

CABINET

MONDAY 4 NOVEMBER 2019

10.00 AM

Bourges/Viersen Room - Town Hall

Contact – philippa.turvey@peterborough.gov.uk, 01733 452268

AGENDA

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Circulation

Cabinet Members

Scrutiny Committee Representatives

Directors, Heads of Service

Press

*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. These items have been advertised previously on the Council's Forward Plan (except where the issue is urgent in accordance with Section 15 of the Council's Access to Information rules).*

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**MINUTES OF THE CABINET MEETING
HELD AT 10:00AM, ON
MONDAY, 23 SEPTEMBER 2019
BOURGES/VIERSON ROOM, TOWN HALL, PETERBOROUGH**

Cabinet Members Present: Councillor Holdich (Chair), Councillor Allen, Councillor Ayres, Councillor Farooq, Councillor Fitzgerald, Councillor Hiller, Councillor Seaton, Councillor Walsh

Cabinet Advisors Present: Councillor Bashir

21. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Cereste

22. DECLARATIONS OF INTEREST

No declarations of interest were received.

23. MINUTES OF SHAREHOLDER CABINET COMMITTEE MEETING HELD ON 24 JUNE 2019

The minutes of the Shareholder Cabinet Committee meeting held on 24 June 2019 were agreed as a true and accurate record.

24. MINUTES OF CABINET MEETING HELD ON 15 JULY 2019

The minutes of the Cabinet meeting held on 15 July 2019 were agreed as a true and accurate record.

25. PETITIONS PRESENTED TO CABINET

There were no petitions presented to Cabinet.

STRATEGIC DECISIONS - PART ONE

26. COMBINED AUTHORITY'S LOCAL TRANSPORT PLAN RESPONSE

The Cabinet received a report in relation to Peterborough City Council's response to the Cambridgeshire and Peterborough Combined Authority's Local Transport Plan consultation.

The purpose of this report was for the Cabinet to consider the response to the Local Transport Plan consultation, which the Combined Authority had a statutory duty to produce.

The Cabinet Member for Strategic Planning and Commercial Strategy and Investments introduced the report and advised that the Combined Authority had worked closely with Councillors officers on the Local Transport Plan proposals, which had also been considered by the Growth, Environment and Resources Scrutiny Committee. The Plan

encompassed many areas, including travel to and from Peterborough, and travel in and around the city.

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

- Members noted comments around the introduction of a metro in Cambridge and suggested that Peterborough City Council propose a scheme alongside this to address the requests for a further train station.
- It was advised that the Department of Transport was providing support for walking and cycling infrastructure plans and these were expected to go out for public consultation later in the year.
- In partnership with the Combined Authority, the Bus Review Group had been considering a consultant's review of possible delivery models. It was noted that this was a large and complex piece of work, with an estimated deadline of Spring 2021.
- Members were advised that the Council had been successful in receiving funds for rapid charging infrastructure for elective taxis, and were intending to install 6 new charging spaces in city centre car parks. A bid was also to be made for on-street residential charging points.
- It was noted that Peterborough had the highest number of electric vehicles in the UK.
- It was suggested that the Council could lobby Highways England in relation to improvements required on the A47, which had a poor safety record.
- Members commented that the work of the Combined Authority had been beneficial in terms of linking up the infrastructure of the whole county.

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

1. Agree the Council's proposed consultation response to the Combined Authority's Local Transport Plan.
2. Note the comments and recommendations made by the Growth, Environment and Resources Scrutiny Committee and agree that the below be incorporated into the proposed consultation response:
 - The wording of the climate change emergency motion in the response should be corrected to reflect the amendments that were made to it at Full Council.
 - The reference to the timescales for PCC developing a Climate Emergency action plan should be corrected from 12 months to 31 March 2020.

REASONS FOR THE DECISION

The Local Transport Plan was a statutory document that the Combined Authority must produce and given its importance to Peterborough and the wider area it was essential that the Council responds to the consultation.

ALTERNATIVE OPTIONS CONSIDERED

To not respond to the consultation. This had been rejected because of the importance of this document and its future implications.

To produce a different consultation response. The draft response had been developed by a number of Officers and had been reviewed by the Growth, Environment and Resources Scrutiny Committee.

27. CAMBRIDGESHIRE AND PETERBOROUGH MINERALS AND WASTE LOCAL PLAN - PROPOSED SUBMISSION

The Cabinet received a report in relation to the proposed submission of the Cambridgeshire and Peterborough Minerals and Waste Local Plan.

The purpose of this report was to enable Cabinet to consider and recommend to Council the approval of the Proposed Submission Cambridgeshire and Peterborough Minerals and Waste Local Plan for public consultation during November 2019 - January 2020, and then submission to the Secretary of State.

The Cabinet Member for Strategic Planning and Commercial Strategy and Investments introduced the report and advised that Cabinet had previously approved the first and second draft of the Plan, jointly with Cambridgeshire County Council, and progress continued on schedule and on budget. All representations received had been considered and the Plan had been amended to reflect the Council's climate change emergency declaration along with the strengthening of environmental policies. The Plan would require approval by the Full Council in October.

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

- It was noted that changes had been made to proposed policies following on from the Council's declaration of a climate change emergency.
- Members were advised that where it was anticipated that specific areas may be impacted, bespoke consultation exercises were carried out.
- Comment was made that, though each facility is different, many have a positive impact on the surrounding area, including the creation of nature reserve sights.
- Members were reassured that all developments would, on approval, have a long term plan and would provide details of how the site would be brought back to use following the completion of work.
- It was highlighted that the joint work with Cambridgeshire had dual benefits of splitting all of the relevant costs and in improving the quality of the resulting work.

Cabinet considered the report and **RESOLVED** to recommend that Council:

1. Approves the Proposed Submission ('Publication Draft') Minerals and Waste Local Plan as attached at Appendix A, for the purpose of both its final consultation for six weeks (at some point during November 2019 to January 2020 - if the consultation period includes the Christmas week, then consultation will run for eight weeks); AND its subsequent submission to the Secretary of State for the purpose of independent examination.
2. Approves the proposed Policies Map (including associated inset maps) as set out at Appendix B, for the purpose of consultation alongside the Local Plan consultation AND for subsequent submission to the Secretary of State for consideration alongside the examination of the Local Plan.
3. Delegates to the Head of Sustainable Growth Strategy any presentational improvements, factual updating, or other inconsequential changes (eg correcting typographical errors or factual inaccuracies) to the Publication Draft Plan or Policies Map that (taken together) do not materially affect the policies set out in the Local Plan prior to the consultation commencing, or changes

necessary to address any minor amendments arising from the Plan's consideration by Cambridgeshire County Council's democratic process.

4. Delegates 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, but only if it would help to address any more substantive suggested amendments arising from the Plan's consideration by Cambridgeshire County Council's democratic process.
5. Delegates to the Head of Sustainable Growth Strategy the ability to agree and consult upon a set of proposed modifications during the examination process (most likely at the very end of the examination process), if asked by the Inspector to do so.

REASONS FOR THE DECISION

The decision would enable the Minerals and Waste Local Plan to continue through its preparation stages, as scheduled, and would ultimately enable the Council to put in place an up to date and adopted Minerals and Waste Local Plan by the end of 2020/21. Cabinet had previously agreed to the principle of preparing the Plan

ALTERNATIVE OPTIONS CONSIDERED

The alternative option of not preparing a new Minerals and Waste Local Plan was rejected by Cabinet in July 2017 as part of the approval of Local Development Scheme.

The alternative options for each policy had been assessed as part of the Local Plan Sustainability Appraisal Report and other evidence material. All suggested sites, along with reasonable alternatives, had been assessed against detailed site assessment criteria.

28. PETERBOROUGH HOUSING STRATEGY

The Cabinet received a report in relation to the commissioning of an updated Housing Strategy for Peterborough and the creation of a Housing Revenue Account as part of this, to tackle homelessness in the city.

The purpose of this report was to highlight to Members that a new Housing Strategy was being produced and as part of that process if a Housing Revenue Account was highlighted as a viable option seeking approval for the Council to go through the application process to reform its HRA. Local authorities did not need permission to be granted from the Secretary of State to open an HRA, but the Ministry of Housing, Communities and Local Government requested a letter to the Secretary of State declaring the intention to open an HRA.

The Cabinet Member for Housing, Culture and Recreation introduced the report and advised that the Council had been working towards this point for a long time in order to address the increasing need to provide accommodation. The introduction of an HRA would allow the Council to manage and operate temporary and long term accommodation alongside the already existing social landlord provisions.

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

- It was noted that the Government had made £4 billion available for authorities to spend on HRA.
- Liverpool City Council and Hartlepool Borough Council were the only two Councils that had previously set up HRA's.
- The Housing Strategy would cover further detail as to how the HRA would operate with existing housing providers.

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

1. Note that the Cabinet Member for Housing, Culture and Recreation had commissioned an updated Housing Strategy for Peterborough.
2. Approve an application being immediately sent to the Government to set up a Housing Revenue Account as part of the Council's Housing Strategy to tackle homelessness in the City.

REASONS FOR THE DECISION

There was the requirement for a revised Housing Strategy for Peterborough to ensure stakeholder requirements were being met.

As part of the Housing Strategy work being undertaken give approval, when required and in consultation with Partners, for the Council to go through the Government application process in order to be able to set up a Housing Revenue Account (HRA) as a potential option.

ALTERNATIVE OPTIONS CONSIDERED

The Housing Strategy would set out the options and preferred route forward for the Council.

MONITORING ITEMS

29. BUDGET CONTROL REPORT JULY 2019

The Cabinet received a report in relation to the Budget Control Report for July 2019.

The purpose of this report was to provide Cabinet with an early indication of the forecast for 2019/20 at the July 2019 budgetary control position.

The Cabinet Director for Finance introduced the report and advised that the report set out the potential end of year outturn position and outline the risks that needed to be managed.

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

1. The Budgetary Control position for 2019/20 at June 2019 included a forecast overspend of £5.424m against budget.
2. The key variance analysis and explanations were contained in Appendix A to the report.
3. The estimated reserves position for 2019/20 at June 2019 outlined in Appendix C to the report.
4. In year budget risks for 2019/20 at June 2019 were highlighted in Appendix D to the report.
5. The Asset Investment and Treasury Budget Report was contained in Appendix E to the report.

Cabinet **RESOLVED** to approve and recommend to Council:

6. The revenue budget virement to reprofile the budget based on revised assumptions, outlined in section 5 of the report, with further detail of the 2019/20 reprofiled Budget contained in Appendix B to the report.
7. The capital budget virements over £0.5m.
8. The addition of the Allia Centre to the disposals schedule.

REASONS FOR THE DECISION

The report updated Cabinet on the July 2019 budgetary control position.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

30. OUTCOME OF PETITIONS

The Cabinet received a report in relation to the outcome of the submission of e-petitions, the presentation of petitions to Council officers, and the presentation of petitions at Council meetings.

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 was reported to Cabinet.

ALTERNATIVE OPTIONS CONSIDERED

There had been no alternative options considered.

STRATEGIC DECISIONS - PART TWO

31. AMENDMENT TO ARRANGEMENTS WITH EMPOWER

The Cabinet received a report in relation to the amendment to the Council's loan arrangement with ECS Peterborough 1.

The purpose of this report was to provide Cabinet with an update on the progress of the refinancing of the Council's loan facility provided to ECS Peterborough 1 and to consider the extension of the current loan facility for a further two months to enable the loan refinance progress to complete.

The Cabinet Member for Finance introduced the report and advised that the income generated from the loan provided a commercial benefit to the Council. The Council was currently exploring proposals from the refinancing organisation, Global Tower Solutions, and it was noted that such a process had always been part of the original agreement.

Cabinet debated the report and considered that the partnership with Empower had been a success, providing thousands of residents with solar panels and free future energy, as well as generating a profit for the Council.

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

1. Approve the amendment of the terms of the Strategic Partnership with Empower Community Management LLP.
2. Approve the amendment of the financing agreement with ECS Peterborough 1 LLP.
3. Approve the Council entering into such further agreements with ECS Peterborough 1 LLP and any other body necessary to facilitate the arrangements set out in this report.
4. Delegate to the Corporate Director Resources and Director of Law and Governance the ability to finalise matters 1 to 3 above.

REASONS FOR THE DECISION

This short extension supported the loan refinance process and enabled the smooth transition of the loan from the Council to Global Tower Solutions. During the period of the extension the Council would continue to receive an income from the interest which would contribute to the Council's MTFS savings targets.

ALTERNATIVE OPTIONS CONSIDERED

If the Council failed to extend the loan, then on 1 October 2019 the loan repayment would be due in full and if it was not made ECSP1 would be placed into default and the Council would be required to exercise its security and take over the assets of the company. At this point the Council would then have to operate the company either on a long term basis or on a short term basis whilst it concludes the long term financing process. This option was not considered to be in the Council's best interests at the current time for the following reasons:

1. The Council did not have experience of operating in this market and would therefore need time to acquire the additional skills and personnel required to operate the ECSP1 business, in addition it would require additional advice from its legal and financial advisors Pinsent Masons LLP and Deloitte LLP and would need to procure a specialist technical advisor for this process.
2. The refinancing negotiation progress with Global Tower Solutions would be subject to considerable delay and incur further legal expense in order to reflect the change of ownership.

The Council could choose to continue funding for ECSP1 over the life of the solar panel assets, but:

1. the current loan was not constructed as a long term facility and a long term loan would require the implementation of a new loan facility; and
2. this course of action did not fit within the Council's current financial strategy.

Chairman
10:00am – 10:42am
23 September 2019

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CABINET	AGENDA ITEM No. 5
4 NOVEMBER 2019	PUBLIC REPORT

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

BUDGET CONTROL REPORT SEPTEMBER 2019

RECOMMENDATIONS	
FROM: Corporate Director: Resources	Deadline date: N/A
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Budgetary Control position for 2019/20 at September 2019 includes a forecast overspend of £5.811m against budget. 2. The key variance analysis and explanations are contained in Appendix A. 3. The estimated reserves position for 2019/20 at September 2019 outlined in Appendix B. 4. In year budget risks for 2019/20 at September 2019 are highlighted in Appendix C. 5. The Asset Investment and Treasury Budget Report is contained in Appendix D. 	

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 is for Cabinet to consider under its Terms of Reference No. 3.2.7 'To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit'.

2.2. This report provides Cabinet with the forecast for 2019/20 as at September 2019 budgetary control position.

3. TIMESCALE

Is this a Major Policy Item/ Statutory Plan	NO	If yes, date for Cabinet meeting	N/A
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4. SEPTEMBER 2019 BUDGETARY CONTROL- REVENUE

4.1. The revenue budget for 2019/20, agreed at Full Council on 6 March 2019, was approved at £150.768m.

	£m
Approved Budget 2019/20	150.768
Use of reserves per MTFS	3.084
Revised Budget 2019/20	153.852
Drawdown of reserves during 2019/20	3.706
NNDR Timing Issue	(1.030)
Revised Budget 2019/20	156.528

4.2. The 2019/20 year-end outturn position is currently forecast to be overspent by £5.811m, which will need to be met from the Capacity Building Reserve. This is based on reported departmental information as at the end of September 2019, taking account of the newly identified pressures and the delivery against the in year savings targets, identified as part of the Budget Re-profiling.

4.3. This £5.811 projected overspend position is made up of two distinct elements:

- £5.039m of revised savings targets, agreed at Council in September that still remains to be delivered. This means that £4.725m has already been identified. More work is under way across the Council to ensure that the Council delivers to the full £9.764m target by the end of this financial year as this will deliver a net £3.7m transfer of resources into reserves.
- £0.772m of net pressures and favourable movements, identified in the period between the June Monitoring position and September.

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

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
Directorate	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executives	1,489	35	1,524	1,519	0	(5)	0%	(5)	0
Governance	4,320	38	4,358	4,469	0	111	3%	199	(88)
Place & Economy	18,796	338	19,134	19,886	0	752	4%	803	(51)
People & Communities	83,127	1,394	84,521	89,136	0	4,615	5%	5,641	(1,026)
Public Health	(163)	364	201	231	0	30	15%	222	(192)
Resources	38,418	50	38,468	37,895	377	(196)	-1%	(454)	258
Customer & Digital Services	7,102	317	7,419	7,931	0	512	7%	639	(127)
Business Improvement	763	140	903	895	0	(8)	-1%	(2)	(6)
Total Expenditure	153,852	2,676	156,528	161,962	377	5,811	4%	7,044	(1,233)
Financing	(153,852)	(2,676)	(156,528)	(156,528)	0	0	0%	0	0
Net	0	0	0	5,434	377	5,811	0	7,044	(1,233)

4.4. This position includes newly identified pressures including:

- Great Eastern Run £0.155m – through the cancellation of the race, due to suspicious activity close to the race course;
- Homelessness £0.513m –due to increased demand for temporary accommodation;
- Home to School Transport £0.166m- as the forecast reflects the contract changes for Academic Year 2019/20;
- Peterborough Serco Strategic Partnership, Annual Delivery Plan (ADP) & Business Transformation Variable costs £0.307m- ADP which is currently costing the Council £0.065m per month will create an adverse variance against the budget unless costs are switched off or charged to a budgeted project, this is currently under review;
- Energy for Waste Plant- £.0240m reduction in wholesale electricity prices.

On 9 October the Treasury announced an increase in the interest rate for the Public Works Loan Board (PWLB) by one percentage point, meaning the typical rate for a loan is now 2.8% instead of 1.8%. This effects the rate at which the Council is able to borrow money to fund capital investments, and will likely have an impact on the current years capital financing budget. The action by the Treasury is designed to discourage councils from borrowing to fund “risky” multimillion valued property investments, however it has been reported by the Local Government Association that *“This 1% PWLB rate increase could cost councils an extra £70m a year for borrowing to be undertaken in the next year”*. The impact of this will be included within the October Budgetary Control Report at Cabinet on 9 December.

Further details regarding these pressures are outlined within Appendix A of this Report.

BUDGET REPROFILING- IN YEAR OVERSPEND PLAN

4.5. As previously reported the Council’s finance team have conducted a thorough review of all current budget assumptions. This resulted in a series of virements to reprofile the current years budget to reflect the Council’s actual financial position. This exercise identified that the 2019/20 budget pressure was estimated to be £6.085m, with the ongoing underlying budget pressure of £9.764m. CMT agreed for directors to identify additional savings proposals to ensure that expenditure is within the Councils cash limits. The savings targets have been set at the ongoing pressure value, in order to achieve financial sustainability for the Council’s future year’s budget, by contributing to the total amount available in reserves. The overall approach and amendment to service budgets was reported to and approved by Cabinet at the meeting held on 23 September ([Item 9](#)) and by Council at the meeting on 16 October ([Item 9](#)).

4.6. The Council has so far identified £4.725m of in year savings across the departments, with a remaining target balance of £5.039m, still to be identified, as outlined in the following table. The exercise is still in progress with Budget Holders, Managers and Directors working collaboratively with the finance team to review specific expenditure types, to reduce any non-essential (non-business critical) expenditure. Proposals for budgetary and service changes will require development. This will include considering whether the Council can:

- Increase income generation;
- Reduce costs;
- Postpone recruitment and reduce the use of agency by reviewing all contracts
- Drive efficiencies or stop tasks where little value is added;
- Reprioritisation of tasks or services;

- Reviewing best practice from other Local Authorities ;
- Innovative ideas to maintain or improve service provision while reducing cost;
- Implementation of staff ideas submitted via the Budget Challenge campaign.

4.7. Savings targets for each directorate and the value of savings which have been identified to date are shown in the table:

Directorate	Departmental Savings Target	Savings Identified	Savings Still to be identified
	£000	£000	£000
Chief Executives	120	119	1
Governance	298	185	113
Place & Economy	1,530	879	651
People & Communities	5,876	2,152	3,724
Public Health	226	238	(12)
Resources	1,105	1,105	0
Customer & Digital Services	562	0	562
Business Improvement	47	47	0
Total Expenditure	9,764	4,725	5,039

4.8. The Council has outlined plans within its Medium Term Financial Strategy to move towards a truly sustainable budget, by reducing reliance on the one-offs funding solutions. A challenging financial environment remains with demand for services increasing and service costs rising whilst funding from government reduces. As further budget pressures emerge alongside acknowledging the time required to implement new saving proposals, there is the need to ensure there is resilience with the level of reserves the Council holds, and therefore the Council plans to utilise the one off benefit of £1.4m from the sale of further assets through the generation of capital receipts. **This has not yet been factored in to the table above but could bring the remaining balance of the in year savings target down to £3.6m. If this is applied to the overall £5.811m projected overspend position this reduces to £4.411m.**

4.9. Virements for these identified savings will be reported to Cabinet on 9 December and to Council on 18 December 2019 for approval, along with a further update on the progress to date. Further detail on the departmental variances is outlined within Appendix A. It should be noted that the overall Budgetary Control Position reflects both the newly identified pressures, the new the savings identified as part of this piece of work and other minor adverse and favourable variances.

5. APPENDICES

5.1. Further information is provided in the following appendices:

- Appendix A – Detailed 2019/20 revenue budgetary control position at September 2019 and explanation of Key variances and risks
- Appendix B – Reserves position
- Appendix C – Budget risk register
- Appendix D – Asset Investment and Treasury Budget Report

Appendix A – Detailed Revenue Budgetary Control position and explanation of Key Variances and Risks

As set out in sections 4.3 and 4.6 of the main report, more work is under way across the Council to ensure that the Council delivers to the full £9.764m target by the end of this financial year as this will deliver a net £3.7m transfer of resources into reserves compared to the original budget position.

Chief Executives

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Chief Executive	120	0	120	115	0	(5)	-4%	(5)	0
Human Resources	1,369	35	1,404	1,404	0	0	0%	0	0
Total Chief Executives	1,489	35	1,524	1,519	0	(5)	0%	(5)	0

The departmental savings target has been achieved through a moratorium based reduction on supplies & services including training & workforce development, and a recruitment freeze on vacant posts.

Governance

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director of Governance	(42)	0	(42)	211	0	253	-602%	268	(15)
Constitutional Services	2,072	0	2,072	2,066	0	(6)	0%	(9)	3
Legal Services	2,093	0	2,093	2,007	0	(86)	-4%	(36)	(50)
Performance & Information	197	38	235	185	0	(50)	-21%	(24)	(26)
Total Governance	4,320	38	4,358	4,469	0	111	3%	199	(88)

£0.185m has so far been achieved against the £0.298m savings target by implementing a recruitment freeze in Constitutional Services and a moratorium based reduction in supplies & services, further plans are being worked on.

Place & Economy

Budget Group	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Director, Opportunity Peterborough & Joint Venture	2	89	91	7	0	(84)	-92%	(89)	5
Development and Construction	156	0	156	85	0	(71)	-46%	(76)	5
Peterborough Highway Services	4,661	0	4,661	3,915	0	(746)	-16%	(562)	(184)
Sustainable Growth Strategy	1,640	0	1,640	1,516	0	(124)	-8%	(94)	(30)
Waste, Cleansing and Open Spaces	12,887	250	13,137	13,215	0	78	1%	0	78
Westcombe Engineering	179	0	179	179	0	0	0%	0	0
Energy	259	0	259	57	0	(202)	-78%	(52)	(150)
City Centre Management	357	0	357	711	0	354	99%	106	248
Service Director Environment & Economy	(1,346)	0	(1,346)	201	0	1,547	-115%	1,570	(23)
Total Place & Economy	18,796	338	19,134	19,886	0	752	3.9%	803	(51)

Savings of £0.879m have been identified which will go towards the savings target of £1.530m. These consist of made up of a recruitment freeze on vacant posts, a moratorium based reduction in supplies & services, a reduction in variable contract elements, and additional Section 278 and Section 38 income from developers.

Further favourable variances to the budget have been identified in September 2019, these include:

- Waste treatment costs being £0.135m lower than expected;
- Additional income of £0.189m from the Empower loan due to an extension of 2 months, taking the loan to the end November 2019. This was approved at Cabinet on 23rd September ([link to report](#)).

However these favourable variances are being offset by the following identified pressures:

- A reduction in wholesale electricity prices at the Energy for Waste Plant these were forecast based on the higher prices of the previous financial year £0.240m;
- A pressures relating to a reduction in the forecast income generated through stall rental at the Market £0.104m;
- The cancellation of the Perkins Great Eastern Run (PGER) £0.155m – this could be mitigated via an insurance claim and this process is under way.

People & Communities

Budget Group	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults	45,230	0	45,230	44,092	0	(1,138)	-3%	(13)	(1,125)
Commissioning and Commercial Operations	18,082	0	18,082	18,141	0	59	0%	(0)	59
Children's & Safeguarding	10,604	119	10,723	10,609	0	(114)	-1%	(5)	(109)
Director	(5,143)	0	(5,143)	690	0	5,833	-113%	5,876	(43)
Education	6,309	0	6,309	6,274	0	(35)	-1%	2	(37)
Communities	8,000	1,275	9,275	9,248	0	(27)	0%	(219)	192
DSG	45	0	45	82	0	37	82%	0	37
Total People & Communities	83,127	1,394	84,521	89,136	0	4,615	5%	5,641	(1,026)

Further Breakdown in to the key service areas:

	Budget 2019/20	Cont. from reserves	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Adults:									
ISP	34,224		34,224	34,224		0	0%	0	0
ASC Teams	7,921		7,921	8,109		188	2%	(13)	201
Block Contracts	6,308		6,308	6,142		(166)	-3%	0	(166)
Financing	(4,625)		(4,625)	(5,756)		(1,131)	24%	0	(1,131)
Home Service Delivery Model	1,403		1,403	1,373		(30)	-2%	0	(30)
Total Adults	45,231	0	45,231	44,092	0	(1,139)	-3%	(13)	(1,126)
Commissioning & Commercial Operations:									
Permanency Service	15,537		15,537	15,537		0	0%	0	0
Clare Lodge	(381)		(381)	(311)		70	-18%	0	70
Commissioning & Commercial Operations - Other	2,926		2,926	2,915		(11)	0%	0	(11)
Total Commissioning & Commercial Operations	18,082	0	18,082	18,141	0	59	0%	0	59
Childrens & Safeguarding:									
Children's Social Care	6,874		6,874	6,825		(49)	-1%	(4)	(45)
Childrens - Other	3,729	119	3,848	3,784		(64)	-2%	0	(64)
Total Childrens & Safeguarding	10,603	119	10,722	10,609	0	(113)	-1%	(4)	(109)
Director:									
Director	1,497		1,497	1,453		(44)	-3%	0	(44)
Department Savings target	(763)		(763)	(763)		0	0%	0	0
P&C Departmental Saving Target	(5,876)		(5,876)	0		5,876	-100%	5,876	0
Total Director	(5,142)	0	(5,142)	690	0	5,832	-113%	5,876	(44)
Education:									
HTS & CSC Transport	4,379		4,379	4,545		166	4%	0	166

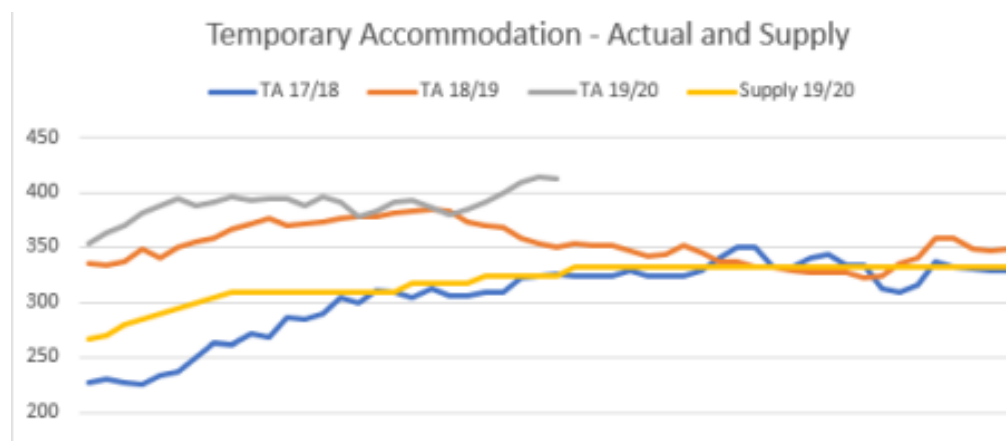
	Budget 2019/20	Cont. from reserves	Revised Budget 2019/209	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
School Improvement Traded Service	(719)		(719)	(772)		(53)	7%	0	(53)
Education - Other	2,649		2,649	2,501		(148)	-6%	2	(150)
Total Education	6,309	0	6,309	6,274	0	(35)	-1%	2	(37)
Communities:									
Housing	2,197		2,197	2,644		447	20%	0	447
Cultural Services	2,738		2,738	2,696		(42)	-2%	(7)	(35)
Targeted Youth Support Service (TYSS)	1,763		1,763	1,634		(129)	-7%	(10)	(119)
Prevention Enforcement Service (PES)	(1,062)		(1,062)	(1,180)		(118)	11%	(138)	20
Regulatory Services	802		802	687		(115)	-14%	(32)	(83)
Communities - Other	1,562	1,275	2,837	2,767		(70)	-2%	(19)	(51)
Total Communities	8,000	1,275	9,275	9,248	0	(27)	0%	(206)	179
DSG	45	0	45	82	0	37	82%	0	37
Total People and Communities	83,128	1,394	84,522	89,136	0	4,614	5%	5,655	(1,041)

Savings have been identified of £2.152m against the £5.876m savings target, these are from savings on employee costs, reduced expenditure in supplies and services and contract spend.

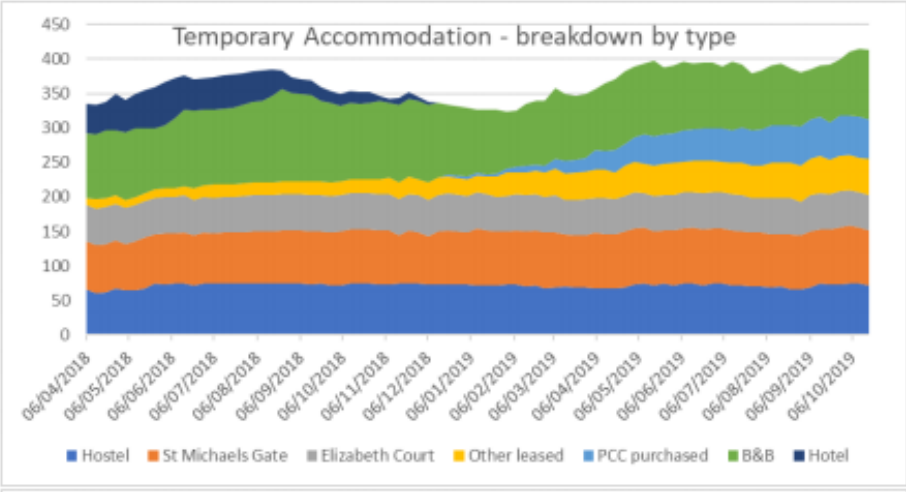
However there have been new pressures identified in September 2019 due to:

- An increase in the forecast cost of providing home to school transport of £0.166m, which now reflects the contract changes for Academic Year 2019-20;
- Reduced occupancy at Clare Lodge during September a £0.070m pressure;
- An increase in temporary accommodation costs of £0.513m. This pressure has arisen largely due to an increase in single persons presenting as homeless and the deviating trend in 2019/20 compared to 2018/19.

The following Graph outlines the trajectory of temporary accommodation demand in 2017/18 (blue line), 2018/19 (orange line) and 2019/20 (grey line) against the accommodation available with the council directly or with our partners (yellow line)



The following graph outlines the type of temporary accommodation available. This shows the increase in the level of housing the Council is providing as a result of purchasing houses within the City for temporary accommodation use, it also shows the recent increase in demand, which is driving the additional financial pressure identified within this report.



Public Health

Budget Group	Budget 2019/20 £000	Cont. from reserve £000	Revised Budget 2019/20 £000	Forecast Spend 2019/20 £000	Cont. to reserve £000	Forecast Variance 2019/20 £000	Forecast Variance 2019/20 %	Previous Month Variance £000	Movement £000
Children 0-5 Health Visitors	3,663	364	4,027	4,057	0	30	1%	90	(60)
Children 5-19 Health Programmes	944	0	944	983	0	39	4%	0	39
Sexual Health	1,938	0	1,938	1,942	0	4	0%	34	(30)
Substance Misuse	2,269	0	2,269	2,198	0	(71)	-3%	(71)	(0)
Smoking and Tobacco	318	0	318	281	0	(37)	-12%	(0)	(37)
Miscellaneous Public Health Services	1,326	0	1,326	1,391	0	65	5%	170	(105)
Public Health Grant	(10,621)	0	(10,621)	(10,621)	0	0	0%	0	0
Total Public Health	(163)	364	201	231	0	30	15%	222	(192)

The savings target of £0.226m has been fully achieved mainly from savings in employee and agency staffing, and supplies and services expenditure.

Resources

Budget Group	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	£000	£000	%	£000	£000
Director's Office	(906)	0	(906)	196	0	1,102	-122%	1,104	(2)
Financial Services	6,903	0	6,903	6,555	377	29	0%	30	(1)
Capital Financing and Capital Receipts	16,768	0	16,768	14,790	0	(1,978)	-12%	(1,978)	0
Corporate Items	7,668	0	7,668	7,707	0	39	1%	39	0
Peterborough Serco Strategic Partnership (PSSP)	7,555	0	7,555	8,247	0	692	9%	402	290
Cemeteries, Cremation & Registrars	(1,393)	0	(1,393)	(1,498)	0	(105)	8%	(76)	(29)
Corporate Property	1,823	50	1,873	1,898	0	25	1%	25	0
Total Resources	38,418	50	38,468	37,895	377	(196)	-1%	(454)	258

The departmental savings target of £1.105m has been delivered through the use of capital receipts to repay debt; revised minimum revenue provision forecast, increased Registration & Bereavement income; a reduction in the Insurance provision; and the reduction of cleaning and security at Sandmartin House.

However a number of pressures have been identified, including:

- There is likely to be a reduction in Housing Benefit subsidy of £0.400m. The council had been receiving and budgeting for additional income from recovering housing benefit overpayments. Incidences of overpayment are now reduced, as rent allowance payments and housing subsidy both reduce in line with the roll-out of Universal Credit. This together with the improved collection of arrears means that the additional income is no longer sustained.
- Within the PSSP budget there is a risk that the ADP (Annual Delivery Plan costs) which is currently costing the Council £0.065m per month will create an adverse variance against the budget unless costs are switched off or charged to a budgeted project. Within the forecast variance three months of cost at £0.195m has been assumed, which relates to August – October 2019, this is pending a Notice of Change (NoC) to the contract which will change the allocation of these costs so that they are retrospectively fully allocated to projects being delivered. In addition there are BTSI variable costs that have been charged to the PSSP cost centre on a monthly basis (pending a breakdown from Serco for any potential reallocation to budgeted projects), but at present this is considered unlikely and so included in this variance a forecast of £0.112m has been assumed for costs from April - October 2019.

These pressures are being offset by the £1.978m forecast underspend on the Capital Financing budget. This underspend is the result of a combination of factors:

- less borrowing was undertaken for the capital programme in 2018/19 than budgeted for in the MTFS resulting in less budget being required to fund existing borrowing;
- forecast interest rates for new borrowing are lower than those forecast at the time the MTFS was set, and the impact of these lower rates have been factored in to the forecast underspend. The prevailing uncertainty in the world's economy, alongside the uncertainty of the impact of Brexit has led the Council's treasury advisors to note that since previous forecasts there has been "a sharp deterioration of economic growth news, and expectations for growth, in the major economies of the world – the US, EU and China. This has led to a sharp downturn in government bond yields, lower than we previously anticipated.";

- The capital programme is under review for 2019/20 to ensure that all schemes are delivered in year, the impact of this review is yet to be fully reflected in the forecast outturn;
- The level of interest receipts forecast to be generated from loans the council has issued has been reduced from those contained in the MTFS as a result of the early repayment of loans from a housing association received at the end of 2018/19 and the delay in the draw down of the loan granted to the hotel build in Fletton Quays;
- There has been an increase in the use of Capital Receipts to repay debt - a RTB receipt which is offsetting the increase in MRP from originally forecast and also the latest receipt estimation regarding POSH.

As outlined within section 4.3 of the main report the capital financing forecast has not yet been revised to reflect the impact of the change in PWLB rate.

Customer and Digital Services

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Moveme nt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director Customer & Digital Services	0	0	0	0	0	0	0%	0	0
ICT	6,256	290	6,546	7,217	0	671	10%	782	(111)
Marketing & Communications	505	12	517	383	0	(134)	-26%	(124)	(10)
Resilience and Health & Safety	342	14	356	331	0	(25)	-7%	(19)	(6)
Total Customer and Digital Services	7,102	317	7,419	7,931	0	512	7%	639	(127)

Plans for the achievement of the £0.562m savings target in the budget reprofiling exercise are currently being worked on.

There is a net £0.050k favourable variance, as a result of a number of minor variances.

Business Improvement

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Moveme nt
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Director Business Improvement	0	0	0	0	0	0	0%	0	0
Programme Management Office	763	140	903	895	0	(8)	-1%	(2)	(6)
Total Business Improvement	763	140	903	895	0	(8)	-1%	(2)	(6)

The savings target of £0.047m is due to be delivered through a recruitment freeze on a vacant post and a saving on agency and interim staffing.

Financing

	Budget 2019/20	Cont. from reserve	Revised Budget 2019/20	Forecast Spend 2019/20	Cont. to reserve	Forecast Variance 2019/20	Forecast Variance 2019/20	Previous Month Variance	Movem ent
Budget Group	£000	£000	£000	£000	£000	£000	%	£000	£000
Council Tax	(71,925)	0	(71,925)	(71,925)	0	0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,450)	0	(5,450)	(5,450)	0	0	0.00%	0	0
NDR Income	(45,727)	0	(45,727)	(45,727)	0	0	0.00%	0	0
NDR Levy	306	0	306	306	0	0	0.00%	0	0
NDR S31 grants	(5,442)	1,030	(4,412)	(4,412)	0	0	0.00%	0	0
NDR Tariff	2,424	0	2,424	2,424	0	0	0.00%	0	0
Revenue Support Grant	(10,246)	0	(10,246)	(10,246)	0	0	0.00%	0	0
Parish Precept	(672)	0	(672)	(672)	0	0	0.00%	0	0
New Homes Bonus	(4,713)	0	(4,713)	(4,713)	0	0	0.00%	0	0
Section 31 Grant	(8,616)	0	(8,616)	(8,616)	0	0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(3,084)	0	(3,084)	(3,084)	0	0	0.00%	0	0
Contribution from/to Reserves	0	(3,706)	(3,706)	(3,706)	0	0	0.00%	0	0
Collection Fund - Council Tax	(201)	0	(201)	(201)	0	0	0.00%	0	0
Collection Fund - NDR	(506)	0	(506)	(506)	0	0	0.00%	0	0
Total Financing	(153,852)	(2,676)	(156,528)	(156,528)	0	0	0.00%	0	0

A cash flow risk in respect of Business Rates has been identified, which will mean the 2019/20 income from Section 31 grants will be £1.030m lower than budget. This income will be received in 2020/21 instead, therefore this represents a cash flow timing. It has been agreed that the general fund reserve is used in 2019/20 and fully replenished in 2020/21 to mitigate the impact of this timing change. This is within the financial regulations (the Councils Constitution).

The £3.706m contribution from reserves, is the contribution which was outlined as part of the budget re-profiling plan. When the full re-profiled amount is delivered this will become a contribution to reserves.

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 next table summarises the expected balance for all reserves for 2019/20 to 2021/22

Out of the total reserves balance only £4.5m is deemed available or uncommitted, due to restrictions placed on the remaining reserves.

Summary of Reserves	Balance Brought Forward 1.4.19	Forecast Balance 31.03.20	Forecast Balance 31.03.21	Forecast Balance 31.03.22
	£'000	£'000	£'000	£'000
General Fund Balance***	6,000	4,970	6,000	6,000
Available Reserves				
Capacity Building Reserve**	14,973	3,373	2,931	2,931
Grant Equalisation Reserve*	4,214	0	0	0
Departmental Reserve	6,890	1,147	1,147	1,147
	26,077	4,520	4,078	4,078
Ring-Fenced Reserves				
Insurance Reserve	3,398	3,775	3,775	3,775
Schools Capital Expenditure Reserve	482	482	482	482
Parish Council Burial Ground Reserve	54	54	54	54
Hackney Carriage Reserve	226	226	226	226
Lease Consolidation Reserve	615	574	495	495
Public Health Reserve	364	(0)	(0)	(0)
	5,139	5,111	5,032	5,032
Total Available and Ring-Fenced reserves and General Fund Balance	37,216	14,601	15,110	15,110

* £3.1m was drawn down as part of the budget setting process, the remaining balance has been moved to the Capacity Building reserve.

** Capacity Building Reserve

- May be used to finance transformational costs associated with delivery of savings plans outlined in the 2019/20 – 2021/22 MTFS
- The present forecast overspend in 2019/20 of £5.8m will be required to be funded from the Capacity reserve. If this is fully mitigated, as is the corporate plan, this increases reserves by this amount.

*** General Fund Balance

- £1.030m will be used in 2019/20 for the Business Rates timing issue and replenished when the income is received in 2020/21.

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Appendix C – Budget Risk Register

The following table highlights the risks which have been identified within the 2019/20 Budget

Dept	Risk	Description	Rag rating	£m	Preventative Management Action taken, or planned
Resources	POSH Sale	Dependent on sale of Football Ground to PUFC	Amber		Draft MOU signed in November 2019 to take project forward.
Place & Economy	Street lighting maintenance saving	Street lighting maintenance saving	Amber	0.365	Street lighting capital cable replacements intended to help mitigate maintenance risk.
Customer & Digital Services	Shared Head of Communications	Additional role over and above budgeted posts.	Amber	0.024	It is anticipated that savings will be identified to offset part of this, and also a potential reduction in the charge.
Governance	Election reserve request	Potential requirement to earmark £100k from reserves to cover additional costs	Amber	0.100	Review of whether any cost lines can be reduced
Resources	ADP	Within PSSP there is a risk that ADP (Annual delivery plan costs) which is currently costing the Council £0.066m per month will create an adverse variance against the budget unless costs are switched off or charged to a budgeted project	Amber	0.660	Requirement for a change request to be signed off by Serco
Place & Economy	Shared Director posts	As per employment committee report (£144k) until there is the 2 shared director posts in place which will take over 2 current PCC positions this saving is not deliverable and flagged as a risk. If this is on hold until June when Steve Cox starts there is at least 3 months of Pressure of £36k.	Amber		
Public Health	0-5 Health Visitors contract	Pressure from contract costs of 0-5 Health Visitors contract with CPFT	Amber		Children's public health allocation to Peterborough being escalated nationally
Parking	Reduced income	Loss of parking income	Amber		Parking manager is reviewing this service for any mitigating actions
Coroner Service	Demand	Increased demand seen recently	Amber	0.100	Need to understand service as recently transferred into P&C. Review to take place
Adult Social Care	Independent Sector Placements	Potential need for care could escalate above current budget allocations	Green		Low level risk due to demand led nature, and no mitigating actions are required currently.
Childrens Social Care	Childrens Placements	Increase in Looked After Children numbers and general need for care could go above budget	Green		Low level risk due to demand led nature, and no mitigating actions are required currently.

Dept	Risk	Description	Rag rating	£m	Preventative Management Action taken, or planned
Commissioning and Commercial Operations	Clare Lodge	Decrease in income which based on previous financial years is a particular risk in the period January to March when LA Commissioners are under pressure not to make expensive residential placements. A further risk exists around the recruitment of permanent care staff in that the new recruitment restrictions may result in significant additional Agency costs (Wrixom care).	Amber		The forecast outturn is based on 14.8 average occupancy (16 beds).
Childrens Social Care	Agency rates - Northamptonshire	Northamptonshire are paying higher rates than PCC. This may force PCC to pay higher rates for Agency Social Workers.	Green		

Appendix D – Capital Programme and Treasury Budget Report as at September 2019

Introduction

The following report provides an update on the Council's Capital Programme and the Treasury activity as at September 2019. It also provides an estimate of the borrowing requirement for 2019/20 to fund this plan.

Capital Programme 2019/20

The revised Capital Programme budget as at September 2019 is £105.0m, which includes £25.0m for Invest to Save (I2S) Schemes. The agreed investment as per the Medium Term Financial Plan (MTFS) was £114.1m. The movement between the MTFS position and the £124.4m as at April 2019 was a result of reprofiling of budget from 2018/19.

Work has been undertaken to reduce the capital programme to £80m per year, excluding invest to save. Invest to save is shown separately due to the projects only proceeding where they lead to savings which cover the associated capital financing costs in the year they occur, and the capital financing costs are recharged to service budgets. As a result reducing the budget on these projects does not lead to revenue savings. By the inherent nature of these projects the expenditure is less likely to suffer from the same constraints as the Council not having the project officer capacity to deliver a programme over £80m.

The budget includes an allowance for further slippage. This figure is likely to be exceeded following decisions expected shortly to reduce or slip budgets on certain projects.

The actual expenditure as at September 2019 is £28.3m (53.9% of the revised budget to date). The latest forecast for expenditure is £105.0m, therefore the Council is expecting to spend a further £76.7m before March 2020.

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 in line with the capital strategy, and monitor the expenditure and progress of schemes.

The following table shows the breakdown of the Council's Capital Programme over the directorates and how this investment is to be financed. This includes amounts approved by 23 September Cabinet and put forward for approval in 2020/21 MTFS.

Directorate	MTFS Budget £000	1st April Budget £000	Current Budget FY £000	Revised Budget YTD £000	Actual YTD £000
Customer & Digital Services	4,800	5,415	4,688	2,344	1,390
Governance	90	90	-	-	-
People & Communities	34,671	31,521	26,741	13,371	9,599
Place & Economy	38,726	47,736	40,546	20,273	11,397
Resources	847	3,875	12,668	6,334	5,886
Slippage allowance			(4,643)	(2,322)	
TOTAL	79,134	88,636	80,000	40,000	28,272
Grants & Contributions	26,826	32,855	36,530	18,265	13,582
Capital Receipts	23,150	23,150	23,150	-	-
Borrowing	29,158	32,630	20,320	21,735	14,690
TOTAL	79,134	88,636	80,000	40,000	28,272
Invest to Save	34,999	35,800	25,000	12,500	-
Invest to Save Borrowing	34,999	35,800	25,000	12,500	-

Borrowing and Funding the Capital Programme

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 Capital Programme. The current plan assumes that 43.2% of the budgeted expenditure will be funded by borrowing.

The Council's total borrowing as at the end of September 2019 was £448.6m (see following table). The level of debt is measured against the Council's Authorised Limit for borrowing of £785.5m which must not be exceeded and the Operational Boundary (maximum working capital borrowing indicator) of £670.6m. These limits are set to enable borrowing in advance of need to take advantage of favourable loan rates in consideration of future years capital programme.

The Council's Total Borrowing as at 30 September 2019

Borrowings	Less than 1yr £000	1-2yrs £000	2-5yrs £000	5-10yrs £000	10+yrs £000	Total £000	Ave. Interest Rate %
PWLB	-	5,628	11,000	22,520	330,439	369,587	3.5
Local Authority	39,000	22,500	-	-	-	61,500	1.0
Market Loans	-	-	-	-	17,500	17,500	4.5
Total Borrowing	39,000	28,128	11,000	22,520	347,939	448,587	3.2
% of total Borrowing	9%	6%	2%	5%	78%		
Borrowing Limit (PI)	40%	40%	80%	80%	100%		

The majority of the debt is taken on a 10+yr basis from the PWLB. On 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps on top of the current margin of 80 bps which the Council has paid prior to this date for new borrowing from the PWLB. There was no prior warning that this would happen and it now means that every local authority has

to fundamentally reassess how to finance their external borrowing needs and the financial viability of capital projects in their capital programme due to this unexpected increase in the cost of borrowing. Representations are going to be made to HM Treasury to suggest that areas of capital expenditure that the Government are keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing costs.

The Council's current borrowing strategy has been to take advantage of shorter term Local Authority loans which are currently available below bank rate, with a view to undertaking some longer term borrowing later in the year. This is because despite the PWLB's long term interest rates having been historically low, they have also been volatile. This approach minimises in-year interest cost and flexibility.

The market response to the sudden PWLB rate change is still emerging and the Council's longer term borrowing strategy will be reviewed to take account of this. Some commentators are now referring to PWLB as the lender of last resort and future long term borrowing from other providers eg pension funds and banks may be more cost efficient.

The following table shows the activity in loans held by the Council for the year to date, with £88.2m of loans being repaid and new loans of £79.2m taken to date.

Loans Portfolio £000		
April 2019 b/f		457,587
repayment of loans to date	(88,180)	
new loans in year	79,180	
net increase/(decrease) to date		(9,000)
Loans portfolio as at September 2019		448,587

Total interest payable on existing loans for the year (£448.6m) is expected to be £14.6m.

The Council currently holds £14.6m of S106, POIS and CIL funding, of this £3.0m is earmarked for specific projects. The Capital Review Group (CRG) will continue to review the funding at the monthly meetings with a view to allocate the remaining funding to reduce the borrowing costs to the Council. CRG invites 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 September 2019 the Council's external investments totalled £1.4m.

Capital Receipts Used To Fund Minimum Revenue Provisions

Capital Receipts are used to repay debt, and this debt repayment is factored into the Minimum Revenue Provision as approved in the MTFS. Close monitoring of the receipts from asset sales is maintained as any change to the budget will 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 2020. The £10.8m Capital Receipts in the MTFS

will be used to repay debt and forms part of the calculation of the reducing the overall debt through MRP.

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	8,361	8,361	8,361	-
Amber	2,458	2,458	-	2,458
Red	-	-	-	-
Total (not inc Investment Assets)	10,819	10,819	8,361	2,458
Investment Assets	-	-	-	-
Total Capital Receipts	10,819	10,819	8,361	2,458