

CABINET

FRIDAY 20 DECEMBER 2019

9.00 AM

Bourges/Viersen Room - Town Hall

Contact – daniel.kalley@peterborough.gov.uk, 01733 296334

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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, 18 NOVEMBER 2019
BOURGES/VIERSON ROOM, TOWN HALL, PETERBOROUGH**

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

Cabinet Advisors Present: None

37. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Bashir.

38. DECLARATIONS OF INTEREST

No declarations of interest were received.

39. MINUTES OF SHAREHOLDER CABINET COMMITTEE MEETING HELD ON 16 SEPTEMBER 2019

The minutes of the Shareholder Cabinet Committee meeting held on 16 September 2019 were agreed as a true and accurate record.

40. MINUTES OF SHAREHOLDER CABINET COMMITTEE MEETING HELD ON 4 NOVEMBER 2019

The minutes of the Cabinet meeting held on 4 November 2019 were agreed as a true and accurate record.

STRATEGIC DECISIONS

41. BEST START IN LIFE STRATEGY 2019-2024

The Cabinet received a report in relation to the Best Start in Life Strategy for 2019 to 2024.

The purpose of this report was to ensure that there was co-ordinate and integrated multi-agency agreement on the delivery of pre-birth to five services that was tailored appropriately to local need.

The Cabinet Member for Children's Services and Education, and Skills and University introduced the report and that the recommendations followed an Early Years Social Mobility Review, which advised that a strategy should be established. Directors led a transformation programme for all agencies to come together to develop a model of delivery for joint up and improved outcomes for pre-birth to five years of age.

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

- The Joint Children and Young Peoples Committee in Cambridgeshire County Council had also reviews the strategy.
- The three key outcomes of the strategy had been developed in consultation with the Council's partners.
- Consideration was being given as to how the Council could co-ordinate with the childcare workforce to encourage a more place-based approach in line with the 'Think Communities' approach.
- It was noted that the Strategy was long, however was evidence based.
- Members were advised that the process of drafting the strategy had been beneficial in itself, as the Council had been able to gather a significant amount of information from different groups and bodies.
- This process highlighted that workers often felt siloed and staff workshops were currently being undertaken.
- It was noted that members of the public would prefer to speak to one person about their issues, rather than repeating themselves several times over.
- It was acknowledged that the aim was to roll out the Strategy would take place throughout 2020.

Cabinet considered the report and **RESOLVED** to approve the Draft Joint Best Start in Life Strategy 2019-2024 (attached as Appendix 1 to the report).

REASONS FOR THE DECISION

To ensure that Members had been consulted on the strategy and were kept regularly informed of progress made on the priorities identified within the strategy.

ALTERNATIVE OPTIONS CONSIDERED

The Best Start in Life Strategy could have been taken to Children and Education Scrutiny Committee only. It was felt to be important to also bring the Strategy to Cabinet because children's services are core to the Council.

42. PETERBOROUGH BUSINESS IMPROVEMENT DISTRICT (BID) UPDATE REPORT AND PROPOSED NEXT STEPS

The Cabinet received a report in relation to the Peterborough Business Improvement District (BID).

The purpose of this report was to provide Cabinet with an update on the actions, which had been taken following the approval of the 19 November 2018 report and the steps now required to take the BID forward.

The Cabinet Director for Waste, Street Scene, and the Environment introduced the report and advised that the BID had been agreed in November 2018 for the purpose of providing additional services. It was noted that a huge amount of support had been received from business and the district now had a defined proposed area. A ballot would be put to businesses next year on whether to introduce a BID, which would involve the collection of a levy. The Steering Group was very enthusiastic, and was keen to commence the next steps of detailed consultation and engagement. The basis of this would form the detail of the BID business plan.

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

- Members were advised that the BID would be exclusively funded by the private sector. Of the 400 already in place around the country, most were governed through a limited company model.
- A survey was currently being undertaken with local business and officers would share the results of this. Though constituent issues were raised in relation to anti-social behaviour, rough sleeping, and parking, desire was also expressed for businesses in Peterborough to work together to offer something more for the city.
- The boundary of the BID area would be decided by the business
- It was noted that events would be a key part of any BID action plan and conversations were ongoing with Vivacity in order to engage them in the process.
- Members felt that a key role of the BID would be to promote the city centre and publicise how well the Peterborough high street was doing in comparison to the rest of the country.

Cabinet considered the report and **RESOLVED** to note the progress that has been made towards establishing a Business Improvement District (BID) in Peterborough and approve the additional actions to support the preparatory work on the BID in the run up to the expected ballot date in 2020.

REASONS FOR THE DECISION

To provide Cabinet with an update of the current position.

ALTERNATIVE OPTIONS CONSIDERED

The 'do nothing' option had been considered but would have negative financial and reputational impact on the City Centre, nor would the Council be able to benefit from the potential positive outcomes of the BID.

43. CROSS PARTY CLIMATE CHANGE MEMBER WORKING GROUP

The Cabinet received a report in relation to the setting up of a cross party Climate Change Member Working Group.

The purpose of this report was to seek approval from Cabinet for the setting up of a cross party Climate Change Member Working Group, with the purpose of that Group to help the Council formulate proposals and monitor actions in relation to the recently declared 'climate emergency'.

The Cabinet Director for Waste, Street Scene, and the Environment introduced the report and advised that the Council's aim to be carbon net zero by 2030. All officers were now asked to complete a Carbon Impact Assessment for upcoming decisions. A Carbon Management Plan was to be developed, which would include a baseline Carbon Emission level and the future steps the Council was intending to take. It was acknowledged that the Council could not achieve its goals by itself and would be building relationship with local organisations.

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

- Members were advised that information was being gathered about the work already undertaken by the Council in the past decade.
- Nominations had already been received from the Political Groups for the working group, with a provisional date in Members diaries should it be approved.
- It was considered that the use of Carbon Impact Assessments was a learning curve. The focus was on ensuring that officers gave considering to carbon impact issues, rather than stopping decisions altogether.
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Cabinet considered the report and **RESOLVED** to:

1. Note the actions taken to date in respect of meeting the Climate Change Motion passed by Council on 24 July 2019.
2. Agree to the setting up of a cross party Climate Change Member Working Group in accordance with the Terms of Reference set out at Appendix A to the report.
3. Agree that Councillor Cereste take on the position of Chairman of the Climate Change Member Working Group.
4. Ask the Climate Change Member Working Group to consider how the Working Group would work with the city-wide Partnership Group, a Citizens Assembly, and the Youth Council.

REASONS FOR THE DECISION

The setting up of a working group would greatly assist Member engagement on delivering the unanimously agreed motion of this Council and would help ensure officers, working with Members, delivered the most effective package of measures to meet the requirements of the motion.

ALTERNATIVE OPTIONS CONSIDERED

The alternative to not setting up a working group had been rejected because to do so would limit the ability of Members of all parties to engage in a collaborative way to help deliver the motion. By declaring an 'emergency', this implies time is of the essence, whereas a lack of a working group could slow down consideration of proposals and options.

44. PREVENT STRATEGY REFRESH – 2019 - 2021

The Cabinet received a report in relation to the refreshed Prevent Strategy for 2019 to 2021.

The purpose of this report was to provide Cabinet with an overview of the proposed combined Cambridgeshire and Peterborough Prevent Strategy and for Cabinet to consider approval of the proposed strategy.

The Cabinet Director for Communities introduced the report and advised that the revised strategy followed recent changes from central Government around Operation Dovetail, which would pass a number of new responsibilities to local authorities.

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

- It was advised that Operation Dovetail had been announced two years ago, but the Peterborough region was delayed.
- Having the Prevent programme aligned with the police was considered to create a stigma, which would be removed when responsibility was moved to local authorities.
- The Home Officer had suggested that a Member be appointed a leader for the new strategy. For Peterborough City Council, this was to be Councillor Walsh as the Cabinet Member for Communities.
- It was noted that future Government funding was not certain at the current time.
- The majority of referrals were received from education bodies, and this was seen as a positive, as it meant the focus of the programme was on the prevention aspect.
- It was felt that it was the ideal time to merge the strategy with Cambridgeshire County Council, as the two authorities were now working more closely.
- Consultation had been undertaken with Cambridgeshire County Council and other partners.

Cabinet considered the report and **RESOLVED** to endorse the proposed combined Peterborough City Council and Cambridgeshire County Council Prevent Strategy 2019-2021.

REASONS FOR THE DECISION

To improve local authority response to Prevent, ensuring the Council had a structured approach to deliver that applied across both Peterborough and Cambridgeshire.

ALTERNATIVE OPTIONS CONSIDERED

To continue with a Peterborough only Strategy. This was not considered suitable as the Council needed to unify the approach across the county in preparation for Operation Dovetail.

MONITORING ITEMS

45. 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.

Chairman
10:00am – 11:09am
18 November 2019

CABINET	AGENDA ITEM No. 5
20 DECEMBER 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 OCTOBER 2019

RECOMMENDATIONS	
FROM: Corporate Director: Resources	Deadline date: 3 December 2019
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Budgetary Control position for 2019/20 at October 2019 includes a forecast overspend of £6.192m against budget. 2. The key variance analysis and explanations are contained in Appendix A. 3. The estimated reserves position for 2019/20 at October 2019 outlined in Appendix B. 4. The Asset Investment and Treasury Budget Report is contained in Appendix C. <p>It is recommended that Cabinet approves:</p> <ol style="list-style-type: none"> 5. The single year budget virement outlined in Appendix D as part of delivering against the in year savings targets. 	

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 October 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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Date for relevant Council meeting	N/A	Date for submission to Government Dept.	N/A
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4. OCTOBER 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	4.426
NNDR Timing Issue	(1.030)
Revised Budget 2019/20	157.248

4.2. The 2019/20 year-end outturn position is currently forecast to be overspent by £6.192m, which will need to be met from the Capacity Building Reserve. This is based on reported departmental information as at the end of October 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 £6.192m projected overspend position is made up of two distinct elements:

- £4.946m of the savings target remaining, means that £4.818m of savings have already been identified. Work continues 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.
- £1.246m of net pressures and favourable movements identified within the Budgetary Control Report.

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

	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
Chief Executives	1,601	1,601	0	(0)	0%	(5)	5
Governance	4,312	4,367	0	55	1%	111	(56)
Place & Economy	19,134	19,820	0	686	4%	752	(66)
People & Communities	84,478	89,122	0	4,645	5%	4,615	30
Public Health	201	232	0	31	15%	30	1
Resources	39,004	38,863	377	236	1%	(196)	432
Customer & Digital Services	7,609	8,201	0	592	8%	512	80
Business Improvement	909	857	0	(52)	-6%	(8)	(44)
Total Expenditure	157,248	163,063	377	6,192	4%	5,811	381
Financing	(157,248)	(157,248)	0	0	0%	0	0
Net	0	5,815	377	6,192	0	5,811	381

4.4. This position includes the following newly identified pressures:

- Direct Revenue Funding (DRF) £0.250m – a shortfall in the value of schools funding being transferred from revenue into capital due to the number of schools converting to academy status;
- A likely further reduction of £0.100m in HB subsidy, in addition to the previously reported pressure of £0.400m;
- Adult Social Care, Independent Sector Provider budget- a £0.200m pressure due to the continued increasing costs of nursing care.

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

5. BUDGET REPROFILING- IN YEAR OVERSPEND PLAN

5.1. 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 [\(Item 9\)](#).

5.2. The Council has so far identified £4.818m of in year savings across the departments, with a remaining target balance of £4.946m, 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.

5.3. 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
Business Improvement	47	(47)	0
Chief Executives	120	(119)	1
Customer & Digital Services	562	0	562
Governance	298	(185)	113

Directorate	Departmental Savings Target	Savings Identified	Savings Still to be identified
	£000	£000	£000
People & Communities	5,876	(2,288)	3,588
Place & Economy	1,530	(879)	651
Public Health	226	(195)	31
Resources	1,106	(1,105)	1
Total	9,764	(4,818)	4,946

5.4. 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 £0.7m 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 £4.2m. If this is applied to the overall £6.2m projected overspend position this reduces to £5.5m.

5.5. Virements for these identified savings are included within Appendix D, for Cabinet to review and approval at this meeting on 20 December.

6. APPENDICES

6.1. Further information is provided in the following appendices:

- Appendix A – Detailed 2019/20 revenue budgetary control position at October 2019 and explanation of Key variances.
- Appendix B – Reserves position
- Appendix C – Asset Investment and Treasury Budget Report
- Appendix D – Budget Virement detail

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 £9.8m 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

	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
Chief Executive	205	205	0	0	0%	(5)	5
Human Resources	1,396	1,396	0	0	0%	0	0
Total Chief Executives	1,601	1,601	0	(0)	0%	(5)	5

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

	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
Director of Governance	105	199	0	94	90%	253	(159)
Constitutional Services	1,991	2,025	0	34	2%	(6)	40
Legal Services	2,030	1,958	0	(72)	-4%	(86)	14
Performance & Information	186	185	0	(1)	-1%	(50)	49
Total Governance	4,312	4,367	0	55	1%	111	(56)

£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

	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
Director, Opportunity Peterborough & Joint Venture	91	46	0	(45)	-49%	(84)	39
Development and Construction	122	86	0	(36)	-29%	(71)	35
Peterborough Highway Services	4,086	3,901	0	(185)	-5%	(746)	561
Sustainable Growth Strategy	1,533	1,494	0	(39)	-3%	(124)	85
Waste, Cleansing and Open Spaces	13,051	13,128	0	77	1%	78	(1)
Westcombe Engineering	179	179	0	0	0%	0	0
Energy	260	77	0	(183)	-70%	(202)	19
City Centre Management	281	708	0	427	152%	354	73
Service Director Environment & Economy	(467)	201	0	668	-143%	1,547	(879)
Total Place & Economy	19,134	19,820	0	686	3.6%	752	(66)

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.

Favourable variances identified outside of the savings identified against the departmental target 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.

Further minor favourable variances to the budget of £0.067m have been identified in October 2019.

People & Communities

	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
Adults	43,857	44,019	0	162	0%	(1,138)	1,300
Commissioning and Commercial Operations	18,050	18,014	0	(36)	0%	59	(95)
Children's & Safeguarding	10,449	10,405	0	(44)	0%	(114)	70
Director	(2,698)	889	0	3,587	-133%	5,833	(2,246)
Education	6,022	6,353	0	331	5%	(35)	366
Communities	8,753	9,397	0	645	7%	(27)	672
DSG	45	45	0	0	0%	37	(37)
Total People & Communities	84,478	89,122	0	4,645	5%	4,615	30

Further Breakdown in to the key service areas:

	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
Adults:							
ISP	34,024	34,224		200	1%	0	200
ASC Teams	8,251	8,231		(20)	0%	188	(208)
Block Contracts	6,142	6,125		(17)	0%	(166)	149
Financing	(5,933)	(5,933)		0	0%	(1,131)	1,131
Home Service Delivery Model	1,373	1,372		(1)	0%	(30)	29
Total Adults	43,857	44,019	0	162	0%	(1,139)	1,301
Commissioning & Commercial Operations:							
Permanency Service	15,537	15,537		0	0%	0	0
Clare Lodge	(381)	(381)		0	0%	70	(70)
Commissioning & Commercial Operations - Other	2,894	2,858		(36)	-1%	(11)	(25)
Total Commissioning & Commercial Operations	18,050	18,014	0	(36)	0%	59	(95)
Childrens & Safeguarding:							
Children's Social Care	6,758	6,757		(1)	0%	(49)	48
Childrens - Other	3,691	3,648		(43)	-1%	(64)	21
Total Childrens & Safeguarding	10,449	10,405	0	(44)	0%	(113)	69
Director:							
Director	1,453	1,452		(1)	0%	(44)	43
Department Savings target	(563)	(563)		0	0%	0	0
P&C Departmental Saving Target	(3,588)	0		3,588	-100%	5,876	(2,288)
Total Director	(2,698)	889	0	3,587	-133%	5,832	(2,245)
Education:							
HTS & CSC Transport	4,379	4,550		171	4%	166	5
School Improvement Traded Service	(772)	(772)		0	0%	(53)	53
Education - Other	2,415	2,575		160	7%	(148)	308
Total Education	6,022	6,353	0	331	5%	(35)	366

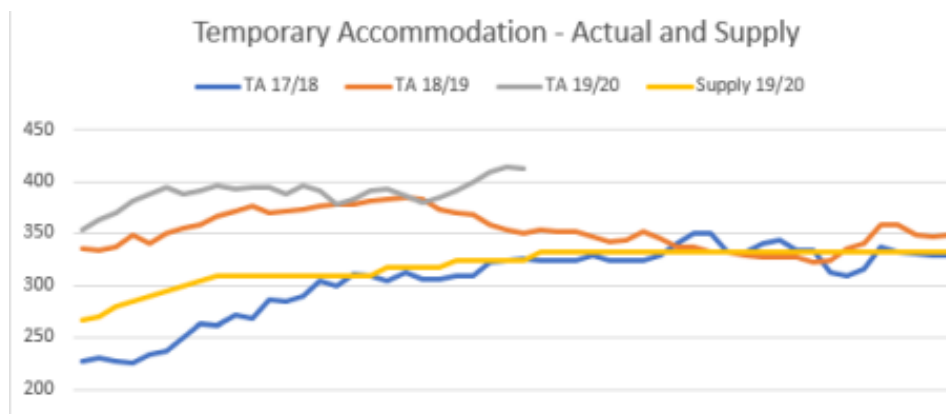
	Revised Budget 2019/209	Forecast Spend 2019/20	Cont. to reserves	Variance 2019/20	Variance 2019/20	Previous Month Variance	Movement
	£000	£000	£000	£000	%	£000	£000
Communities:							
Housing	2,197	2,676		479	22%	447	32
Cultural Services	2,678	2,732		54	2%	(42)	96
Targeted Youth Support Service (TYSS)	1,634	1,614		(20)	-1%	(129)	109
Prevention Enforcement Service (PES)	(1,207)	(1,118)		89	-7%	(118)	207
Regulatory Services	687	687		0	0%	(115)	115
Communities - Other	2,764	2,806		43	3%	(70)	113
Total Communities	7,535	9,397	0	645	9%	(27)	672
DSG	45	45	0	0	0%	37	(37)
Total People and Communities	84,478	89,122	0	4,645	6%	4,614	31

Savings have been identified of £2.288m against the £5.876m savings target, these are from savings on employee costs, reduced expenditure in supplies and services and contract spend.

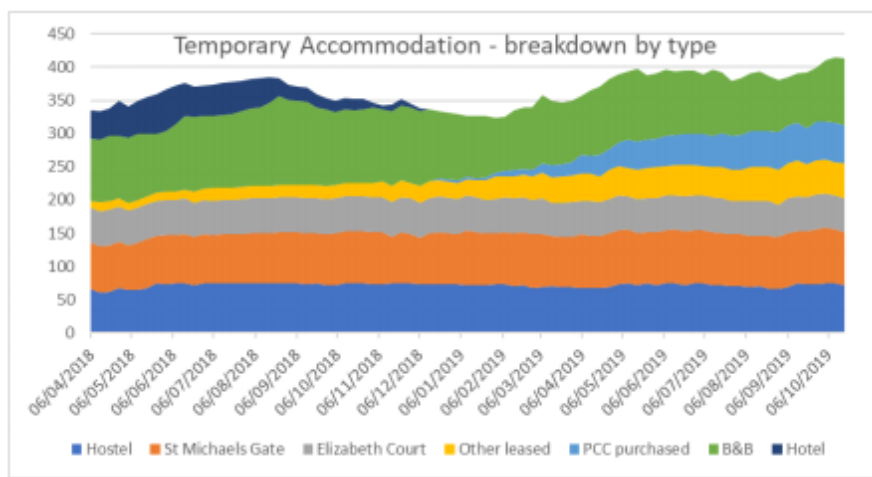
However there has been a new pressure of £0.200m identified in respect of an increase in the number of people requiring nursing care, in increase in the average cost and the inclusion of transition case not budgeted for at £4.8k per week within the Independent Sector Placements budget.

The pressure of £0.166m on the Special Educational Needs Transport still remains relevant. This is the result of contract changes which reflect the requirements for the 2019/20 academic year.

The pressure on the Temporary Accommodation budget remains under pressure with the expected over spend for 2019/20 forecast to be £0.542m. 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.



This 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)



This 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	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
Children 0-5 Health Visitors	4,058	4,058	0	0	0%	30	(30)
Children 5-19 Health Programmes	983	983	0	0	0%	39	(39)
Sexual Health	1,942	1,942	0	0	0%	4	(4)
Substance Misuse	2,198	2,198	0	0	0%	(71)	71
Smoking and Tobacco	281	281	0	0	0%	(37)	37
Miscellaneous Public Health Services	1,391	1,391	0	0	0%	65	(65)
Public Health Grant	(10,621)	(10,621)	0	0	0%	0	0
Public Health Dept Savings target	(31)	0	0	31	-100%	0	31
Total Public Health	201	232	0	31	15%	30	(30)

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	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
Director's Office	199	211	0	12	6%	1,102	(1,090)
Financial Services	7,367	7,014	377	24	0%	29	(5)
Capital Financing and Capital Receipts	15,708	14,790	0	(918)	-6%	(1,978)	1,060
Corporate Items	7,668	7,957	0	289	4%	39	250
Peterborough Serco Strategic Partnership	7,567	8,391	0	824	11%	692	132
Cemeteries, Cremation & Registrars	(1,453)	(1,498)	0	(45)	3%	(105)	60
Corporate Property	1,948	1,998	0	50	3%	25	25
Total Resources	39,004	38,863	377	236	1%	(196)	432

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:

- A further likely reduction in Housing Benefit subsidy of £0.100m, taking the total forecast pressure up to £0.500m. 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.
- There is a pressure on the Corporate items service area due to a reduction in direct revenue funding (DRF) of £0.250m. This is due to a shortfall in the value of schools funding being transferred from revenue into capital due to the number of schools converting to academy status
- 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 £0.918m 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 worlds economy, alongside the uncertainty of the impact of Brexit has led the Councils 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 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

	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
Director Customer & Digital Services	0	0	0	0	0%	0	0
ICT	6,736	7,403	0	667	10%	671	(4)
Marketing & Communications	517	463	0	(54)	-10%	(134)	80
Resilience and Health & Safety	356	335	0	(21)	-6%	(25)	4
Total Customer and Digital Services	7,609	8,201	0	592	8%	512	80

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

There is a net £0.080k favourable variance, as a result of a number of minor variances.

Business Improvement

	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
Director Business Improvement	0	0	0	0	0%	0	0
Programme Management Office	909	857	0	(52)	-6%	(8)	(44)
Total Business Improvement	909	857	0	(52)	-6%	(8)	(44)

The savings target of £0.047m has been delivered through a recruitment freeze on a vacant post and a saving on agency and interim staffing.

Financing

	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
Council Tax	(71,925)	(71,925)	0	0	0.00%	0	0
Council Tax - Adult Social Care precept	(5,450)	(5,450)	0	0	0.00%	0	0
NDR Income	(45,727)	(45,727)	0	0	0.00%	0	0
NDR Levy	306	306	0	0	0.00%	0	0
NDR S31 grants	(4,412)	(4,412)	0	0	0.00%	0	0
NDR Tariff	2,424	2,424	0	0	0.00%	0	0
Revenue Support Grant	(10,246)	(10,246)	0	0	0.00%	0	0
Parish Precept	(672)	(672)	0	0	0.00%	0	0
New Homes Bonus	(4,713)	(4,713)	0	0	0.00%	0	0

Section 31 Grant	(8,616)	(8,616)	0	0	0.00%	0	0
Contribution from/to Grant Equalisation Reserve	(3,084)	(3,084)	0	0	0.00%	0	0
Contribution from/to Reserves	(4,426)	(4,426)	0	0	0.00%	0	0
Collection Fund - Council Tax	(201)	(201)	0	0	0.00%	0	0
Collection Fund - NDR	(506)	(506)	0	0	0.00%	0	0
Total Financing	(157,248)	(157,248)	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 £5.3m 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	4,200	3,758	3,758
Grant Equalisation Reserve*	4,214	0	0	0
Departmental Reserve	6,890	1,147	1,147	1,147
	26,077	5,347	4,905	4,905
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	15,428	15,937	15,937

* £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 £6.2m 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 – Capital Programme and Treasury Budget Report as at October 2019

Introduction

The following report provides an update on the Council's Capital Programme and the Treasury activity as at October 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 October 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, which has reduced to £2.4m from £4.6m as at September 2019 largely due to reductions on the North Westgate budget.

The actual expenditure as at October 2019 is £31.9m (51.5% of the revised budget to date). The latest forecast for expenditure is £106.0m, therefore the Council is expecting to spend a further £74.1m 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	1st April Budget	Current Budget FY	Revised Budget YTD	Actual YTD
	£000	£000	£000	£000	£000
Customer & Digital Services	3,800	4,415	4,688	2,734	1,552
Governance	90	90	-	-	-
People & Communities	34,671	31,521	27,296	15,923	11,065
Place & Economy	38,726	47,736	37,780	22,038	13,425
Resources	847	3,875	12,668	7,390	5,886
Slippage allowance			(2,430)	(1,418)	
TOTAL	78,134	88,637	80,000	46,667	31,928
Grants & Contributions	26,826	32,855	36,238	21,139	15,876
Capital Receipts	23,150	23,150	23,150	-	-
Borrowing	29,158	31,632	20,612	25,647	16,052
TOTAL	79,134	88,637	80,000	46,667	31,928
Invest to Save	35,999	36,799	25,000	14,583	-
Invest to Save Borrowing	35,999	36,799	25,000	14,583	-

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 44.0% of the budgeted expenditure will be funded by borrowing.

The Council's total borrowing as at the end of October 2019 was £445.6m (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 31 October 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	45,500	15,000	-	-	-	58,500	1.0
Market Loans	-	-	-	-	17,500	17,500	4.5
Total Borrowing	45,500	20,628	11,000	22,520	347,939	447,587	3.2
% of total Borrowing	10%	5%	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 £111.2m of loans being repaid and new loans of £101.2m taken to date.

Loans Portfolio £000		
April 2019 b/f		457,587
repayment of loans to date	(111,180)	
new loans in year	101,180	
net increase/(decrease) to date		(10,000)
Loans portfolio as at October 2019		447,587

Total interest payable on existing loans for the year (£447.6m) 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 October 2019 the Council's external investments totalled £2.0m.

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	-	753
Red	-	-	-	-
Total (not inc Investment Assets)	10,819	10,819	8,361	753
Investment Assets	-	-	-	-
Total Capital Receipts	10,819	10,819	8,361	753

Appendix D- Virement details

The following table summarises the change in budgets as a result of a single year virement. This means that the budgets have only been amended within 2019/20 only. The main reason for the changes being single year, and not recurring is because the majority of these are the result of spend reduction due to the tighter controls, reduced staffing costs as a result of the recruitment freeze and delayed project costs. These have been implemented in order to deliver against the allocated departmental savings targets, and reduce the overall projected overspend for this financial year. As part of the budget process the Council will keep these under review to assess whether they can become recurring savings.

	Budget 2019/20	Budget Realignment Virement	Revised Budget 2019/2020
Budget Group	£000	£000	£000
Chief Executive	120	85	205
HR	1,481	(85)	1,396
Total Chief Executives	1,601	0	1,601
Director of Governance	(58)	163	105
Constitutional Services	2,033	(42)	1,991
Legal Services	2,102	(72)	2,030
Performance & Information	235	(49)	186
Total Governance	4,312	0	4,312
Director, OP & JV	91	0	91
Development and Construction	156	(34)	122
Peterborough Highway Services	4,661	(575)	4,086
Sustainable Growth Strategy	1,640	(107)	1,533
Waste, Cleansing and Open Spaces	13,138	(87)	13,051
Westcombe Engineering	179	0	179
Energy	260	0	260
City Centre Management	357	(76)	281
Service Director Environment & Economy	(1,346)	879	(467)
Total Place & Economy	19,134	0	19,134
Adults	45,190	(1,333)	43,857
Commissioning & Commercial Operations	18,081	(31)	18,050
Children's & Safeguarding	10,525	(76)	10,449
Director	(4,943)	2,245	(2,698)
Education	6,306	(284)	6,022
Communities	9,272	(520)	8,753
DSG	45	0	45
Total People & Communities	84,478	0	84,478
Children 0-5 Health Visitors	4,029	29	4,058
Children 5-19 Health Programmes	983	0	983
Sexual Health	1,937	5	1,942
Substance Misuse	2,264	(66)	2,198
Smoking and Tobacco	318	(37)	281
Miscellaneous Public Health Services	1,517	(126)	1,391
Public Health Grant	(10,621)	0	(10,621)

Public Health Department Savings Target	(226)	195	(31)
Total Public Health	201	0	201
Director's Office	(906)	1,105	199
Financial Services	7,367	0	7,367
Capital Financing	16,728	(1,020)	15,708
Corporate Items	7,668	0	7,668
Peterborough Serco Strategic Partnership	7,567	0	7,567
Cemeteries, Cremation & Registrars	(1,393)	(60)	(1,453)
Corporate Property	1,973	(25)	1,948
Total Resources	39,004	0	39,004
Director Customer & Digital Services	0	0	0
ICT	6,736	0	6,736
Marketing & Communications	517	0	517
Resilience & Health & Safety	356	0	356
Total Customer & Digital Services	7,609	0	7,609
Director of Business Improvement	0	0	0
Programme Management Office	909	0	909
Total Business Improvement	909	0	909
Total Expenditure	157,248	0	157,248

*Budget groups highlighted in green are where departmental savings targets are allocated to.

A report approved by Council on 24 July 2019 outlined the virement approval limits which are as follows:

- Directors, within their own area, can approve virements up to £500k;
- Virements required across departments can be approved by the relevant departments up to a limit of £250k, any virements in excess of this limit will require Cabinet approval;
- All budget virements in excess of £500k will require Cabinet approval;
- All budget virements in excess of £1m will require Council approval.

Within the above summary budget changes, which have been made via the use of single year virements there is only the below which exceeds the approval limits of a director and requires Cabinet approval:

Directorate	Budget Group	Description	2019/20 £000
Resources	Capital Financing	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. 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.	(684)