to the Corporate Strategy and the Council's Strategic Framework

Pages 4 - 6

Context

Page 7

Budget

Page 8

The Council's priorities and campaigns

Page 9

Themes and Design Principles

Back cover

Contact details

Our Vision

To create a Peterborough residents are proud to live, work and grow up in and where services give value for money and deliver what local people need.

This strategy signals a strong commitment to:

- **our communities**, seeking engagement and contribution and ensuring everyone can play a part in improving the lives of people living in Peterborough;
- **our environment**, which is central to how we think and act. Green spaces, a circular economy, clean air and green businesses. We only have one 'Earth'.

Peterborough City Council has been developing an ambitious programme of change, with a determination to improve lives for local people despite an increasingly challenging financial context.

This work has prepared the Council well for the next period of significant challenge and

change when the demand for our services is expected to continue to grow, in line with the rapidly increasing Peterborough population, and the available funding for our services is set to decrease.

We recognise that we are one organisation in a hugely complicated system, where everyone has a role to play. Building a whole system approach around shared priorities, community outcomes and cost efficiencies is a crucial part of the Council's response to this context and requires a greater degree of collaboration between local public services, providers and partners than has ever previously been experienced in Local Government.

The Council's Strategic Framework

The Council's current plans and strategies will be brought together into one framework to drive a shared vision for Peterborough. The strategic framework will focus on achieving positive outcomes for individuals and communities through the following elements:

- ◆ A **Corporate Strategy**, describing the vision for Peterborough, the outcomes we strive for and our priorities for change;
- ◆ A set of ambitious **performance measures** which will be used to hold us to account for improvement;
- ◆ The Council's **Medium Term Financial Strategy**, which describes how we will commission services to deliver outcomes within the resources we have;
- ◆ A suite of **key strategies** describing the management of core activities e.g. finances, workforce, digital services and assets;
- ◆ A set of **partnership agreements and action plans** which describe multi-agency approaches to deliver improved outcomes across Peterborough;
- ◆ **Service plans**, which describe how each of our directorates work to deliver our objectives, including priorities for delivery as well as transformation and service improvement initiatives; and
- ◆ A Council wide **transformation programme** which brings together our ambitious programme of change to ensure that we have the resources and capacity to deliver at pace.

Context - Our City



Peterborough has a population of **196,735** residents

5th fastest growing city...




Open for business with **10,200sq/m** of planning permissions available for new enterprises

5,032 homes have been built in the past 5 years




Ready to roll out **5G to everyone**



Historic Peterborough. Our Cathedral is the burial place of two Queens. Katharine of Aragon and Mary Queen of Scots



Low unemployment **AT JUST 1.4%**



One of the first cities to become **Gigabit superfast**

There are **118,850 jobs** and **6,840 Businesses** across the City



£24m invested in roads and travel... opening up the city for new developments and job




40% rise in overnight stays by visitors in last two years

72

Context - Our Communities



We're growing... with **planning permission** for **8,500 new homes**

A city of families... with **more children and working adults** than many other cities



Just **22 minutes commute to work** far lower than many other cities



Over **50 miles of cycleways, footpaths and bridleways**

Good value houses... with average homes worth **£201k** - well below the national average, but with prices rising...




100
Over **100 languages** spoken



9000 hrs of social action taken by 300 young people as part of our National Citizen Service Programme

Grow your own with **1,097 allotment plots** available



£179.5m of Capital investment in to schools over the past 5 years



93% of schools have been rated 'good' or 'outstanding' by Ofsted



Context - Your Council

Fletton Quays
Anchoring the Fletton Quays development and drawing **£120m investment to the city**

In 2017/18 the council received **1,018 Planning Applications**



The Council supports **2,037 Adults remain independent** in their own homes



We have 10 libraries and we've **extended their opening times by 50%...**



The Council maintains **930km of roads**



Ofsted rated **Peterborough's Children's Social Care Services as 'good' in 2018**, with significant improvements noted since the last inspection



The 8th Lowest Band D Council Tax out of Unitary Authorities at £1,344.37



The Council looks after **368 Children in care**



We've **completed 4300 health checks**



Becoming more commercial as a council. We already generate **£72m in income to invest in the City**



In 2017/2018 we **cleared up over 8,000 fly-tips** across the city



Last year our maintenance teams **repaired 4,785 pot holes**



4,785 REPAIRS

74

Budget

The current financial conditions faced by every Local Authority are very challenging. The funding for our services comes from Government grants and funding raised by the Council through the collection of Council Tax, Business rates and commercial activity. Since 2010, successive governments have reduced funding for Local Government meaning that councils rely more on local taxation.



The diagram on the left gives an overview of the Council’s funding for the 2018/19 budget and shows that the revenue support grant only equates to 10% of the Council’s total funding. This will reduce to 7% in 2019/20. Since 2010 this grant has reduced by 80%.

The diagram below outlines the Council’s current expenditure and shows how spending is increasingly focused on social care.

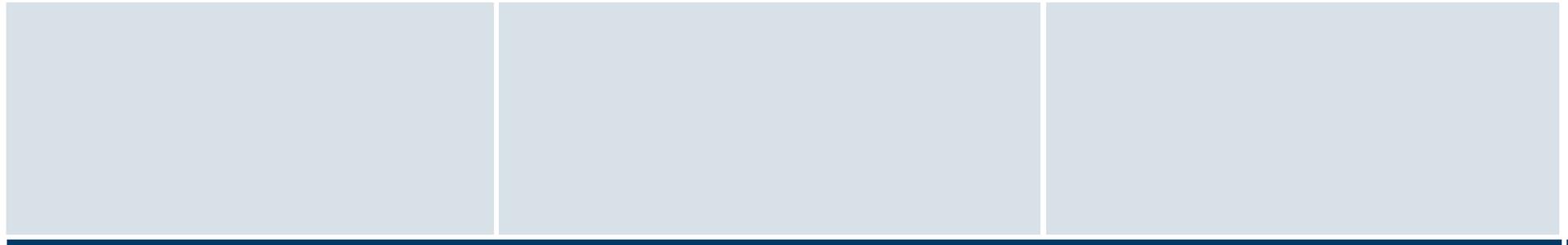
75

In Peterborough we have a robust approach to financial planning - with a rolling programme of budget monitoring and budget setting - that allows us to identify where savings and investment need to be made. Based on our current plans, we estimate that the Council will need to make another £30m of savings over the next three years - and we are proactively planning to meet the financial pressures in the years ahead.



Priority Outcomes for Peterborough Citizens

Pride in our communities and environment	First rate futures for our children, young people - and quality support for our adults and elderly	Better jobs, good homes and better opportunities for all
<p>We want safe, friendly and healthy neighbourhoods with open spaces, roads, pavements and cycle paths that are well maintained and free from litter and mess:</p> <ul style="list-style-type: none"> ◆ Clean up Peterborough by making it easier to reduce, reuse, recycle and dispose of waste and by better prevention and enforcement to tackle anti-social behaviour, littering and fly tipping ◆ Open spaces to be well maintained for enjoyment by all. ◆ Invest in electric charging points, road, pavement and cycle path repairs. ◆ Maintain libraries, cultural, arts and leisure places for use by all. ◆ Practically help communities to work together to make a difference to their neighbourhood, encouraging neighbourhood watch groups, resident associations and community speed watch groups and releasing assets to the community to enable groups to thrive. ◆ Value and support the life and contribution of our rural areas and villages. 	<p>We want to improve opportunities for education and training and to help people to do more for themselves, for each other and for their communities:</p> <ul style="list-style-type: none"> ◆ Keep vulnerable people safe in a way that draws on their own strengths and those of their communities. ◆ Help people make the best choices to keep themselves and their families healthy. ◆ Improve attainment in our schools and provide opportunities to gain skills for life, apprenticeships and degrees from our own university. ◆ Build new schools to ensure sufficient places are always available. ◆ Provide children in care and leaving care with good foster carers and supported accommodation; making sure their health and education needs are met. ◆ Explore new technologies and ideas that increase the chances of people living fulfilled, independent lives in their own homes. ◆ Work with partners to get people out of hospital and home quickly. ◆ Work with partners to tackle domestic violence, alcohol and substance misuse and mental health issues. 	<p>We will grow our city in a sustainable and fair way to create job opportunities and address poverty. As we grow, we will invest in the quality and availability of housing:</p> <ul style="list-style-type: none"> ◆ Deliver infrastructure to support our area as it grows. ◆ Make better use of our assets and encourage businesses to the city, providing a choice of jobs and careers. ◆ Meet the needs of all residents and prevent homelessness by supporting good landlords and increasing the quantity, quality and range of houses and accommodation. ◆ Collaborate with partners and businesses on innovative ideas to improve service, increase revenue and lower costs ◆ Work with Businesses through a City Business Improvement District (BID) to develop a vibrant city center economy, encouraging tourism and making Peterborough a city people want to live in, work in and visit. ◆ Ensure everyone in our communities can share the benefits of better jobs and a thriving economy. ◆ Maintain our recognised status as an inclusive, cohesive city where there are opportunities for all.



Themes and Design Principles

To support our priorities and campaigns a set of themes and design principles have been developed to be applied across the whole council, its directorates and services. In addition, we will look again at the values and behaviours we expect from each other as we work together. When taken together and consistently these themes, principles and values will drive innovation and change across the Council.

77

Council-wide themes to deliver change

Systematically involve our citizens in the design, development, and - where appropriate - delivery of our services.	Pursue and access the right investment and infrastructure from the Combined Authority and Government to support our economy	Building strong relationships with our partners to ensure we work together effectively in our commissioning and delivery of services	Approach problems differently and target services more effectively, so that the right services reach the right residents.	Ensure our new Local Authority Trading Company works in ways and in places that matter to citizens	Increase our commercial activity to ensure we are maximising revenue and minimising the cost to the tax payer
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Council-wide design principles

Peterborough City Council - Corporate Strategy 2019-2021

Meet need in a way that improves the quality of life and reduces inequalities	Focus on communities and places	Support citizen self-service wherever possible	Be business-like and commercial	Get better at collaboration - across the Council and across the System.	Develop more forward looking information which guides actions and decision making.	Be committed to continuous learning and improvement	Focus on modern, automated and lean delivery.
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This Corporate Strategy, its themes and design principles have been developed in consultation with Members, lead officers and our partners. The strategy builds on good practice and strong leadership and is intended to foster an innovative culture where continuous improvement is everyone's responsibility.

We hope the ambition and themes are inclusive and engaging and this strategy encourages leaders, employees, partners, stakeholders and customers across our area to participate in the important work of public service.

We welcome any feedback, offers of collaboration or ideas for improvement to Business.improvement@peterborough.gov.uk Thank you.

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CABINET	AGENDA ITEM No. 9
25 February 2019	PUBLIC REPORT

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

BUDGET CONTROL REPORT DECEMBER 2018

RECOMMENDATIONS	
FROM: Acting Corporate Director of Resources	Deadline date: N/A
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Revenue Budgetary Control position for 2018/19 at December 2018 includes a £2.532m overspend position on the revenue budget. 2. The key variance analysis and explanations are contained in Appendix A. 3. The estimated reserves position for 2018/19 is outlined in Appendix B. 4. In year budget risks are highlighted in Appendix C. 5. The Asset Investment and Treasury Budget Report is contained in Appendix D. <p>It is recommended that Cabinet approves:</p> <ol style="list-style-type: none"> 1. This revised capital budget, which includes the following changes: <ol style="list-style-type: none"> a. the Stamp Duty payable (£600k) on Sand Martin House as this has been assessed as a finance lease b. purchasing Refuse Collection Vehicles (RCV) (£700k) and c. a loan facility for Local Authority Trading Company (LATCo) to provide working capital and to cover start-up costs (£1,450k). 	

1. ORIGIN OF THE REPORT

- 1.1. This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT).

2. PURPOSE AND REASON FOR REPORT

- 2.1. This report provides Cabinet an update as at December 2018 of the Budgetary Control position.

- 2.2. This report is 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 deliver excellent services' and

No. 3.2.5 'To review and recommend to Council changes to the Council's Constitution, protocols and procedure rules'.

3. TIMESCALE

Is this a Major Policy Item/ Statutory Plan	NO	If yes, date for Cabinet meeting	N/A
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4. DECEMBER 2018 BUDGETARY CONTROL – REVENUE

- 4.1. The revenue budget for 2018/19, agreed at Full Council on 7 March 2018, was approved at £147.456m.

Revised Budget 2018/19	£000
Approved Budget 2018/19	147,456
Use of Reserves per MTFS	4,231
Revised Budget 2018/19	151,687
Drawdown of reserves during 2018/19	1,425
Revised Budget at December 2018	153,112

- 4.2. The 2018/19 year-end outturn position, is currently forecast to be £2.532m over spent. This is based on reported departmental information as at the end of December.
- 4.3. This has reduced by £1.389m (35.4%) in comparison to a £3.921m overspend position forecast at the end of November 2018, which was reported to Cabinet on 4 February 2019. The main reasons for the improvement are outlined in the following table:

Key Movements between the Forecasts	£000
Previous month forecast	3,921
Planning Application fee income	132
Housing	186
Contribution to insurance reserve no longer required in this financial year following Actuary review	(375)
Capital financing	(273)
Underspend against the lump sum pension contribution budget	(119)
Bereavement income forecast above budget	(155)
Returned levy	(634)
Growth & Regeneration additional savings	(83)
Other	(68)
Current Month forecast	2,532

- 4.4. CMT have put plans in place to manage and scrutinise expenditure throughout the council, to mitigate the financial impact of the forecast overspend identified. There has been recent improvement in the position highlighting positive progress towards balancing the current year position.

4.5. The current overspend is largely isolated in one area, children’s services, which was outlined in detail when reported at the Cabinet meeting on 23 July 2018, although there are a number of other key areas of overspend to be aware of. These are as follows:

- Demand within children’s services £4.5m
- Demand within adults services £0.8m
- Peterborough Serco Strategic Partnership -Transformation costs, Business support and variable costs £2.0m
- Amey contract extension £1.0m
- Parking Services £0.5m
- ICT £0.5m
- Volumes within the Coroners service £0.2m

4.6. These pressures are currently being mitigated in part by the one-off use of capital receipts, generated from the sale of Council assets, and the reduced financing needs of a smaller capital programme. The move to a truly sustainable budget will require a reduction in the use of “One-off” savings, as by nature these are not repeatable.

4.7. A financial benefit of £0.634m from the surplus on the national Business Rates Levy account, that is distributed to local authorities based on need, was announced in the provisional local government finance settlement on 13 December 2018. This has been included in the December position.

4.8. The summary budgetary control position is outlined in the following table:

	Budget 2018/19	Cont. from reserves	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserves	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
Directorate	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executives	1,581	55	1,636	1,545	0	(91)	-6%	(81)	(10)
Governance	4,641	57	4,698	4,957	0	259	6%	266	(7)
Growth & Regeneration	23,845	491	24,336	25,320	0	984	4%	898	86
People & Communities	84,465	617	85,082	89,395	0	4,313	5%	4,174	139
Public Health	(126)	198	72	72	0	0	0%	0	0
Resources	37,281	7	37,288	35,338	0	(1,950)	-5%	(987)	(963)
Total Expenditure	151,687	1,425	153,112	156,627	0	3,515	2%	4,270	(755)
Financing	(151,687)	(1,425)	(153,112)	(154,095)	0	(983)	1%	(349)	(634)
Contribution to Capacity reserve	0		0	0		0	0%	0	0
Net	0	(0)	0	2,532	0	2,532	3%	3,921	(1,389)

4.9. Further information is provided in the following appendices:

- Appendix A – Detailed revenue budgetary control position and explanation of key variances and risks
- Appendix B – Reserves position
- Appendix C – Budget risk register
- Appendix D - Asset Investment and Treasury Budget Report

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Appendix A – Detailed Revenue Budgetary Control position and explanation of key variances and risks

Chief Executives

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	241	0	241	212		(29)	-12%	(29)	0
HR	1,340	55	1,395	1,333		(62)	-4%	(52)	(10)
Total Chief Executives	1,581	55	1,636	1,545	0	(91)	-6%	(81)	(10)

The Chief Executive's department is reporting a small staffing and supplies and services related underspend of £0.091m

Governance

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director of Governance	294	0	294	163	0	(131)	-45%	(99)	(32)
Legal Services	1,617	0	1,617	1,871	0	254	16%	213	41
Constitutional Services	2,058	0	2,058	2,039	0	(19)	-1%	0	(19)
Performance & Information	192	57	249	248	0	(1)	0%	(4)	3
Coroners Service	480	0	480	636	0	156	33%	156	0
Total Governance	4,641	57	4,698	4,957	0	259	6%	266	(7)

Currently the Governance department is forecasting £0.259m overspend.

Director of Governance

There is a saving of £0.068m on the Director of Governance post, and other small savings of £0.063m.

Legal Services

There is a forecast overspend of £0.254m within the legal team largely due to staffing costs as a result of increased workloads relating to Child Protection, General Data Protection Regulation (GDPR), Homelessness and a compensation payment.

Coroner Service

There is a forecast pressure of £0.156m within this area. Final 2017/18 costs were greater than expected and not fully recognised in that financial year. The forecast overspend in 2018/19 is due to backlog of referrals, budget pressures from additional staff hired, and a number of complex cases. The Council is awaiting further detail from Cambridgeshire County Council on the overspend as there is a lack of clarity on costs charged, and this will be reported in due course, however this pressure is likely to continue into future years and a bid for investment is included in Tranche 3 of the budget process.

Growth & Regeneration

Budget Group	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Development and Construction	175	0	175	370		195	111%	64	131
Director, OP & JV	(77)	0	(77)	(57)		20	-26%	20	0
Peterborough Highway Services	9,151	0	9,151	8,961		(190)	-2%	(107)	(83)
Sustainable Growth Strategy	1,468	194	1,662	1,522		(140)	-8%	(140)	0
Waste, Cleansing and Open Spaces	12,266	54	12,320	12,246		(74)	-1%	(74)	0
Westcombe Engineering	91	0	91	91		0	0%	0	0
Corporate Property	1,226	186	1,412	1,821		409	29%	408	1
Resilience & Health & Safety	249	0	249	208		(41)	-16%	(41)	0
City Centre Management	318	37	355	614		259	73%	283	(24)
Marketing & Communications	252	0	252	424		172	68%	154	18
Parking Services	(2,096)	0	(2,096)	(1,596)		500	-24%	473	27
Regulatory Services	669	20	689	503		(186)	-27%	(186)	0
Service Director Environment & Economy	153	0	153	213		60	39%	44	16
Total Growth and Regeneration	23,845	491	24,336	25,320	0	984	4%	898	86

Currently the Growth and Regeneration department is forecasting £0.984m overspend.

Development and Construction

There is a forecast variance of £0.195m in this area, mainly due to £0.132m of temporary staffing costs in Development Control and Planning Enforcement and a £0.085m redundancy payment.

Peterborough Highway Services

Street lighting energy costs are budgeted to reduce as the Street Lighting LED Programme replaces the old lighting with more energy efficient units. However, the savings are taking longer to deliver than originally envisaged, and combined with energy price increases, this is leading to a forecast overspend of £0.148m.

Due to a high workload and agency staff covering vacant posts employee costs are forecast to overspend by £0.013m. However additional income of £0.155m from "selling" highways work to developers has been generated which offsets this pressure.

Various small savings have been identified including Concessionary fares £0.054m and Transport Planning matching Combined Authority funding £0.076m. These are offset by Queensgate Bus Station rates £0.011m, staff recharges £0.021m, Network Management utility debtor invoices not paid £0.019m, along with other small savings of £0.011m.

Bus Services - applying Bus Service Operators Grant funding to enhance and develop further existing services and reduced Voluntary Partnership Arrangement (Stagecoach) £0.105m

Sustainable Growth Strategy

Savings on employee costs mainly due to vacant posts of £0.088m, additional income £0.125m, miscellaneous small pressures £0.073m.

Waste, Cleansing and Open Spaces

Income from electricity sales at the Energy from Waste facility is currently higher than budgeted, leading to a favourable forecast of £0.542m. This is due to the performance of the plant and the escalating energy prices which offsets the pressure that the council is seeing on the electricity that it buys. Final earnings for 2017/18 income at the Energy from Waste plant have also now been confirmed and this was higher than expected by £0.177m.

The new Household Recycling Centre is due to open early 2019, therefore the budgeted investment is not fully required in 2018/19 saving £0.120m. However there are costs of £0.060m relating to the existing site contract extension costs.

Materials Recycling Facility fees for legal advice and support for resolving contract issues, together with claims for waste contamination and increased fees are expected to cost an additional £0.350m creating a pressure. This has been addressed and an investment bid has been included in Tranche 3 of the budget process.

The financial negotiations with Amey have now concluded regarding the costs of extending the contract to 1 February 2019. The additional costs to the 1 February is £0.958m, resulting in a forecast overspend on the budget. The Council also expects to receive a pension rebate due to lower contribution rates from the Amey contract. This is due to lower contribution rates payable when comparing the contract and actuarial review which results in a £0.519m favourable position offsetting a proportion of the additional costs.

There has been an Insurance Rebate from the EFW Plant of £0.271m, which reflects the reducing risk profile of the technology being used at the plant as it becomes more proven over time.

Further overspends relate to the closure of the WEE facility being delayed £0.020m, an income shortfall of £0.066m for charging for bins where there are new properties, specialist pavement cleansing in the City Centre £0.032m and £0.069m redundancy cost to deliver future savings.

Corporate Property

Sand Martin House income is forecast to be lower than originally anticipated. This is due to the nature of the listed buildings and the works required, commercial unit income and office sub-let income having been delayed or reduced, resulting in at £0.336m forecast overspend. There has been a saving of £0.128m on Sand Martin House rent as the occupancy date was later than anticipated. Revenue costs associated with the feasibility and abortive works for capital projects amounts to £0.100m. A budget will need to be established for this in future years. There is £0.100m relating to revenue costs associated with the procurement of temporary accommodation, to reduce the overspend on housing and accommodate families at risk of homelessness.

City Centre Management

Income is forecast to be lower than budgeted for the City Market based on current stall occupancy £0.083m, for rent in the Pedestrian Area £0.043m and advertising space £0.012m. There was £0.052m lower income than budgeted on the Great Eastern Run due to fewer runners and less sponsorship.

Other small pressures £0.069m.

Marketing & Communications

Overspend on employee costs of £0.097m, £0.030m design and print and £0.045m other aggregated overspends.

Parking Services

At present the forecast income is £0.277m lower than the budget for off street car parking, including staff car parking, off street fees, permits and season tickets. This arises from a shortfall in expected income based on current parking volumes £0.134m, and the additional multi-storey car park capacity at Fletton Quays £0.143m which is not yet fully utilised by the public, or widely promoted due to the ongoing works around the site.

There is also a forecast pressure relating to the costs from National Non-Domestic Rates (Business Rates), security, cleaning, and Ringo (debit/credit card charges), which totals £0.223m.

Regulatory Services

Employee cost savings £0.117m that are unlikely to be repeated in future years due to vacant posts having now been recruited to. Other savings £0.069m.

People & Communities

Budget Group	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults	44,403	24	44,427	43,969		(458)	-1%	(532)	74
Commissioning & Commercial Operations	14,098	250	14,348	18,924		4,576	32%	4,574	2
Children's & Safeguarding	10,705	0	10,705	10,690		(15)	0%	2	(17)
Director	837	0	837	827		(10)	-1%	(10)	0
Education	5,494	87	5,581	5,714		133	2%	159	(26)
Communities	8,665	256	8,921	9,008		87	1%	(19)	106
Dedicated Schools Grant	263	0	263	263		0	0%	0	0
Total People and Communities	84,465	617	85,082	89,395	0	4,313	5%	4,174	139

Further Breakdown in to the key service areas:

	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movemen t
Adults:	£000	£000	£000	£000	£000	£000	%	£000	£000
Independent Sector Placements	31,981		31,981	32,731		750	2%	750	0
Adult Social Care Teams	7,656		7,656	7,726		70	1%	(194)	264
Block Contracts	6,351	24	6,375	6,279		(96)	-2%	(97)	1
Financing	(3,073)		(3,073)	(4,185)		(1,112)	36%	(930)	(182)
Home Service Delivery Model	1,488		1,488	1,418		(70)	-5%	(61)	(9)
Total Adults	44,403	24	44,427	43,969	0	(458)	-1%	(532)	74
Commissioning & Commercial Operations:									
Permanency Service	12,523		12,523	17,060		4,537	36%	4,537	0
Clare Lodge	(1,171)	250	(921)	(921)		0	0%	0	0
Commissioning & Commercial Operations - Other	2,746		2,746	2,785		39	1%	37	2
Total Commissioning & Commercial Operations	14,098	250	14,348	18,924	0	4,576	32%	4,574	2
Children's & Safeguarding:									
Children's Social Care	6,676		6,676	6,679		3	0%	3	0
Children's - Other	4,029		4,029	4,011		(18)	0%	(1)	(17)
Total Children's & Safeguarding	10,705	0	10,705	10,690	0	(15)	0%	2	(17)
Director:									
Director	2,114		2,114	2,104		(10)	0%	(10)	0
Department Savings target	(1,277)		(1,277)	(1,277)		0	0%	0	0
Total Director	837	0	837	827	0	(10)	-1%	(10)	0
Education:									
Home To School & Childrens Social Care Transport	4,001		4,001	4,249		248	6%	260	(12)
School Improvement Traded Service	(937)		(937)	(937)		0	0%	0	0
Education - Other	2,430	87	2,517	2,402		(115)	-5%	(101)	(14)
Total Education	5,494	87	5,581	5,714	0	133	2%	159	(26)
Communities:									
Housing	2,392	50	2,442	2,741		299	12%	112	186
Cultural Services	2,447	22	2,469	2,584		115	5%	122	(7)
Targeted Youth Support Service (TYSS)	1,622		1,622	1,418		(204)	-13%	(183)	(21)
Prevention Enforcement Service (PES)	559	11	570	475		(95)	-17%	(63)	(32)
Communities - Other	1,645	173	1,818	1,790		(28)	-2%	(7)	(21)
Total Communities	8,665	256	8,921	9,008	0	87	1%	(19)	106
Dedicated Schools Grant	263		263	263		0	0%	0	0

Total People and Communities	84,465	617	85,082	89,396	0	4,314	5%	4,178	136

Adults- Independent Sector Placements

A pressure of £0.750m is reported in relation to Adults Placement costs. This relates to residential nursing packages (£0.651m adverse to date) and Transforming Care (£0.151k adverse to date). Additional Client and Health income is partially offsetting this pressure. Forecast figure includes expected Summer and Winter pressures

Adults- Adult Social Care Teams

Overall there is a £0.70m forecast underspend on all operational teams. Within this there are savings on staffing £0.214m, with an overspend on Occupational Therapy equipment £0.049m and miscellaneous other £0.095m.

Adults- Block Contracts

There is currently a favourable variance in respect of the recovery of an £0.080m overpayment to an Extra Care provider. An overall underspend of £0.012m is forecast due to one off Direct Payments to Carers. Carer support is predominantly covered in Independent Sector Placements with services such as carers sitting services and respite.

Adults- Financing

Projects have been delayed to mitigate overspends in other People and Communities budgets. This action was implemented earlier in the year and has been increased to cover further emerging pressures. This is being managed as not to have a detrimental impact on future years saving initiatives.

Adults- Home Services Delivery Model

There is a £0.027m underspend on vacant posts and £0.030m on commissioned surveyor work, other underspends are £0.013m.

Commissioning- Permanency Service (TACT)

The Council is forecasting to overspend by £4.537m within this area. This is the result of agreeing to pay TACT an additional £0.637m in relation to the financial year 2017/18 and £3.9m in relation to financial year 2018/19. An upwards trend in the number of children coming into care, and the mix of placement types used, is feeding into the forecast overspend position. Although TACT are using their specialist expertise to recruit foster parents and adoption placements, progress towards achieving a balanced placement mix is in transition meaning there are still a number of placements with high associated costs.

Clare Lodge

A reserve contribution of £0.250m has been agreed which offsets the forecast overspend arising from the delayed opening of the new High Dependency Unit. A significant risk exists around occupancy which is still based on 14.6 average occupancy. Current occupancy is 15.

Commissioning and Commercial Operations- Other

A £0.044m forecast overspend is reported against Play Centres, which is the result of a delay in the Community Asset Transfers. This is partially offset by other small underspends are £0.005m.

Children's Social Care

A risk exists around Financial Assistance and the use of Agency staff to cover substantive posts.

Director

It is assumed that all Department Savings targets will be achieved or will be offset by pipeline savings.

There is a pressure of £0.012m due to staff regrading, and other small underspends £0.022m.

Education- Home to School and Children's Social Care Transport

Home to School Transport is forecast to overspend by £0.200m. Further work is underway to validate and explain this overspend. An adverse variance of £0.018m is reported with regard to Passenger Transport Team staffing. Children Social Care transport is forecast to overspend by £0.030m. Further analysis has been requested to understand what is driving this increase e.g. more children transported, longer average journeys, etc.

Education- Other

Employee costs are forecast to underspend by £0.030m. An adverse variance of £0.079m is reported in relation to the underachievement of income on School Academy conversions. This income target was introduced as a result of charging schools to recover a proportion of the cost the local authority incurred to administer the conversion. However, as the pace of schools converting has reduced against previous estimates this target is unlikely to be achieved. A reduction in business rates was also built in to the budget as a result of the relief academies receive for holding charitable status. As outlined in the funding section, NNDR (business rates) is showing a favourable position. A favourable variance of £0.017m is reported with regard to pre-98 pension strain costs. The Education Psychology Service is forecast to over achieve its traded income target by £0.047m. A favourable variance of £0.090m is reported in regard to School Attendance Fines along with other small underspends of £0.011m.

Communities- Housing

Housing is forecast to overspend by a total of £0.298m. Temporary Accommodation costs are forecast to overspend by £0.414m. This is offset by a projected underspend on staffing of £0.177m. Other budget headings are forecast to overspend by £0.060m.

Communities- Cultural Services

A savings target of £0.250m against the contract with Vivacity will not be achieved, although has been offset by other savings of £0.092m. St. Georges Hydrotherapy pool is forecast to underspend by £0.042m.

Communities- Targeted Youth Support Service (TYSS)

The TYSS is forecast to underspend by £0.204m, this relates to holding staff vacancies pending new service implementation. This comprises a forecast underspend of £0.254m on employee costs, offset by other pressures of £0.050m.

Communities- Prevention Enforcement Service (PES)

The PES is forecast to underspend by £0.094m. This comprises a £0.189m forecast underspend on staffing and an underspend of £0.134m against non-staffing budgets. As a result of staff vacancies, the income from Penalty Charge Notices and Fixed Penalty Notices is below the forecast profile by

£0.229m. Recruitment to vacant posts is continuing and other mitigations have been put in place to reverse this trend.

Communities – Other

There is a forecast underspend of £0.028m. This comprises a £0.142m favourable variance against non-staffing budgets offset by a £0.114m overspend on staffing.

Public Health

Budget Group	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Children 0-5 Health Visitors	3,718	198	3,916	3,913		(3)	0%	(3)	0
Children 5-19 Health Programmes	879	0	879	879		0	0%	0	0
Sexual Health	1,830	0	1,830	1,883		53	3%	53	0
Substance Misuse	2,299	0	2,299	2,299		0	0%	0	0
Smoking and Tobacco	317	0	317	305		(12)	-4%	(12)	0
Miscellaneous Public Health Services	1,661	0	1,661	1,623		(38)	-2%	(38)	0
Public Health Grant	(10,905)	0	(10,905)	(10,905)		0	0%	0	0
Children 5-19 Healthy Schools Programme	65	0	65	65		0	0%	0	0
Healthy Peterborough	10	0	10	10		0	0%	0	0
Total Public Health	(126)	198	72	72	0	0	0%	0	0

Public Health savings are on track to be delivered.

Resources

Budget Group	Budget 2018/19	Cont. from reserve	Revised Budget 2018/19	Forecast Spend 2018/19	Cont. to reserve	Forecast Variance 2018/19	Forecast Variance 2018/19	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Director's Office	112	0	112	200		88	79%	88	0
Financial Services	3,282	0	3,282	2,870		(412)	-13%	10	(422)
Programme Management Office	139	0	139	124		(15)	-11%	(15)	0
Capital Financing	18,321	0	18,321	15,319		(3,002)	-16%	(2,729)	(273)
Corporate Items	4,930	0	4,930	4,741		(189)	-4%	(71)	(118)
Peterborough Serco Strategic Partnership	5,806	7	5,813	7,956		2,143	37%	2,143	0
ICT	5,302	0	5,302	5,784		482	9%	456	26
Energy	780	0	780	(81)		(861)	-110%	(866)	5
Cemeteries, Cremation & Registrars	(1,391)	0	(1,391)	(1,575)		(184)	13%	(3)	(181)
Total Resources	37,281	7	37,288	35,338	0	(1,950)	-5%	(987)	(963)

Financial Services

There is a £0.375 contribution to insurance reserve that is no longer required in this financial year following the Actuary review, along with other underspends of £0.037m.

Capital Financing and Capital Receipts

The forecast underspend for Capital Financing is £3.002m as a result of the decision to apply additional capital receipts to offset the minimum revenue provision (MRP) in the 2018/19 financial year. In addition, the reprofiling of schemes, delays in the timing of capital expenditure and interest rates remaining lower than forecast in the MTFs for the beginning of the year, all contribute to the cost of new borrowing being forecast lower than originally budgeted. The forecast cost of raising new loans has been based on a capital programme of approximately £100m, of which £39m is based on new borrowing as the timing of the Empower loan repayment is still to be determined. This forecast outturn also factors in a greater dividend from ESPO being received compared to the budgeted amount as contained in the MTFs, £100k additional benefit.

Corporate Items

A lump sum underspend against the pension contribution budget of £0.119m, and other underspends £0.070m.

Peterborough Serco Strategic Partnership (PSSP)

The overspend forecast in this service is from a combination of three key areas. There is a £1.234m pressure due to the Annual Delivery Plan (ADP) and business transformation (strategic improvement core cost). All items on the ADP should be linked to funding streams as core funding was reduced to nil in last year's budget. Offsetting this is £0.100m of contract income brought forward, and £0.091m of favourable variances on the costs of changes in the contract. The following savings that were included in the 2018/19 MTFs, are currently not on track to be achieved:

- The £1m Serco variable spend saving. Overall variable spend with Serco has not yet reduced, due to ongoing programmes of work. Whilst budgets are in place for these works, these are mainly one off, and it has not been possible to make the planned ongoing budget reduction of £1m.
- The Serco Business support saving of £0.100m.

ICT

Savings that were expected to be generated through the implementation of a technology platform across Social Care (PeopleToo) is not now expected to be achieved as planned, creating a £0.137m pressure. The budgeted return on loans to partners to deliver this project has also not materialised as planned creating a £0.131m pressure through loss of interest receipt.

Savings targets in relation to Digital Roadmap project, including guaranteed resale income and also savings through decommissioning ICT Legacy systems and departmental efficiencies are not expected to be fully achieved, causing a £0.792m pressure.

There is a pressure against the core contract budget in 2018/19 due to one-off costs associated with new change controls being implemented £0.219m. However, a rebate received in year within the core contract budget, following a prior year change control notice reconciliation has offset the above pressures by £0.741m.

Other underspends £0.056m.

Energy

The Council has received additional interest income from extending a loan arrangement with Empower Community Management LLP in respect of solar installations.

Cemeteries, Cremation & Registrars

Bereavement income is forecast to be £0.155m greater than the budget that was modelled at the beginning of the year, other underspends are £0.029m

Financing

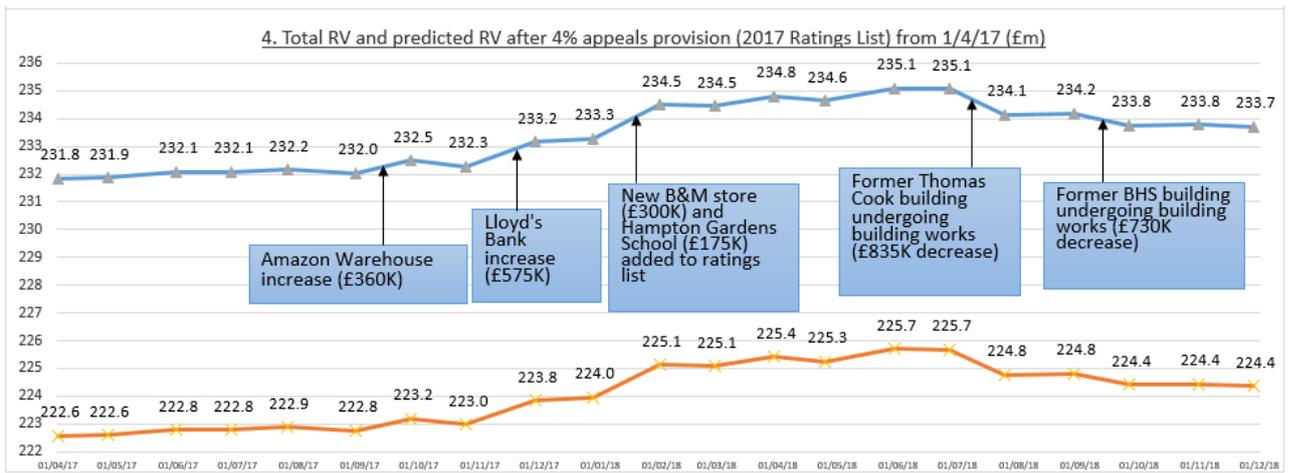
The following table show how the Council's expenditure is funded via council tax, business rates, non-specific grants and use of reserves.

Budget Group	Budget 2018/19 £000	Cont. from reserves £000	Revised Budget 2018/19 £000	Forecast Spend 2018/19 £000	Cont. to reserves £000	Forecast Variance 2018/19 £000	Forecast Variance 2018/19 %	Previous Month Variance £000	Movement £000
Council Tax	(68,110)		(68,110)	(68,110)		0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,328)		(5,328)	(5,328)		0	0.00%	0	0
NNDR Income	(45,465)		(45,465)	(46,448)		(983)	2.16%	(349)	(634)
NNDR Levy	216		216	216		0	0.00%	0	0
NNDR S31 grants	(3,128)		(3,128)	(3,128)		0	0.00%	0	0
NNDR Tariff	2,370		2,370	2,370		0	0.00%	0	0
Revenue Support Grant	(15,056)		(15,056)	(15,056)		0	0.00%	0	0
Parish Precept	(586)		(586)	(586)		0	0.00%	0	0
New Homes Bonus	(5,152)		(5,152)	(5,152)		0	0.00%	0	0
Section 31 Grant	(5,742)		(5,742)	(5,742)		0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(4,231)		(4,231)	(4,231)		0	0.00%	0	0
Contribution from/to Reserves	0	(1,425)	(1,425)	(1,425)		0	0.00%	0	0
Contribution to Capacity Reserve	0		0	0		0	0.00%	0	0
Collection Fund - Council Tax	(1,188)		(1,188)	(1,188)		0	0.00%	0	0
Collection Fund - NDR	(287)		(287)	(287)		0	0.00%	0	0
Total Financing	(151,687)	(1,425)	(153,112)	(154,095)	0	(983)	0.64%	(349)	(634)

NNDR Income

Due to improved Business rates income and a financial benefit of £0.634m from the surplus on the national Business Rates Levy account announced in the provisional local government finance settlement on 13 December 2018.

The following graph outlines the change in the Rateable Value of the properties and the key changes to the properties



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Appendix B - Reserves

The Council's departmental reserves and the capacity building reserve are monitored throughout the year and feed into the budget setting process accordingly. The following table summarises the expected balance for all reserves for 2018/19 to 2021/22

Out of the total reserves balance only £16.6m is deemed available or uncommitted, due to restrictions placed on the remaining reserves.

	2018/19	2018/19	2018/19	2018/19	2018/19	2019/20
Summary of Reserves	Balance C/Fwd 1.4.18	Contribution from Reserve in 2018.19	Contribution to Reserve in 2018.19	Movement between Reserves	Estimated Balance at 31.03.19 £000	Estimated Balance at 31.03.20 £000
General Fund Balance	6,000	0	0	0	6,000	6,000
Change Programme Funds						
Capacity Building Reserve**	12,714	(8,176)	4,687	2,088	11,313	7,388
Grant Equalisation Reserve*	8,445	(4,231)	0	0	4,214	1,130
Development Equalisation Reserve	1,233	(1,233)	0	0	0	0
Departmental Reserve	5,197	(3,695)	0	(600)	902	902
Total Change Programme Funds	27,589	(17,335)	4,687	1,488	16,429	9,421
Ring-Fenced Reserves						
Insurance Reserve***	4,936	0	0	(1,488)	3,448	3,448
Schools Capital Expenditure Reserve	1,208	(33)	0	0	1,176	1,176
Parish Council Burial Ground Reserve	51	0	0	0	51	51
Hackney Carriage Reserve	203	0	0	0	203	203
School Leases Reserve	243	(122)	0	0	121	79
Future Cities Reserve	240	(240)	0	0	0	0
Public Health Reserve	428	(198)	0	0	230	230
Total Ring-fenced reserves	7,310	(593)	0	(1,488)	5,229	5,188
Total Reserves and General Fund Balance	40,899	(17,928)	4,687	0	27,659	20,608

* £4.2m drawn down per approved 2018/19 MTFS

** Capacity Building Reserve

- May be used to finance transformational costs associated with delivery of savings plans outlined in the 2019/20 – 2021/22 MTFS
- £4.4m of Capital receipts will be transferred to Capacity reserve during 2018/19.
- The forecast overspend in 2018/19 of £2.5m will be required to be funded from the Capacity reserve.

*** it should be noted that there has been a transfer of reserves from the Insurance reserve totalling £1.488m, following the actuarial review of the balances. This also includes an estimate for additional risk the council may be exposed to as a result of the Local Authority Trading Company (LATCo).

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Appendix C – Budget Risk Register

The following table highlights the risks which have been identified within the 2018/19 Budget

Dept	Risk	Description	Rag rating	£000	Preventative Management Action taken, or planned
G&R	Parking Income	Further reduction in income – reduced footfall	Amber	0	tbc
P&C	Independent Sector Providers (ISP)	Additional pressures on Nursing Residential, Delayed Transfer of Care (DTC), Sleep In payments following Mencap court case and Transforming Care service users could increase the ISP overspend	Red	0	tbc
P&C	Homelessness	Demand led area. Should demand increase or mix between accommodation types changes, forecasts could alter	Amber	0	tbc
P&C	TACT placements	Demand led area. If placement mix changes or demand increases, only needs one or two cases to impact significantly	Amber	0	tbc
P&C	Traveller sites	Clearing of traveller sites	Red		tbc
P&C	Clare Lodge	Risk around loss of Income, & the cost of Agency Staff if recruitment and retention strategies are not successful	Amber		

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Appendix D - Asset Investment and Treasury Budget Report as at December 2018

Introduction

The following report provides an update on the Council's Asset Investment Plan and the Treasury activity as at December 2018. It also provides an estimate of the borrowing requirement for 2018/19 to fund this plan.

Asset Investment Plan 2018/19

The revised Asset Investment Plan budget as at December 2018 is £99.6m, which includes £1.7m for Invest to Save (I2S) Schemes. The agreed investment as per the Medium Term Financial Plan (MTFS) was £158.7m. The movement between the MTFS position and the £181.3m as at April 2018 was a result of slippages mainly due to delays completing projects from 2017/18.

This revised budget includes the following items be approved for:

- the Stamp Duty payable (£600k) on Sand Martin House as this has been assessed as a finance lease
- purchasing Refuse Collection Vehicles (RCV) (£700k) and
- a loan facility for Local Authority Trading Company (LATCo) to provide working capital and to cover start up costs (£1,450k).

The actual investment expenditure as at December 2018 is £55.0m (75.8% of the revised budget to date). The latest forecast for expenditure is £99.6m, therefore the Council is expecting to spend a further £44.6m before March 2019.

The Council has a Capital Review Group (CRG) which meets monthly to ensure that the capital programme is not aspirational in terms of the timing of the delivery of schemes, to challenge and ensure the future five years programme is line with the capital strategy, and monitor the expenditure and progress of schemes.

The following table shows the breakdown of the Council's Asset Investment over the directorates and how this investment is to be financed.

Sub-Directorate	MTFS Budget	1st April Budget	Current Budget FY	Revised Budget YTD	Actual YTD
	£000	£000	£000	£000	£000
Governance	49	49	-	-	-
Growth & Regeneration	55,239	63,363	49,897	37,423	29,280
People & Communities	58,883	64,692	35,046	26,284	20,632
Resources	16,195	1,119	10,209	7,657	4,290
Invest to Save	28,350	52,064	1,703	1,277	759
<i>SMH Stamp Duty</i>	-	-	600	0	-
<i>LATCo Loan & RCVs</i>	-	-	2,150	0	-
TOTAL	158,716	181,287	99,605	72,641	54,961
Grants & Contributions	40,486	46,335	39,249	29,436	28,841
Capital Receipts	1,000	1,000	1,000	750	1,000
Borrowing	117,230	133,952	36,206	42,455	25,120
TOTAL	158,716	181,287	99,605	72,641	54,961

Borrowing and Funding the Asset Investment Plan

It is a statutory duty for the Council to determine and keep under review the level of borrowing it considers to be affordable. The Council's approved Prudential Indicators (affordable, prudent and sustainable limits) are outlined in the Treasury Management Strategy approved as part of the MTFs. The Council borrows only to fund the Asset Investment Plan. The current plan assumes that 59.6% of the budgeted expenditure will be funded by borrowing.

The Council's total borrowing as at the end of December 2018 was £427.6m (see following table). The level of debt is measured against the Councils Authorised Limit for borrowing of £706.5m which must not be exceeded and the Operational Boundary (maximum working capital borrowing indicator) of £659.7m. These limits are set to enable borrowing in advance of need to take advantage of favourable loan rates in consideration of future years capital investment programme.

Borrowings	Less than 1yr £000	1-2yrs £000	3-5yrs £000	5-10yrs £000	10+yrs £000	Total £000	Ave. Interest Rate %
PWLB	-	4,500	7,128	15,715	332,244	359,587	3.6
Local Authority	28,000	22,500	-	-	-	50,500	1.6
Market Loans	-	-	-	-	17,500	17,500	4.5
Total Borrowing	28,000	27,000	7,128	15,715	349,744	427,587	3.4
% of total Borrowing	7%	6%	2%	4%	82%		
Borrowing Limit (PI)	40%	40%	80%	80%	100%		

The majority of the debt is taken on a 10+yr basis. The Acting Corporate Director of Resources believes it to be prudent to take advantage of a relatively low long term fixed rate of interest as it mitigates some of the risk of PWLB rate rises. Long term interest rates remain relatively low e.g. the standard PWLB rate for 50yr loans including the certainty rate was 2.50% at end of December 2018. The historically low PWLB rates are a result of the investor fears and confidence creating an ebb and flow situation between favouring more risky assets i.e. equities, or the safe haven of bonds and have been fluctuating recently due to uncertainty over Brexit negotiations.

The following table shows the activity in loans held by the Council for the year to date, with £22m of loans being repaid and £30m of new borrowing taken to fund the capital programme:

Loans Portfolio £000		
April 2018 b/f		419,587
repayment of loans to date	(22,000)	

new loans in year	30,000	
net increase/(decrease) to date		8,000
Loans portfolio as at December 2018		427,587

Total interest payable on existing loans for the year (£427.6m) is expected to be £14.0m.

The CRG is now reviewing the Council's £17.1m of S106 and Planning Obligation Implementation Scheme (POIS) funding at the monthly meetings. To date £8.7m has been earmarked for specific projects but more work needs to be done by the services to allocate the remaining funding to reduce the borrowing costs to the Council. CRG will invite the S106 Officer to the meeting to discuss current investment projects which may be able to use this funding to reduce this funding balance further.

Investments

The Council aims to achieve the optimum interest on investments commensurate with the proper levels of security and liquidity. In the current economic climate the Council considers it appropriate to keep investments short term to cover cashflow fluctuations. This financial year investment returns have been from Barclays (the Council's banking provider), CCLA Money Market funds, the Debt Management Office and Local Authorities.

As at December 2018 the Council's external investments totalled £3.5m and have yielded interest to date of £0.088m, which reflects both relatively the low cash balances held to minimise the cost of borrowing and low interest rates being available in the economic climate

Capital Receipts

Capital Receipts are used as part of a contribution to fund the Minimum Revenue Provision as approved in the MTFS. Close monitoring of the receipts from asset sales is maintained as any significant change will now have a direct impact on the revenue position.

Capital Receipts are monitored on a monthly basis and each sale given a status of Red, Amber or Green to identify the likely receipt before March 2019. The MTFS includes a contribution of £2.9m Capital Receipts to fund the MRP, with the revised receipts figure including a further £6.7m rolled forward from uncompleted disposals in 2017/18.

Capital Receipts To Off Set Revenue MRP Charge RAG Status	MTFS Budget £000	Revised Budget £000	Received to Date £000	Not yet received £000
Green	-	5,919	620	5,299
Amber	2,922	700	-	700
Red	-	-	-	-
Total (not inc Investment Assets)	2,922	6,619	620	5,999
Investment Assets	-	-	-	-
Total Capital Receipts	2,922	6,619	620	5,999

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