

CABINET

MONDAY 13 JANUARY 2020

10.00 AM

Bourges/Viersen Room - Town Hall

Contact – Philippa.turvey@peterborough.gov.uk, 01733 452460

AGENDA

Page No

1 **Apologies for Absence**

2 **Declarations of Interest**

3 **Petitions presented to Cabinet**

ITEMS FROM SCRUTINY COMMITTEES

4 **Report of the Task and Finish Group to Inform the Development of an Air Quality Ambition Statement and Action Plan** 3 - 58

STRATEGIC DECISIONS

5 **Council Taxbase 2020/21 and Collection Fund Declaration 2019/20** 59 - 64

6 **Asset Investment Acquisition Strategy and Asset Management Plan** 65 - 112

MONITORING ITEMS

7 **Outcome of Petitions** 113 - 116

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).*



There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Pippa Turvey on 01733 452460 as soon as possible.

Did you know? All Peterborough City Council's meeting agendas are available online or via the modern.gov app. Help us achieve our environmental protection aspirations and view this agenda online instead of printing it.

Emergency Evacuation Procedure

In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair. In the event of a continuous alarm sounding remain seated and await instruction from the duty Beadle.

Recording of Council Meetings

Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. Audio-recordings of meetings may be published on the Council's website. A protocol on this facility is available at:

<http://democracy.peterborough.gov.uk/documents/s21850/Protocol%20on%20the%20use%20of%20Recording.pdf>

CABINET	AGENDA ITEM No. 4
13 JANUARY 2020	PUBLIC REPORT

Report of:	Steve Cox, Executive Director Place and Economy	
Cabinet Member(s) responsible:	Councillor Marco Cereste Cabinet Member for Waste, Street Scene and the Environment	
Contact Officer(s):	Charlotte Palmer, Group Manager Transport and Environment	Tel. 453538

REPORT OF THE TASK AND FINISH GROUP TO INFORM THE DEVELOPMENT OF AN AIR QUALITY AMBITION STATEMENT AND ACTION PLAN

RECOMMENDATIONS	
FROM: Growth, Environment and Resources Scrutiny Committee	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Consider and comment on the Task and Finish Group report at Appendix A. 2. Endorse the report and recommendations. 	

1. ORIGIN OF REPORT

1.1 At Annual Council on 21 May 2018, Cllr John Holdich OBE, Leader of the Council requested that a cross-party scrutiny Task and Finish Group be established to inform the development of the Council's air quality ambitions and make recommendations for specific actions that should be taken by the Council and partners to achieve such ambitions.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is submitted to Cabinet following a review of air quality work undertaken locally and further work that is required. The purpose of this report is to seek Cabinet's approval for the recommendations contained within the report.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.3
To take a leading role in promoting the economic, environmental and social wellbeing of the area.

2.3 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference No. Part 3, Section 4 - Overview and Scrutiny Functions, paragraph 2.1, Functions determined by the Council:

4. Environmental Capital.

2.4 The recommendations included in this report are designed to improve air quality across the city which will therefore also have a corresponding benefit for Children in Care.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	----	----------------------------------	-----

4. BACKGROUND AND KEY ISSUES

4.1 As recently as the Nineties, it was felt that air pollution was no longer a major health issue in the United Kingdom as legislation had made the great smogs of the Fifties a thing of the past. However, pollutants such as Particulate Matter (PM) and Nitrogen Dioxide (NO₂) are still at levels which can harm health.

Nationally, poor air quality is considered by the Government to be “the largest environmental risk to public health in the UK”. As well as human health, air pollution also has implications for the natural environment and for the economy (House of Commons, May 2019).

Whilst Peterborough does not currently have any exceedances of relevant National Air Quality Objectives the Council recognises that there are no absolute safe levels of exposure to particulate matter. As such, the Group feel that the Council should aim to make improvements in air quality in recognition that any such effort is likely to have positive impact both in terms of health and climate change. There are a number of activities already undertaken by the Council which are likely to have a positive impact on air quality, health and climate change. However, the group feels that further investment is required to undertake the following recommendations which, where appropriate, will also be linked to the emerging Carbon Management Action Plan:

Recommendation 1: Work with the Cambridgeshire and Peterborough Combined Authority (CPCA) to encourage them to use their Passenger Transport Powers to secure air quality benefits. This should include: supporting the Council and Stagecoach to relocate the bus depot; improve vehicles to reduce emissions from the fleet; ensure the lowest emission vehicles only are used in areas of poorer air quality; and, encourage young people to use public transport.

Recommendation 2: Undertake a parking review with the aim of discouraging single occupancy car travel, and prioritising Ultra Low Emission Vehicles.

Recommendation 3: Increase the activities undertaken to encourage residents to opt for active modes of transport including robust evaluation and monitoring.

Recommendation 4: Identify the feasibility of introducing a new policy to ensure that all taxi and private hire vehicles use alternative low emissions fuels only by 2030.

Recommendation 5: Work in partnership with the Cambridgeshire and Peterborough Combined Authority (CPCA) to develop a Mass Rapid Transit (MRT) proposal for the city.

Recommendation 6: Support local businesses to make the investment necessary to encourage the transition to active modes of travel and alternatively fuelled vehicles.

Recommendation 7: Identify opportunities to install or maximise the benefits of green infrastructure to provide barriers between people and emissions.

Recommendation 8: Explore opportunities to for further pedestrianisation in all future public realm works.

Recommendation 9: Work in partnership with Fenland District Council to evidence the basis for revocation of AQMA No1.

5. CONSULTATION

5.1 A number of organisations, detailed in section 4.3 of appendix a, were invited to be interviewed to share their expert knowledge in specific matters. This included:

- Andrew Allen, Campaign for Better Transport
- Darren Roe, Engineering Director, Stagecoach East and Sam Greer UK Bus Engineering Director, Stagecoach
- Dr James Levine - Principal Investigator / Impact Fellow at the Birmingham Institute of Forest Research, University of Birmingham
- Steven Bishop, Head of Transport Strategy & Economics, Combined Authority and Rowland Potter, Head of Transport, Combined Authority

In addition to those detailed above the Group invited, on a number of occasions, a representative from the Road Haulage Association in order to understand the impact of Heavy Goods Vehicles on air quality. However, no response to any of the Groups communications attempts was forthcoming until the later stages of finalising this report where they provided a written note which is included in the main report.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 It is anticipated that Cabinet consider and comment on the Task and Finish Group report at Appendix a and endorse the report and recommendations contained within it.

7. REASON FOR THE RECOMMENDATION

7.1 Having spoken to various key witnesses and having received information and evidence from officers to understand the current situation and what evidence-based actions could be taken locally by different stakeholders the Task and Finish Group concluded that there are a number of recommendations required, detailed in section 10 of appendix a.

Each of these recommendations have been indicatively assessed using guidance from the Department for Environment and Rural Affairs (February 2018): Local Air Quality Management Technical Guidance (TG16) and Public Health England (March 2018): Review of interventions to improve outdoor air quality and public health.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The alternative option is to take no further action to improve air quality, but this has been dismissed because the Task and Finish Group recognises that there are no absolute safe levels of exposure to particulate matter. As such, the Group feel that the Council should aim to make improvements in air quality in recognition that any such effort is likely to have positive health benefits.

9. IMPLICATIONS

Financial Implications

9.1 It is recognised that the Council is already undertaking a number of activities that have a positive impact on air quality across the city. However, the group is also aware that the rate at which Peterborough is growing, alongside the recognition that any improvement in air quality is likely to have positive impacts on health, means that there is clear evidence that further investment should be made to improve air quality.

The majority of the recommendations detailed in this report above have no additional resource implications for the Council and can be delivered within existing resources. Two of the recommendations will involve additional investment amounting to £67k annually. However, officers are in the process of exploring the feasibility of seeking additional external funding and/or delivering the recommendations within existing resources. As such these recommendations will not result in

a budget pressure at this stage. It is recommended that this is revisited in six months time and a capacity bid developed if no alternative sources of funding are forthcoming

In addition to the financial implications detailed above the Group recommends that officers continue to seek sources of alternative funding as and when opportunities arise.

Legal Implications

- 9.2 In Peterborough there are no exceedances of relevant National Air Quality Objectives, which the Council reports on annually. The Council is currently fulfilling its legal obligations in relation to air quality. The recommendations proposed in this report will further strengthen the Council's position but are not legally required.

Equalities Implications

- 9.3 There are no equality implications arising as a result of this report.

Carbon Impact Assessment

- 9.4 The recommendations detailed in this report will not have a direct impact on the Council's own carbon emissions. However, for each of the recommendations an indication of the 'Likely impact on the climate emergency declaration' has been included and these are all positive or neutral.

10. BACKGROUND DOCUMENTS

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

- 10.1 A list of background documents can be found in appendix a.

11. APPENDICES

- 11.1 A list of appendix documents can be found in appendix a.

**GROWTH, ENVIRONMENT AND
RESOURCES SCRUTINY COMMITTEE**

**SCRUTINY TASK AND FINISH
GROUP TO INFORM THE
DEVELOPMENT OF AN AIR
QUALITY AMBITION STATEMENT
AND ACTION PLAN**

8 JANUARY 2020

Table of Contents

1.EXECUTIVE SUMMARY	3
2.INTRODUCTION	5
3.TERMS OF REFERENCE	7
4. PROCESS AND METHODOLOGY USED FOR THE INVESTIGATION	8
4.1 Methodology	8
4.2 Process	8
4.3 Key Witnesses / Expert Advisers interviewed	8
5. UNDERSTANDING AIR QUALITY	14
6. AIR QUALITY AND PUBLIC HEALTH	21
7. WIDER CONTEXT	23
8. WHAT WE ARE DOING ALREADY	26
9. NATIONAL GOOD PRACTICE	35
10. FINDINGS AND RECOMMENDATIONS	36
11. FINANCIAL IMPLICATIONS	41
12. LEGAL IMPLICATIONS	41
13. REFERENCES	42
14. APPENDICES	45

1.EXECUTIVE SUMMARY

As recently as the Nineties, it was felt that air pollution was no longer a major health issue in the United Kingdom as legislation had made the great smogs of the Fifties a thing of the past. However, pollutants such as Particulate Matter (PM) and Nitrogen Dioxide (NO₂) are still at levels which can harm health.

Nationally, poor air quality is considered by the Government to be “the largest environmental risk to public health in the UK”. As well as human health, air pollution also has implications for the natural environment and for the economy (House of Commons, May 2019).

Whilst Peterborough does not currently have any exceedances of relevant National Air Quality Objectives the Council recognises that there are no absolute safe levels of exposure to particulate matter. As such, the Group feel that the Council should aim to make improvements in air quality in recognition that any such effort is likely to have positive impact both in terms of health and climate change. There are a number of activities already undertaken by the Council which are likely to have a positive impact on air quality, health and climate change. However, the group feels that further investment is required to undertake the following recommendations:

Recommendation 1: Work with the Cambridgeshire and Peterborough Combined Authority (CPCA) to encourage them to use their Passenger Transport Powers to secure air quality benefits. This should include: supporting the Council and Stagecoach to relocate the bus depot; improve vehicles to reduce emissions from the fleet; ensure the lowest emission vehicles only are used in areas of poorer air quality; and, encourage young people to use public transport.

Recommendation 2: Undertake a parking review with the aim of discouraging single occupancy car travel and prioritising Ultra Low Emission Vehicles.

Recommendation 3: Increase the activities undertaken to encourage residents to opt for active modes of transport including robust evaluation and monitoring.

Recommendation 4: Identify the feasibility of introducing a new policy to ensure that all taxi and private hire vehicles use alternative low emissions fuels only by 2030.

Recommendation 5: Work in partnership with the Cambridgeshire and Peterborough

Combined Authority (CPCA) to develop a Mass Rapid Transit (MRT) proposal for the city.

Recommendation 6: Support local businesses to make the investment necessary to encourage the transition to active modes of travel and alternatively fuelled vehicles.

Recommendation 7: Identify opportunities to install or maximise the benefits of green infrastructure to provide barriers between people and emissions.

Recommendation 8: Explore opportunities to for further pedestrianisation in all future public realm works.

Recommendation 9: Work in partnership with Fenland District Council to evidence the basis for revocation of AQMA No1.

The recommendations above are described in more detail in section 10 of this report. The financial implications of these recommendations are detailed further in section 11 of this report.

2. INTRODUCTION

At Annual Council on 21 May 2018, Cllr John Holdich OBE, Leader of the Council requested that a cross-party scrutiny Task and Finish Group be established to inform the development of the Council's air quality ambitions and make recommendations for specific actions that should be taken by the Council and partners to achieve such ambitions.

The proposal to set up the Task and Finish Group was presented to the Growth, Environment and Resources Scrutiny Committee on 5 September 2018. The proposal was accepted and the terms of reference agreed. Possible nominations to the Task and Finish Group were sought at the meeting to be confirmed following the meeting through the Group Secretaries.

The cross-party Task and Finish Group comprised the following members:



Councillor Nick Sandford
Chairman
Liberal Democrats



Councillor Kim Aitken
Conservative



Councillor Julie Howell
Green Party



Councillor Mohammed Jamil
Labour and Co-operative Party

Officers supporting the Task and Finish Group were:

- Charlotte Palmer, Group Manager, Transport and Environment
- Stuart Keeble, Consultant in Public Health
- Iain Green, Senior Public Health Manager Environment and Planning
- Peter Gell, Head of Regulatory Services
- Lynden Leadbeater, Principal Environmental Health Officer: Environment and Pollution Control
- Paulina Ford, Senior Democratic Services Officer
- Karen Dunleavey, Democratic Services Officer
- Darren Sharpe, Natural Environment Team Manager
- Dorothy Poulter, Senior Environment & Pollution Officer

The Task and Finish Group wish to thank all of the officers who have provided guidance and assistance in producing this report for their hard work and support.

3. TERMS OF REFERENCE

Scrutiny Task and Finish Group to inform the development of an air quality ambition statement and action plan

Purpose

To make recommendations to the Growth, Environment and Resources Scrutiny Committee to inform the development of the Council's air quality ambitions alongside specific actions that should be taken by the Council and partners to achieve such ambitions.

Scope

1. Review expert data detailing the perceived and actual risks at a local and national scale to develop an understanding of the impact that can be realised through improvements.
2. To understand how air quality is currently monitored and considered in organisational policies, strategies and services and assess this against good practice.
3. Identify good practice from other local authority areas in order to inform local action.
4. To understand what evidence-based actions could be taken locally by different stakeholders and agree a prioritisation mechanism to ensure any resultant recommendations are effectively targeted.
5. Develop an understanding of the skills and resources that will be required across the Council and relevant stakeholder organisations to deliver agreed actions.
6. To identify and meet with expert witnesses to help inform discussions and recommendations.

Reporting

The Scrutiny Task and Finish group will report to the Growth, Environment and Resources Scrutiny Committee

Approved on 5 September 2018 by the Growth, Environment and Resources Scrutiny Committee

4. PROCESS AND METHODOLOGY USED FOR THE INVESTIGATION

4.1 Methodology

- Desktop research
- Interviewing Key Witnesses / Stakeholders
- Local knowledge / information obtained by the Task and Finish Group members
- Data and evidence gathered from various officers by the Group Manager, Transport and Environment

4.2 Process

The timetable of the events leading to the production of this report are set out below:

Meeting Date	Items Discussed / Guests Attending
26 November 2018	Scoping meeting.
4 February 2019	Review of data and evidence requested at the scoping meeting and provided by officers.
15 March 2019	Interviewing Key Witnesses
29 July 2019	Interviewing Key Witnesses
4 September 2019	Interview Key Witnesses, Conclusions and draft Recommendations
22 October 2019	Review of draft report
26 November 2019	Final review of draft report
8 January 2020	Presentation of report to Growth, Environment and Resources Scrutiny Committee
13 January 2020	Cabinet

4.3 Key Witnesses / Expert Advisers interviewed

A number of organisations, detailed below, were invited to be interviewed to share their expert knowledge in specific matters. A summary of the key points raised for consideration are detailed below:

Andrew Allen, Campaign for Better Transport

- Campaign for Better Transport's vision is for all communities to have access to high quality, sustainable transport that meets their needs, improves quality of life and protects the environment.
- Since 1972, Campaign for Better Transport has led calls for improvements to the country's transport networks, campaigning for transport which is greener, more affordable and easier to use.
- The main areas of work include rural transport, technology and work on clean air.
- Promoting active travel including walking and cycling is likely to have a positive impact and good examples exist in Bristol and Stockholm. Funding opportunities include Highway England's designated funds.

Darren Roe, Engineering Director, Stagecoach East and Sam Greer UK Bus Engineering Director, Stagecoach

- Stagecoach currently operate 73 vehicles in Peterborough equating to an annual mileage of approximately 3.3 million miles and 8.2 million passenger trips.
- The size of the current Stagecoach depot in Peterborough restricts the company's ability to accommodate electric vehicles and to grow the network. If, in the future, a new depot became available opportunities to upgrade the fleet would be considered.
- 6% of Stagecoach's fleet nationally uses alternative fuels, the vehicles predominantly use diesel fuel.
- Stagecoach has made a significant reduction in regulated emissions over the past few years. The introduction of zero emission buses will have a positive impact but is dependent on power supply, especially because the majority of buses will be charging at the same time daily.
- There continues to be significant change in technology regarding buses, ethanol, bio-gas, hybrid, hydro. Changes need to be made in a controlled manner as they will affect cost base and increase bus prices. Alongside this the euro classification will continue to change e.g. Stagecoach purchased 600 hybrid buses but these are now approximately 6/7 years old and technology needs updating.
- All routes currently go via the city centre because orbital routes are restricted by demand.
- The current fleet is broken down as follows:

Type	No.	Euro 2	Euro 3	Euro 4	Euro 5	Euro 6
Single deck	30	0	7	0	13	16
Double deck	51	2	16	9	24	0
Total	87	2	23	9	37	16

- The proposed fleet within 36 months is broken down as follows:

Type	No.	Euro 2	Euro 3	Euro 4	Euro 5	Euro 6
Single deck	36	0	0	0	13	23
Double deck	51	0	0	7	24	20
Total	87	0	0	7	37	43

Dr James Levine - Impact Fellow at the Birmingham Institute of Forest Research, University of Birmingham

- Work is progressing in the numerical modelling of the impacts of vegetation on urban air quality (at realistic planting scales) via changes in the dispersion of road transport pollution close to its source.
- To improve urban air quality, we must first and foremost reduce the emissions of pollutants at source. Reducing the public's exposure to what is emitted, however, is a means of further reducing its public health impacts: reducing exposure, *as well as emissions*, will yield greater improvements in public health outcomes than reducing emissions alone.
- At realistic urban planting scales, deposition to vegetation typically removes just a few percent of PM_{2.5}, and perhaps even less NO₂ (AQEG, 2018). (What little NO₂ is removed by vegetation at these scales is also offset by emissions of NO from accompanying soils.) Similarly, whilst vegetation emits VOCs (including reactive VOCs, such as isoprene, from some species), it makes a relatively minor contribution to total urban VOC emissions (and urban O₃). Species selection - and even simply planting a mixture of tree species - can mitigate any (already minor) concerns.
- The greatest potential of vegetation to reduce the public health impacts of urban air pollution (directly) lies in its ability to control, or at least modify, the dispersion of air pollutants close to source: *in the right places*, vegetation barriers can as much as halve exposure to local sources of pollution (AQEG, 2018).
- The reductions in pollutant concentrations are limited to the immediate wake of such barriers (i.e., just a short distance downwind of a barrier between source of pollution and people) and care is needed to avoid introducing barriers in the wrong places, which could inadvertently lead to increased exposure. James and his colleagues at the University of Birmingham are developing a prototype Green Infrastructure for Roadside Air Quality (GI4RAQ) Platform to help urban practitioners identify suitable interventions subject to local conditions of wind and urban form. This software is web-based and will be made freely-available in the second quarter of 2020. Meanwhile, they refer you to the guidance recently published by the Greater London Authority (GLA, 2019), which they took a leading role in writing.

- Indirectly, green infrastructure can also help reduce road transport emissions by incentivising active travel (i.e., contributing to modal shift). Green open spaces are vital to the dispersion of pollution. Free from sources of road transport pollution, large green spaces are also inherently cleaner, and can help reduce the public's exposure to pollution by drawing people away from more polluted spaces.
- Dense avenues of trees can effectively protect very quiet streets (where the air quality at ground level is better than the urban background air quality aloft) but can trap pollution on busy roads.
- Green infrastructure is not an efficient means of *removing* air pollution in the urban environment but, in the right places, can be highly effective at controlling the distribution of pollution and thereby reducing the public's *exposure* to it.
- Targeted interventions - where, not only the concentrations of pollutants are highest, but the greatest numbers of people are exposed for the longest lengths of time, and the people exposed are amongst the most *vulnerable* demographics - will deliver the greatest public health benefits. Interventions in these locations will ensure best use of resources and reduce health inequalities.

Steven Bishop, Head of Transport Strategy & Economics, Combined Authority and Rowland Potter, Head of Transport, Combined Authority

- The Devolution Deal agreed with Central Government in 2017 gave the Mayor and the Cambridgeshire and Peterborough Combined Authority power over certain transport functions, with the Combined Authority taking over the role of the Local Transport Authority from Cambridgeshire County Council and Peterborough City Council.
- One of the key responsibilities of the Local Transport Authority is the development of a new Local Transport Plan (LTP). The LTP will supersede the interim Local Transport Plan and take an ambitious approach, looking towards creating a world class, integrated transport system, which maximises Cambridgeshire and Peterborough's sustainable, economic potential whilst protecting and enhancing the environment.
- The Combined Authority has a responsibility to implement measures that ensure improvements to air quality can continue to be delivered alongside growth by creating conditions that will change travel behaviour and bring about the use of cleaner vehicles.
- Reductions in vehicle mileage by removing journeys altogether and moving remaining journeys to sustainable modes such as walking, cycling and public transport is important, but needs to be achieved alongside improvements to the transport infrastructure and vehicle fleet to enable sufficient uptake of lower emission transport

modes.

- The key areas identified for action within the Air Quality Action Plans, and to be supported through the Local Transport Plan (draft), include:
 - reducing vehicle emissions, particularly from taxis, buses, coaches, and HGVs
 - maintaining low emissions through the planning process and long-term planning
 - improving public health
- The policies for improving air quality within the Combined Authority area are focused on harnessing improvements to vehicle technology and disincentivising travel by high polluting modes. There are clear synergies with encouraging the use of sustainable and active modes.
- Over 100 schemes identified from previous LTPs, Local Plans, stakeholder views, and professional opinion. Further scheme identification will take place through engagement. The schemes are assessed for: their strategic fit against the objectives of the LTP; consideration of typical value for money criteria in line with Government guidance will be made to assess the likely value for money of each scheme; consideration of commercial, financial and management criteria – the ‘deliverability’ of each scheme; a balanced package of schemes has been identified considering all modes, themes/objectives, and spatial distribution; and all further scheme development must include consideration of impact on air quality.
- Figure one illustrates the transport user hierarchy detailed in the emerging Local Transport Plan. * <https://ehp.niehs.nih.gov/doi/abs/10.1289/isesisee.2018.S01.01.07>

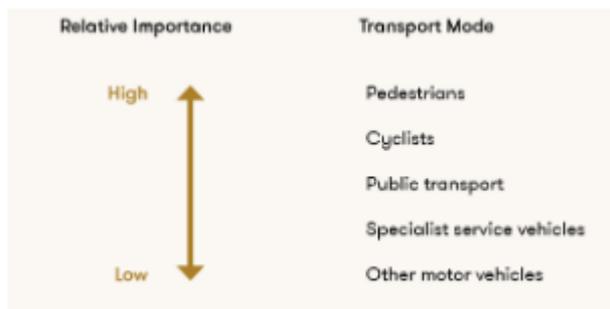


Figure one: Transport user hierarchy

The Task and Finish Group would like to thank everybody who assisted them during the course of the investigation for their support and openness. In addition to those detailed above the Group invited, on a number of occasions, a representative from the Road Haulage Association in order to understand the impact of Heavy Goods Vehicles on air quality. However, no response to any of the Groups communications attempts was forthcoming until

the later stages of finalising this report. At this point the Road Haulage Association provided the following information:

Tackling poor air quality is a top priority for policy-makers, and the RHA is fully engaged with this agenda. Poor traffic-related air quality in urban areas is associated with congestion, where vehicles including lorries are not able to operate efficiently at slow speeds. Where congestion occurs, pollution “hot spots” caused by nitrous oxides (NOx) emissions can materialise, with potentially adverse health effects for people in the surrounding area.

The RHA is actively engaged with policy-makers in both national and local government to solve this problem. The latest vehicle emission standards (known as “Euro VI” and introduced from 2014) has seen NOx emissions fall from lorries by nearly 60% since 2013. With on-going investment by hauliers in the latest cleanest lorries once older lorries reach the end of their lifespan, NOx emissions are predicted to fall by over 80% from 2013 levels by 2024.

Meanwhile, we encourage local policy-makers to introduce measures that alleviate congestion. This might include improving general traffic flow by redesigning problematic junctions or rephasing traffic lights. Around schools, this might involve encouraging local school children and their parents to use alternative healthier forms of transport such as cycling or walking, or using public transport. With regards to lorries, the RHA advocates out-of-hours deliveries. These deliveries can then take place when schools are closed, the roads are quieter and pollution levels are at their lowest.

This broadly aligns with the recommendations contained within this report.

5. UNDERSTANDING AIR QUALITY

5.1 Introduction to air pollution

As recently as the Nineties it was felt that air pollution was no longer a major health issue in the United Kingdom as legislation had made the great smogs of the Fifties a thing of the past. However, pollutants such as Particulate Matter (PM) and Nitrogen Dioxide (NO₂) are still at levels which can harm health.

Industrial processes, including energy generation to power our businesses and homes, and the manufacture of goods and food can all create pollution. These processes are carefully regulated to ensure they are managed to avoid potentially significant impacts upon health and the environment.

Stationary and slow-moving road transport including lorries, buses and cars/vans are the primary source of Nitrogen Dioxide (NO₂) (especially emissions from diesel light duty vehicles) and Particulate Matter (PM) (engine emissions, tyre and brake wear) in urban areas across the UK.

The impact of air pollution depends on how much is emitted, how harmful it is and how it interacts with other substances in the air (Figure 1.0). It also depends on emission location, its residence time in the atmosphere, where it ends up, and how sensitive the exposed population or environment is. Vulnerable individuals and sensitive habitats are at particular risk (Clean Air Strategy, DEFRA, 2019).

The sources of air pollutants and their effects

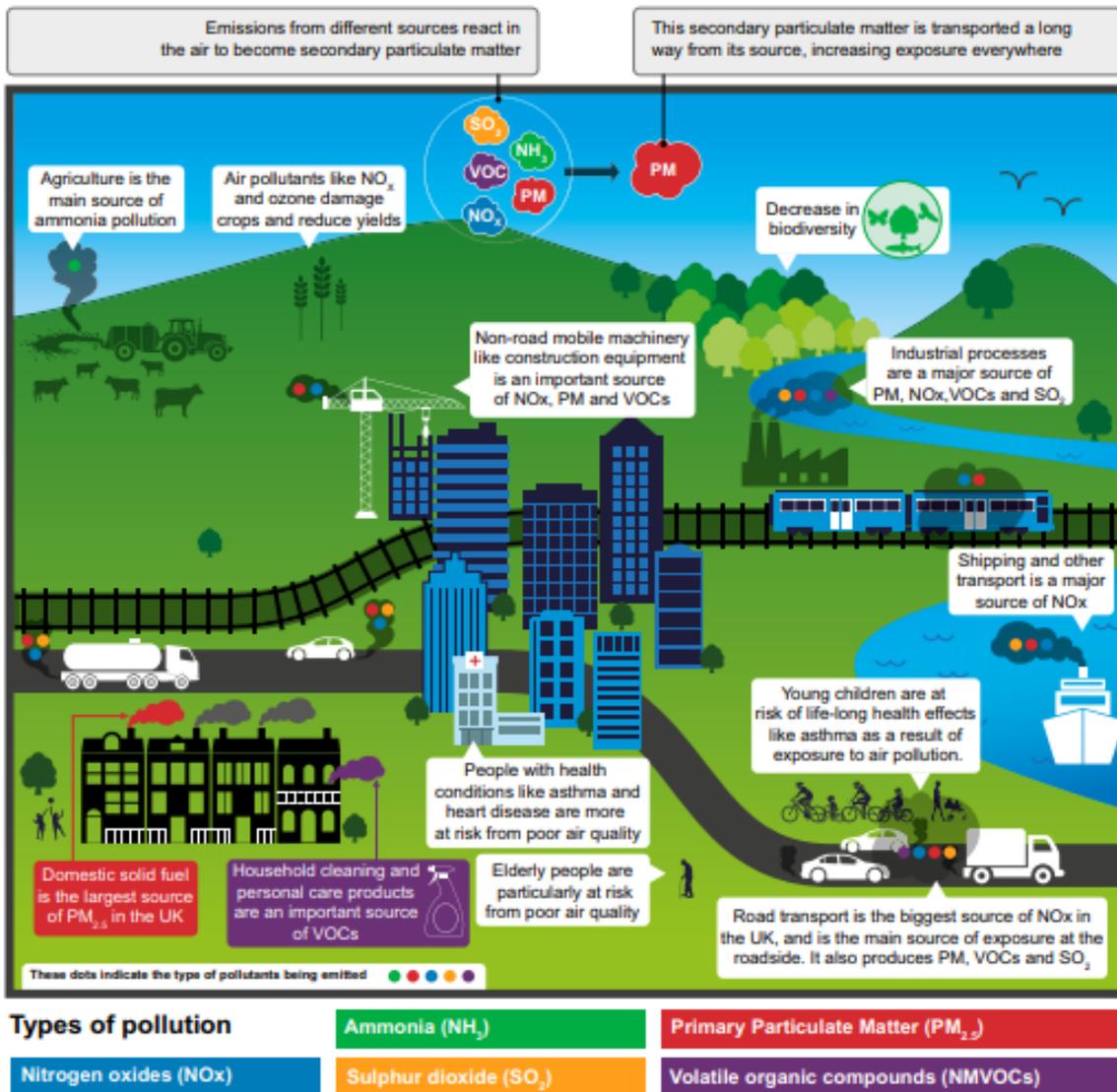


Figure 1.0 The sources of air pollution and its affects (DEFRA, 2019)

The National Air Quality Strategy sets air quality objectives or levels for pollutants such as Nitrogen Dioxide (NO_2) on the basis of scientific and medical evidence on the health effects of each pollutant, and according to the practicability of meeting the standards. There is no statutory requirement to review and assess fine Particulate Matter ($\text{PM}_{2.5}$) as it is recognised there are no absolute safe levels of exposure. As such, any improvement in air quality will have positive health consequences.

Nitrogen Dioxide (NO_2)

The gaseous pollutant nitrogen dioxide (NO_2) is produced by combustion processes. On average around 80% of oxides of nitrogen (NO_x) emissions, in areas where the UK is exceeding NO_2 limit values, occurs due to transport. Several studies have reported associations with long-term exposure to NO_2 and adverse effects on health, including reduced

life expectancy. It has been unclear whether these effects are caused by NO₂ itself or by other pollutants emitted by the same sources (such as road traffic). The Committee on the Medical Effects of Air Pollutants (COMEAP) recently (2018) issued a report on the mortality effects associated with long-term average concentrations of NO₂. Whilst there was fundamental disagreement from some members of the Committee for attributing causality to NO₂ as a sole pollutant, since this involved informed speculation, the recommendation for a method of assessing the health benefits of interventions that reduce all traffic-related pollutants was unanimous.

Particulate matter (PM)

Particulate Matter (PM) is not a single pollutant; it is made up from a huge variety of chemical compounds and materials. Both PM and the gases that can form it travel large distances, so impacts may occur far from the original source. Around 15% of UK PM comes from naturally occurring sources, up to a third from other European countries and around half from UK human-made sources (DEFRA, 2019).

Particulates are classified according to size, either as PM₁₀ (particles of ≤10µm (micrometres) diameter) or PM_{2.5} (particles of ≤2.5µm diameter particles, which are 200 times smaller than a grain of sand) (Clean Air Strategy, DEFRA, 2019). PM_{2.5} (Particulate matter with an aerodynamic diameter of 2.5µm or less) has the strongest link to health outcomes due to the particles being inhaled deep into the lungs. PM can be composed of particles from combustion, abrasion of engine components e.g. brake dust, generated during construction and agricultural processes, as well as components generated by chemical reactions in the air.

Sulphur Dioxide (SO₂)

Historically, the main air pollution problem in both developed and rapidly industrialising countries has typically been high levels of smoke and sulphur dioxide (SO₂) emitted following the combustion of sulphur-containing fossil fuels such as coal, used for domestic and industrial purposes. Sulphur dioxide (SO₂) is a corrosive, acidic gas which is harmful to health and combines with water vapour in the atmosphere to produce acid rain. SO₂ pollution episodes in ambient air are also associated with asthma and chronic bronchitis and can be a significant component of particulate matter. Sulphur in coal played a contributory key role in the health impacts of the London smog in 1952. Emissions of SO₂ are primarily from combustion of solid and liquid fuels and have reduced markedly with restrictions on the sulphur content of liquid fuels, as well as a shift away from a reliance on coal for energy generation. However, domestic coal-burning can result in significant indoor exposure to SO₂ (DEFRA, 2019). A large proportion of the Council's area has been declared a Smoke Control Area, where it is an offence to emit smoke from a chimney, which has resulted in significant reductions in levels of smoke and SO₂.

5.2 Monitoring Air Pollution in Peterborough

The Environment Act 1995, (Part IV) places a statutory obligation on all local authorities for Local Air Quality Management (LAQM), this requires them to review and assess the air quality within their area against National Air Quality Objectives and to report annually to DEFRA.

The EU Directive (Air Quality Directive (2008/50/EC)) and the National Air Quality Strategy set air quality objectives for pollutants. In Peterborough, the main air pollutants are associated with road traffic emissions. Petrol and diesel-engine motor vehicles emit a wide variety of pollutants. Of particular concern are Particulate Matter (PM) and Nitrogen Dioxide (NO₂) at locations where people may live close to busy, congested roads. The relevant objectives of concern for Peterborough are listed in Table 5.0.

Table 1.0 – Air Quality Objectives relevant to Peterborough

Pollutant	Air Quality Objective	
	Concentration	Measured as
Nitrogen Dioxide (NO ₂)	200 µg/m ³ not to be exceeded more than 18 times a year	1-hour mean
	40 µg/m ³	Annual mean
Particulate Matter (PM ₁₀)	50 µg/m ³ , not to be exceeded more than 35 times a year	24-hour mean
	40 µg/m ³	Annual mean
Sulphur Dioxide (SO ₂)	350 µg/m ³ , not to be exceeded more than 24 times a year	1-hour mean
	125 µg/m ³ , not to be exceeded more than 3 times a year	24-hour mean
	266 µg/m ³ , not to be exceeded more than 35 times a year	15-minute mean

Objectives are set on the basis of scientific and medical evidence on the health effects of each pollutant, and according to the practicability of meeting the standards. The Regulations make it clear that likely exceedances of the objectives should be assessed in relation to those locations where members of the public are likely to be regularly present and are likely to be exposed for a period of time appropriate to the averaging period of the objective.

Where this process identifies that pollutant concentrations are unlikely to meet the Air Quality Objectives (i.e. exceed the standard) the Local Authority is required to declare an Air Quality Management Area (AQMA) and prepare an Air Quality Action Plan (AQAP), setting out the measures it intends to put in place to achieve the objectives.

The Council has carried out reviews and assessments of air quality for the Local Authority area in accordance with technical guidance periodically issued by Department for Environment Food and Rural Affairs (DEFRA). This has involved screening techniques to determine if there is a need to carry out more detailed examinations of air pollutants. Progressively sophisticated information gathering, modelling and monitoring techniques have then been used to predict and determine pollution levels.

5.2.1 Monitoring Nitrogen Dioxide (NO₂):

Nationally, there are 497 exceedances of the annual mean objective for Nitrogen Dioxide in the UK. In 2013, the UK met the limit value for hourly mean NO₂ in all areas except for Greater London.

Whilst there are no exceedances of the Nitrogen Dioxide (NO₂) annual means or hourly objectives within Peterborough City Council administrative area, certain monitoring locations measure levels of NO₂ that are approaching the annual mean objective level. Detailed information including monitoring results are available in the Annual Screening Report available on the Council website <https://www.peterborough.gov.uk/business/environmental-health/environmental-protection/#AirQuality>

The Council carries out the majority of NO₂ monitoring using non-automatic (passive) monitoring diffusion tubes. This is undertaken at 16 sites within the Local Authority area, with tube locations reviewed annually. Diffusion tubes can identify if a locality is likely to exceed the annual mean objective and can also be indicatively used to identify areas that may be at risk of exceeding the hourly limit. In addition to the network of diffusion tubes, in August 2019, the Council installed an automatic (continuous) monitor (Aeroqual) at the western end of Taverners Road.

5.2.2 Particulate Matter (PM) (PM₁₀ and PM_{2.5}):

As no threshold for the effects of long-term exposure to particulate matter on mortality has been identified, there is no regulatory standard applied to the PM_{2.5} role for Local Authorities in England. Also there are difficulties in establishing compliance due to the cost of monitoring, the accuracy of monitoring (uncertainty margin of +/-25%), the inadequacies inherent in modelling and the diverse nature of the associated sources. Therefore establishing compliance at specific locations is unlikely to be effective. However Local Authorities are expected to take measures to reduce overall population exposure to PM_{2.5}.

For this pollutant, as already stated, focusing attention on hotspots only is therefore not going to generate the maximum improvement in public health for the investment made, since much more widespread adverse effects on health are likely. DEFRA has therefore adopted an

'exposure reduction' approach for PM2.5 to seek a more efficient way of achieving further reductions in the health effects of air pollution, by providing a driver to improve air quality everywhere in the UK rather than just in a small number of localised hotspot areas, where the costs of reducing concentrations are likely to be exceedingly high. This will act to make policy measures more cost-effective and is more likely to maximise public health improvements across the general population.

The Policy Guidance does however expect Local Authorities to work towards reducing emissions and concentrations of PM2.5 in their local area. In doing so they are not expected to carry out any additional local review and assessment including monitoring. Whilst an increase in PM2.5 monitoring across the UK is desirable given the links to the Public Health Outcomes Frameworks, it is also recognised that the costs involved can be prohibitive. The outcomes framework shows that the "Fraction of mortality attributable to particulate air pollution (2017)" for Peterborough is 5.3 compared to 5.1 in England (Public Health England Outcomes Framework).

Based on national modelled monitoring results from DEFRA the level of PM2.5 in Peterborough is slightly higher than the England average (8.5µg/m³ compared to 8.3µg/m³ respectively). To place this in a broader context the estimated background rates in London ranges from 8.6 to 12.5 µg/m³).

Whilst the Council does not carry out monitoring or take any measures to specifically address PM2.5 concentrations, measures to reduce road traffic emissions generally are likely to reduce emissions of PM2.5. The Council has reviewed existing measures already being implemented to determine whether the Council is already taking positive action to reduce PM2.5 emissions. These are, and will continue to be, reported in the annual screening report. Further measures that may reduce emissions of PM2.5 will be explored and measures to reduce emissions will be developed where these are commensurate with the scale and nature of the local PM2.5 issues.

5.2.3 Sulphur dioxide (SO₂):

In September 2006 Fenland District Council's Detailed Assessment declared an Air Quality Management Area (AQMA) based on modelling carried out by Hanson Brick Products in their Air Quality Management Plan (Hanson, 2004). This modelling indicated that the 15-minute SO₂ objective was also being exceeded at relevant locations within Peterborough. Following consideration of the information supplied by Fenland District Council, Peterborough City Council determined an Air Quality Management Area (AQMA No.1) to the north-west of the works in April 2007 (maps are included in Appendix D). The AQMA No.1 is in relation to emissions of sulphur dioxide from a point source industrial premise, exceeding the 15-minute mean objective level of 266 µg/m³ not to be exceeded more than 35 times a year. It is important to note that

this exceedance is modelled, not measured. To date there have been no measured exceedances of SO₂ in the area administered by Peterborough City Council. It was proposed in the 2015 Updating and Screening Assessment (USA), and all subsequent Annual Status Reports (ASR) to revoke the AQMA, subject to the agreement of DEFRA, and this remains the aim. Further details of this AQMA can be found on our website at <https://www.peterborough.gov.uk/business/environmental-health/pollution/>.

6. AIR QUALITY AND PUBLIC HEALTH

Air pollution is a serious public health issue. Small particulate matter is one of the top 10 risk factors for disease and ill health in the East of England and is estimated to contribute towards more than 1250 deaths per year (Global Burden of Disease comparative risk assessment¹). Particulate matter has a much greater impact on health than risk factors such as drug use and second-hand smoke and increases the risk of heart and lung conditions.

The 2017 publication 'Air Quality: A Briefing for Directors of Public Health' provides guidance on conducting a basic assessment to calculate local mortality attributable to air pollution. This involves multiplication of the fraction of mortality attributable to particulate air pollution from Public Health Outcomes Framework indicator 3.012 by the directly age-standardised rate of premature deaths in under 75s per 100,000 population for 2013-15 from the Public Health England 'Longer Lives' profiles in order to ascertain a value for air pollution (particulate matter) attributable mortality per 100,000 population. The results for Peterborough and its nearest three socio-economic comparators are noted within the table below.

Figure 1: Air Pollution (Particulate Matter) Attributable Mortality per 100,000 Population, Peterborough & Nearest Socio-Economic Neighbours, Under 75s Only, 2013-15

Area	Premature Deaths 2013-15 per 100,000	Fraction of mortality attributable to particulate air pollution, 2015 (%)	Mortality Attributable to PM <75, rate per 100,000, Persons (3.01)
Peterborough	375	4.7%	17.6
Milton Keynes	333	4.8%	16.0
Swindon	338	5.1%	17.2
Thurrock	361	5.6%	20.2

Source: Public Health 'Longer Lives' profiles and Public Health Outcomes Framework

The rate of deaths in under 75s attributable to particulate matter air pollution in Peterborough is 17.6/100,000, the second highest within the above group of four comparator local authorities. The figure below places these data within the context of other preventable causes of mortality and illustrates that mortality rates from particulate matter air pollution are higher than as a result of preventable liver disease and as a result of suicide and relatively similar to the rate of mortality as a result of communicable diseases.

Figure 2: Mortality Rates from Preventable Causes, Peterborough & Nearest Socio-Economic Neighbours, Under 75s Only, 2013-15

PHOF Indicator	Mortality rate per 100,000				
	Peterborough	Milton Keynes	Swindon	Thurrock	England
Preventable Mortality, Persons (4.03)	211.8	185.2	185.2	189.8	184.5
Preventable Cancer <75, Persons (4.05ii)	88.3	82.3	88.4	88.3	81.1
Preventable CVD	60.4	44.8	49.9	54.9	48.1

<75, Persons (4.04ii) Preventable Respiratory Disease	22.0	20.4	18.7	20.9	18.1
<75, Persons (4.07ii) Mortality	17.6	16.0	17.2	20.2	-
Attributable to PM <75, Persons (3.01) Preventable Liver Disease <75, Persons (4.06ii) Communicable Diseases, Persons (4.08)	15.3	13.8	14.6	12.8	15.9
Suicide Rate, Persons (4.10)	18.4	10.4	14.1	-	10.5
	8.4	8.6	9.3	11.3	10.1

Source: Public Health Outcomes Framework

Key			
Statistically significantly better than England	Statistically similar to England	Statistically significantly worse than England	Not Compared

Air pollution due to PM 2.5 is attributable for 4.7% of all deaths. This is similar to England and is one of the lowest rates in the East of England. In 2010, this was equivalent to 79 deaths. This compares to 7 road casualties (2011 data⁴). If you rank the causes of preventable premature mortality (by mortality rate per 100,000) then the premature mortality due to PM 2.5 is higher than liver disease, infectious diseases and suicide.

In comparison to the area's three nearest socio-economic neighbours, Peterborough has higher annual mean rates of nitrogen dioxide, PM2.5 and PM10 than Milton Keynes and Swindon but lower annual mean rates than Thurrock.

Figure 3: Air Quality Comparison, Peterborough & Nearest Socio-Economic Neighbours, 2015

Area	Nitrogen Dioxide Annual Mean	PM 2.5 Annual Mean	PM10 Annual Mean
Peterborough	10.35pgm3	9.67pgm3	14.73pgm3
Milton Keynes	9.42pgm3	9.25pgm3	13.75pgm3
Swindon	9.53pgm3	9.06pgm3	13.65pgm3
Thurrock	14.88pgm3	10.46pgm3	15.34pgm3

Source: Department for Environment, Food & Rural Affairs, <https://uk-air.defra.gov.uk/data/gis-mapping>

7. WIDER CONTEXT

7.1 One of the UK's fastest growing cities

Whilst Peterborough does not currently have any relevant exceedances of National Air Quality Objectives, as one of the UK's fastest growing cities, it is feasible that this could change in the foreseeable future. This is evidenced by data released by the Department for Transport which collates road traffic statistics to provide estimates of the vehicle miles travelled each year in Great Britain by vehicle type, road category and region. Data for Peterborough shows that since 2013 the number of miles travelled on all Peterborough roads has increased from 1.08 billion to 1.24 billion in 2017 representing a 15% increase. This compares to a 12% increase in road traffic across the East of England and an 8% increase across Great Britain (source: <https://roadtraffic.dft.gov.uk/summary>).

7.2 Climate Emergency

In 2019 Peterborough City Council declared a climate emergency and agreed to make the council's activities net-zero carbon by 2030. The motion, which was unanimously agreed by councillors, commits the council to achieving 100% clean energy across its buildings and services by 2030, ensuring that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to zero carbon by 2030. The motion also recommended that the council works with partners, the private sector and young people to develop even more ambitious plans and uses its significant influence locally and nationally to encourage others to do the same. The council's scrutiny panels will consider the impact of climate change and the environment when reviewing council policies and strategies. Benefits realised as a result of the climate emergency are likely, in some cases, to have a positive impact on air quality. The recommendations that are outlined in section 10 of this report provide an initial indication as to the likely effect on climate change.

7.3 Possible Implications of Brexit

In May 2019, the House of Commons published Briefing Paper CBP8195, Brexit and Air Quality. The paper sets out the current speculation and what is known so far about what could change in respect of air quality following Brexit. Below is an extract from the report, entitled Brexit: statements, concerns and uncertainties:

“Until a final Brexit agreement is reached with the EU, much of what will happen to air quality standards and enforcement following Brexit is the subject of speculation. The Government has been clear that it has no plans to change limit values and targets for air quality following Brexit. The Government's intention is that pursuant to the European Union (Withdrawal) Act 2018, law derived from the EU, including air quality legislation, would be converted into domestic law after Exit Day. Depending on the terms agreed of any future trading arrangements, once the UK has

left the EU the UK could then potentially amend air quality standards and review any deadlines for meeting them.

While the European Union (Withdrawal) Act 2018 will convert the current framework of air quality targets, the role that EU institutions play in monitoring and enforcing these targets will be lost. There has been considerable debate over the loss of the role of EU institutions in monitoring and enforcing environmental law, including on air quality, following Brexit and over the future of EU environmental principles.

In response to concerns raised, the Government held a consultation on environmental principles and governance from May-August 2018. It proposed the creation of a new statutory independent environmental watchdog to hold government to account on its environmental obligations; and options for establishing environmental principles in the UK. A draft Environment (Principles and Governance) Bill was published on 19 December 2018. A Library briefing paper, Environmental principles and governance: the draft Bill, provides background and reaction to the Bill. A further part to this Bill is expected to be published in the next Parliamentary session which will include legislative measures to improve air quality, stemming from proposals in the Government's Clean Air Strategy 2019.

One of the areas that the Government has indicated that it might change post-Brexit is how air quality is monitored and assessed in order to provide requirements that are more targeted and focussed to UK needs.

Some of the Government's Brexit "no deal" preparation technical notices have implications for air quality policy. These include:

- Upholding environmental standards if there's no Brexit deal;
- Industrial emissions standards ('best available techniques') if there's no Brexit deal, 13 September 2018; and
- Reporting CO₂ (Carbon Dioxide) emissions for new cars and vans if there's no Brexit deal, 13 September 2018

For further information on related issues see Library briefing papers, Air Pollution: Meeting Nitrogen Dioxide Targets and Brexit and the environment."

(House of Commons Library, Brexit and air quality May 2019).

7.4 Air pollution versus walking or cycling

It is a common misconception that walking or cycling in areas with levels of poor air quality is harmful to health. The reality is that evidence shows that this is often not the case. For example, a study by the International Society of Exposure Science and the International Society for Environmental Epidemiology looked into whether active commuting would increase the intake of particulate matter. It concluded that switching to working from home on days with high air pollution would not lead to any health benefits in any of the cities examined (Helsinki, London,

Sao Paulo, Warsaw, Beijing, New Delhi), in addition, there are greater benefits to health by being physically active than avoiding areas of poor air quality as a single measure to improve health outcomes.

8. WHAT WE ARE DOING ALREADY

This section of the report details how air quality considered in organisational policies, strategies and services.

8.1 Industrial Emissions:

The Industrial Emissions Directive (IED) aims to prevent and reduce harmful industrial emissions across the EU, while promoting the use of techniques that reduce pollutant emissions and that are energy and resource efficient. The requirements of the IED are regulated by the Pollution Team in Peterborough. Not all processes are regulated. The Regulations prescribe process thresholds considered to be proportionate to the environmental risk posed. For example, a car re-sprayer would have to be using more than 1 tonne of VOCs per annum to require regulation. Most small and medium sized car re-sprayers do not reach this threshold.

The Pollution Team has been at the forefront of reducing industrial pollution, using a proportionate framework of national regulation to require industry to improve their environmental performance. Industry has responded with investment and innovation to meet these standards. For example, limits on the emission of NO_x and SO₂ from combustion sources have been set, particulate emissions from mineral processes restricted, solvent usage of coating (e.g. paint) processes reduced and fuel pumps/ delivery redesigned to recover petrol vapour.

Since 1990, national industrial emissions of nitrogen oxides to air have reduced by 74%, emissions of sulphur dioxide have reduced by 97% and emissions of volatile organic compounds have reduced by 73%.

In Peterborough there are 58 regulated industrial processes. These are inspected routinely according to environmental risk. These processes are required to pay fees to fund the regulatory activities associated with the regime. The fees are determined by DEFRA. This currently amounts to an annual income of £16,500. Cost accounting has to be made publicly available to demonstrate that the fees charged have been directed towards the provision of the service. An annual statistical return, including the cost accounting details, has to be made to DEFRA.

One particularly notable example of the effectiveness of the regime is the reduction of solvent emissions from a Peterborough based industrial process. Through a combination of factors, but primarily the development of water-based paints suitable for use for coating engines, emissions of volatile organic compounds (VOC's) have been reduced from in the region of 200 tonnes per annum to approximately 15 tonnes per annum for the same product output capacity. [VOCs are chemicals which evaporate into the air at room temperature. They are emitted from many sources, including production processes, household chemicals, solvent use and different kinds of combustion] (DEFRA, Clean Air Strategy, 2019).

8.2 Planning

The spatial planning system has an important role to play in improving air quality and reducing exposure to air pollution (EPUK & IAQM, 2017). In Peterborough Local Planning Policy LP13 Transport states that “Developers will be required to ensure proposals for major new developments are assessed, using appropriate methodologies (such as Travel Plans, Transport Assessments and Transport Statements), for their likely transport impacts. Major development proposals adjacent to international and nationally designated biodiversity sites will require an air quality assessment to demonstrate no significant adverse effect on sensitive features. Major development located not immediately adjacent, but within the vicinity of, such designated sites, may also require an air quality assessment if there is the possibility of a significant adverse effect arising“. In addition, LP17 Amenity Provision also ensures that “New development should not result in an unacceptable impact on the amenity of existing occupiers of any nearby properties. These impacts may include, adverse impact on air quality from odour, fumes, dust, smoke or other sources.” Where applicable Officers are consulted on developments to assess the effect of changes in exposure of members of the, for example, major demolition or construction projects, stone/sand and gravel operations, introduction of new receptors adjacent to major roads, and the introduction of major roads near to residential areas. Applications are considered in line with national guidance and best practice. Where necessary officers require air quality assessments and appropriate mitigation measures.

8.3 Smoke Control

Peterborough has a number of smoke control areas, where it is an offence to emit smoke from a chimney within these areas. Exempt appliances and authorised fuels may be used in these zones. Maps showing the extent of the smoke control areas are available on the Council website <https://peterborough.maps.arcgis.com/apps/webappviewer/index.html?id=1e47538c3218418e86741bf13a33a04b>. Complaints relating to non-compliance with the smoke control legislation are investigated by officers, and where appropriate enforcement action is taken.

8.4 Travelchoice and Infrastructure Measures

It is crucial to that these activities are often, if not always, undertaken primarily for other purposes i.e. reducing congestion and/or improving health. Air quality is often a secondary benefit.

Anti-idling Campaigns
Over the last year, Travelchoice has worked with three schools to deliver various initiatives to discourage idling outside of the school gates whilst raising awareness of issues concerning air quality and the additional benefits of healthy and active travel. The team is reviewing the success of the initiatives (such as student-led banner design competitions, face-to-face engagement and active travel promotion) to ascertain the most successful interventions so

that further campaigns can be rolled out to other schools in the future as and when resources become available.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Participation in National Campaigns

Travelchoice encourages schools to participate in several national campaigns that promote sustainable and active travel modes. Over the last 3 years there has been an increasing number of schools participating in campaigns such as Walk to School Week, the Big Pedal and Bike to School Day. In September 2019 Travelchoice commenced a trial of Modeshift STARS with our schools in the city. The Modeshift STARS initiative provides schools with an online platform to record travel survey information, school Travel Plans, and offers schools a range of resources and advice to complement safe and active forms of travel.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Air Quality Testing Kits

Last year, Travelchoice trialled air quality monitoring kits (available to all schools for free from Friends of the Earth) outside Queens Drive Infants. Whilst the kits recorded no changes in air quality they were successful in raising the issue and promoting interventions (such as anti-idling and the benefits of sustainable travel) that contribute to improved air quality. Last year, Travelchoice also held Peterborough's first 'School Streets' day outside Ravensthorpe Primary. School Streets involves closing the road outside a school to encourage walking, cycling, scooting or park and stride.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Travel Plans

School Travel Plans have proven to be successful in reducing the number of pupils and staff travelling to school by private car. 38 schools in Peterborough have a bespoke Travel Plan. Travelchoice continues to work with schools to ensure that Travel Plans are kept current and up-to-date and include travel mode evidence, clearly defined objectives and targets, details of proposed actions, timescales, responsibilities and proposals for monitoring and review.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Bespoke Walking and Cycling Maps

Travelchoice works with schools to identify key walking and cycling routes to school sites. Postcode plots are used to identify where pupils live in relation to their school, identifying cluster groups and potential walking and cycling routes on the school journey. This information,

together with the census data can be used to target groups or areas that would benefit from targeted information to reduce car use on school journeys. As a result bespoke Walking and Cycling (an on occasion Bus) Maps are produced and distributed.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

School Events

Travelchoice regularly visits schools in the city to participate in events and initiatives to encourage sustainable, safe and active travel. Attending parents evenings, school fairs and special event days (health, wellbeing, environment days) with activities such as 'bling your hi-vis', smoothie bike, cycle-powered cinema, led cycle rides, etc. to highlight the benefits and fun that active and sustainable travel can have.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Business Travel Plans

There are currently 62 businesses with travel plans (against a target of 90 by 2021). Travelchoice has developed a Business Travel Plan Toolkit which includes templates and an automatic survey reminder. Therefore, updates to Travel Plans in the future should be a simpler process.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Bespoke Travel Planning Projects

Travelchoice has undertaken a series of bespoke travel planning projects with individual businesses and business clusters in and around the city to encourage staff to travel in a more sustainable and healthy way. The most recent example is the 2018 Lynch Wood Travel Planning project. Over 6 months, Travelchoice worked with three main business clusters within the Lynch Wood Business Park, engaging with eight businesses in total (Thomas Cook, Diligenta, Tata Consultancy Services, Kidney Research UK, Wave, Atkins, RSA and Coloplast). The events were well attended, and we were able to obtain baseline travel data to review in future years. The travel data collected at the events show that nearly two thirds of people currently travel to work in single-occupancy vehicles. However, when this is compared to staff postcode data it becomes apparent that there is the potential for approximately 35% of staff to walk or cycle. We will ensure that future initiatives and events will be tailored to promote (in particular) walking and cycling.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing
--	-------------------------------------	--

Adult Cycle Training		
Travelchoice offers all residents the opportunity to receive a free 90-minute one-to-one cycle training session. The sessions are delivered by a fully-qualified cycle trainer and cover the basic skills needed for safe on-road cycling. Additional sessions (if necessary) are then offered at a reduced rate of £15 per hour.		
Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing

Business Grant Scheme		
Businesses in Peterborough can apply to the Council's Business Grant Scheme for match funding (up to £3k) for sustainable travel infrastructure (such as cycle parking or electric vehicle charging posts). Over the last 12 months the Council has provided £9k in Business Grant match funding to City College Peterborough (EV charging infrastructure), Hobarts UK (cycle parking) and Anglian Water (EV charging infrastructure).		
Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Promotion of 'Smarter Choices' travel and car sharing

Electric Taxi Bid		
The Council secured £90k with £22.5k match funding to install four rapid chargers for the local taxi fleet, supporting a transition to ultra low emission vehicles. Whilst the Council does not have data available for private hire vehicles (due to limitations in the operating system) data shows that in respect to hackney carriages 2.5% of the current fleet are ULEV's.		
Effect on reducing NOx and PM 10 emissions (low, medium, high): High	Reduces PM2.5 emissions: Yes	AQASR action: Electric vehicle charging points in public car parks and for taxis

Electric Charging Infrastructure		
The Council has installed EV charging posts in 9 public locations within the city centre. Most posts have the ability to charge two vehicles at one time. In addition, the Council has committed to creating a charging hub in the Riverside car park which will consist of 3 additional chargers which will allow 6 vehicles to charge at one time. This provision is in addition to privately owned charging posts at various businesses, shopping centres and leisure facility locations. The Council will continue to install additional charging posts and explore additional funding opportunities. Recent statistics from Department for Transport show the our local authority has had the largest increase in electric vehicles anywhere in the country in the last year with 8,249 new vehicles registered, a jump of 2,824 compared to the previous 12 months. This represents the biggest rise in the UK. A vehicle licensing statistics report produced by the Department for Transport in 2018 showed that 4.9% of licensed vehicles in Peterborough are ULEVs.		
Effect on reducing NOx and PM 10 emissions (low, medium, high): High	Reduces PM2.5 emissions: Yes	AQASR action: Electric vehicle charging points in public car parks and for taxis

Integrated Transport Block Funding		
The Council receives Integrated Transport Block funding from the Department for Transport via the Cambridgeshire and Peterborough Combined Authority on an annual basis. This funding (currently £1.407m per year), is used to fund small-to-medium-sized highway improvements. The majority of this funding is used to make walking, cycling and public transport improvements, as well as installing additional electric vehicle charging posts.		
Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Well developed and safe pedestrian connections throughout the City / walking and cycling infrastructure improvements

Local Cycling and Walking Infrastructure Plans		
In 2017, the Government published its first Cycling and Walking Investment Strategy setting out its ambition to make walking and cycling the natural choices for shorter journeys or as part of a longer journey. Local Cycling and Walking Infrastructure Plans (LCWIPs), are a new, strategic approach to identifying cycling and walking improvements required at the local level. They enable a long-term approach to developing local cycling and walking networks, ideally over a 10-year period. The Council submitted a successful expression of interest to the DfT for technical support to develop a LCWIP for Peterborough. It is anticipated that our draft LCWIP will be submitted to the DfT shortly and will be available for public review in 2020.		
Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Well developed and safe pedestrian connections throughout the City / walking and cycling infrastructure improvements

Bikeability		
Bikeability is the 21st century 'cycling proficiency' designed to give children confidence and skills for riding a bike. There are 3 levels of training; level 1 starts when a child has already learnt to ride a bike, progression on to level 2 for children aged 10-11 years and finishing on level 3 for children aged 11-18 years. The number of pupils in Peterborough that have received Bikeability training over the last year (up to July 2019) are: Level 1 - 683 pupils; Level 2 - 1134 pupils; Level 3 - 73 pupils; Balance Bike training (early years) - 123 pupils; Learn to Ride - 50 pupils. On average around 50 of our city schools receive Bikeability training each year. Several factors are attributable to schools not participating in the scheme, ranging from clashes in the timetable with exam prep, children simply not owning a bicycle and Ofsted pressures on core curriculum subjects.		
Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Bikeability (Cycle Proficiency training in Schools)

Bike-It		
The Council commissions Sustrans (a UK sustainable transport charity) with funding from the Cambridgeshire and Peterborough Combined Authority to further promote sustainable travel		

through the Bike-It programme. The overall aim of Bike It is to significantly increase the number of young people regularly travelling safely using active and sustainable modes of transport, with a particular focus on walking, cycling and scooting. Each year schools are encouraged to participate in the National Big Pedal competition and in March 2019 St Thomas More finished 9th nationally out of nearly 800 large primary schools with over 94% of pupils taking part.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Low	Reduces PM2.5 emissions: Yes	AQASR action: Bike-It (Walking and Cycling Promotions/Activities in Schools) Joint initiative between 'Peterborough Environment City Trust (PECT) & Travelchoice.
--	-------------------------------------	--

In addition to these measures the Council also undertakes an annual staff travel survey in February. The results of the survey are listed below:

Travel Mode	2018 results (pre-Sand Martin House and agile working)	2018 – Sand Martin House
Car (driver)	65.2 %	45.7 %
Car (passenger)	4.3 %	5.6 %
Walk	12.6 %	11 %
Cycle	9.1 %	10.5 %
Car share	0.4 %	0 % (see car passenger %)
Bus	4.8 %	4.7 %
Train	2.6 %	1.5 %
Motorcycle	0.5 %	0.2 %
Taxi	0 %	0 %
Other (inc agile from 2018)	0.5 %	20.8 %

As a direct result of the survey responses, the Council has increased provision of pool bicycles (including 2 electric bicycles), arranged a series of staff engagement opportunities to deliver bespoke and personalised sustainable travel information to staff and is installing a public bicycle pump and repair station at Sand Martin House.

In addition, the move to a more agile way of working has proven to have had an impact on staff travel habits and the associated benefits of health, wellbeing and the environment. These results will now inform the adoption of a new Travel Plan working document for staff and visitors.

8.5 Local Transport Plan (LTP)

The directly-elected Mayor and the Cambridgeshire and Peterborough Combined Authority hold strategic transport powers and are the Local Transport Authority for the Cambridgeshire and Peterborough area. They are responsible for allocating local transport funding to the most important transport needs to help improve traffic flow, reduce congestion, improve road safety, increase walking and cycling and improve accessibility, amongst other things. The Combined Authority sets the overall transport strategy for Cambridgeshire and Peterborough, called the Local Transport Plan. Peterborough City Council previously had these powers and produced its own Local Transport Plan (LTP) but this is now a function of the Combined Authority.

The vision for the LTP is to deliver a world class transport network for Cambridgeshire and Peterborough that supports the sustainable growth and health and wellbeing of our communities, providing opportunities for all. The goals are to; deliver economic growth and opportunity for all our communities; provide an accessible transport system to ensure everyone can thrive and be healthy; and enhance our environment and tackle climate change together. There are a number of different objectives that underpin this including an objective to ensure transport initiatives improve air quality across the region to exceed good practice standards.

The LTP recognises that the levels of economic and population growth forecast for the Combined Authority area will result in an increased demand for travel, including road freight, which contributes a disproportionate amount of polluting emissions in terms of vehicle numbers. The Combined Authority has a responsibility to implement measures that ensure improvements to air quality can continue to be delivered alongside growth by creating conditions that will change travel behaviour and bring about the use of cleaner vehicles. Reductions in vehicle mileage by removing journeys altogether and moving remaining journeys to sustainable modes such as walking, cycling and public transport is important but needs to be achieved alongside improvements to the transport infrastructure and vehicle fleet to enable sufficient uptake of lower emission transport modes. The key areas identified for action to be supported through the Local Transport Plan, include:

- reducing vehicle emissions, particularly from taxis, buses, coaches, and HGVs
- maintaining low emissions through the planning process and long-term planning
- improving public health

The policies for improving air quality within the Combined Authority area are focused on harnessing improvements to vehicle technology and disincentivising travel by high-polluting modes to reduce road traffic emissions. There are clear synergies with encouraging the use of sustainable and active modes. Crucially, all further scheme development must include consideration of the impact on air quality.

8.6 Local Plan

The Local Plan objectives link to the Environment Action Plan and aims to reduce reliance on fossil fuels and to minimise pollution which affects human health. The Transport Policy (LP13) also links to the requirements of the Local Transport Plan which aims to reduce the need to travel, especially by car. The Biodiversity and Geological Conservation Policy (LP28) aims to address adverse impacts such as air pollution. The following policies also influence air quality:

- Presumption in Favour of Sustainable Development (Policy LP1)
- Health and Wellbeing (Policy LP7)
- Trees and Woodland (Policy LP29)

In addition, we currently aim to add policy requirements on impacts to human health and health impact assessments into the emerging Cambridgeshire and Peterborough Minerals and Waste Local Plan. The nature of minerals and waste management development can have implications relating to the issue of air quality, therefore an appropriate and effective policy framework is required to address this.

8.7 Trees and Woodland strategy

The value of trees, in respect to urban air quality, has long been recognised by the Council. In contrast to grey infrastructure, trees provide a comparatively large surface area for deposition of pollutants and thereby remove more PM, NO₂, and O₃ (Ozone). Equally, at street level, trees can help alter the flow of air, leading to the dilution of pollutants and also separating local clean air from less clean regional air. The Council has a policy in the Trees and Woodland Strategy that requires developers to submit details of tree species, size and planting stock to be used and numbers to be planted as part of their proposals. The policy also requires that planting should aim to replace any loss of biomass, and where practicable, retain or increase the canopy cover on site.

In 2014 a canopy cover survey was commissioned which involved analysing aerial photography and measuring the area occupied by tree crowns. This found that the average canopy cover in the City is 9.43%. The Council's Trees & Woodland Strategy aims to target increasing canopy cover in those wards with lowest coverage. In addition, the Council will, wherever possible, work in partnership with Peterborough Environment City Trust to deliver its aspiration to plant more trees within the Forest for Peterborough project.

9. NATIONAL GOOD PRACTICE

The group reviewed actions undertaken by a number of other councils including Nottingham City Council, Leicester City Council and Bristol City Council. Further information about the work undertaken by these authorities can be found in appendix B.

It was, however, difficult to find examples of cities comparable to Peterborough in terms of both size, transport network and with no exceedances of air quality standards. As such, whilst this exercise has added some value, the group have used other accepted methodologies for ascertaining the potential impact any future intervention may have.

10. FINDINGS AND RECOMMENDATIONS

The following section is intended to inform the air quality ambitions of Peterborough City Council. The group recognises that whilst Peterborough does not currently have any exceedances of relevant National Air Quality Objectives any improvements in air quality will have positive health benefits. The group also feel that such improvements are also likely to have a positive impact in terms of contributing to tackling climate change.

Having spoken to various key witnesses and having received information and evidence from officers to understand the current situation and what evidence-based actions could be taken locally by different stakeholders the Task and Finish Group concluded that there are a number of recommendations required as follows. Each of these recommendations have been indicatively assessed using guidance from the Department for Environment and Rural Affairs (February 2018): Local Air Quality Management Technical Guidance (TG16) and Public Health England (March 2018): Review of interventions to improve outdoor air quality and public health.

These measures are in addition to those already committed to in Chapter 8.1 What we are doing already Each measure has been categorised in terms of its effectiveness in reducing NOx and PM10, and if there is a positive effect on reducing PM2.5 emissions. The 'Effect' levels of High (Green), Medium (Amber) or Low (Red) are derived from information included in Local Air Quality Management Technical Guidance (TG16) ⁽¹⁾ or Public Health England's 2019 document, Review of Interventions to Improve Outdoor Air Quality and public health ⁽²⁾. Where a measure is marked as neutral this indicates that the effectiveness of the measure is dependent on how it is implemented; e.g. green infrastructure requires careful planning as well as being combined with other measures, as poor design or species selection can have a negative impact on air quality.

Recommendation 1: Work with the Cambridgeshire and Peterborough Combined Authority (CPCA) to encourage them to use their Passenger Transport Powers to secure air quality benefits. This should include: supporting the Council and Stagecoach to relocate the bus depot; improve vehicles to reduce emissions from the fleet; ensure the lowest emission vehicles only are used in areas of poorer air quality; consider the introduction of orbital bus routes; introduce bus priority measures; and, encourage young people to use public transport.

The Group are aware that the CPCA are midway through their programme of bus task reform, however, the group recommend that further pressure is put on operators to improve fleet vehicles quickly to remove the worst emitting vehicles from the city's roads. In particular, the CPCA should ensure Stagecoach delivers on its commitments to improve the local vehicle

fleet as outlined in section 4.3 of this report.

The Group would like to request that the CPCA undertake its process of bus reform, and reach a decision on franchising, in a speedy manner in order to ensure benefits are felt for residents as soon as possible.

Effect on reducing NOx and PM 10 emissions (low, medium, high): High

Reduces PM2.5 emissions: Yes

Budget required: Nil – this can be incorporated into existing work

Likely impact on the climate emergency declaration: Positive

Recommendation 2: Undertake a parking review with the aim of discouraging single occupancy car travel and prioritising Ultra Low Emission Vehicles.

The group recognises the steps that have been undertaken to date to install electric vehicle charging infrastructure into car parks and the plans in place to improve these.

The group however would like to request the relevant officer within the council undertakes a feasibility study to review the current policy and parking charges with the aim of discouraging single occupancy car travel.

Effect on reducing NOx and PM 10 emissions (low, medium, high): High

Reduces PM2.5 emissions: Yes

Budget required: Nil – this can be incorporated into existing work

Likely impact on the climate emergency declaration: Positive

Recommendation 3: Increase the activities undertaken to encourage residents to opt for active modes of transport including robust evaluation and monitoring.

The Group recognises the extensive work already undertaken by the Travelchoice team with the support of the Cambridgeshire and Peterborough Combined Authority but recognises the current resource limitations of the team's work.

The Group would like to increase the FTE in the team from two to three because the overwhelming evidence received by this working group suggests that any action that can be taken to reduce the use of motorised vehicles will have a positive effect on air quality and health. The Group would specifically like to see Travelchoice increase the number of 'schools streets' initiatives that take place annually. In order to achieve this the Group recommends that the Council seeks additional funding from the Cambridgeshire and Peterborough Combined Authority.

The group recommends that the Cabinet and/or the Combined Authority investigate the feasibility of exercising the power under the Transport Act (1998) to introduce a workplace parking levy as a means of discouraging car use.

Effect on reducing NOx and PM 10 emissions (low, medium, high): (Broad scope range from High to Low)	Reduces PM2.5 emissions: Yes	Budget required: £32k
---	-------------------------------------	------------------------------

Likely impact on the climate emergency declaration: Positive

Recommendation 4: Identify the feasibility of introducing a new policy to ensure that all taxi and private hire vehicles use alternative low emissions fuels only by 2030.

The group recognises the steps that have been undertaken to date to support the taxi and private hire vehicle federations to improve their fleets.

The group, however, would like to commission the relevant officer within the council to ascertain the feasibility of introducing a policy whereby all vehicles are mandated to use alternative fuels only by 2030. The Group would like officers to explore ways in which this work could be achieved within existing resources and if this proves unsuccessful seek capacity funding from future budget setting rounds.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Medium	Reduces PM2.5 emissions: Yes	Budget required: £30k
---	-------------------------------------	------------------------------

Likely impact on the climate emergency declaration: Positive

Recommendation 5: Work in partnership with the Cambridgeshire and Peterborough Combined Authority (CPCA) to develop a Mass Rapid Transit (MRT) proposal for the city.

The Group recognise that work has already commenced to investigate the feasibility MRT and request that the CPCA recognise the benefits of MRT on air quality and prioritise bringing forward a suitable scheme for Peterborough.

Effect on reducing NOx and PM 10 emissions (low, medium, high): Medium	Reduces PM2.5 emissions: Yes	Budget required: Nil – this can be incorporated into existing work
---	-------------------------------------	---

Likely impact on the climate emergency declaration: Positive

Recommendation 6: Support local businesses to make the investment necessary to encourage the transition to active modes of travel and alternatively fuelled vehicles.

<p>The group recognises the steps that have been undertaken to offer business grants to local firms with the aim of supporting staff to adopt active travel methods. However, the group also recognises that these grants are not always taken up and as such would like to recommend that details of the grants are shared with Councillors so that uptake can be encouraged via direct contact with local businesses.</p>		
<p>Effect on reducing NOx and PM 10 emissions (low, medium, high): Low</p>	<p>Reduces PM2.5 emissions: Yes</p>	<p>Budget required: Nil – this can be incorporated into existing work</p>
<p>Likely impact on the climate emergency declaration: Positive</p>		

<p>Recommendation 7: Identify opportunities to install or maximise the benefits of green infrastructure to provide barriers between people and emissions.</p>		
<p>The Group recognises that in specific situations green infrastructure, in particular trees and hedges, not only have an intrinsic value but can provide small improvements to air quality by absorption of pollutants into their leaves and also create an effective barrier to reduce exposure to air pollution.</p> <p>The Group recommends:</p> <ul style="list-style-type: none"> • Further development of the Integrated Transport Programme of capital works to identify any opportunities to utilise green infrastructure. • At the next opportunity to review LP29 (Local Planning Policy) (Trees and Woodland) officers should further develop this policy to ensure opportunities to utilise green infrastructure to improve air quality are maximised. • Prior to any changes to LP29 when considering planning applications officers to consider maximising the use of green infrastructure to achieve air quality benefits. • (NB this measure has been scored based upon the Public Health England Document Review of Interventions to Improve Outdoor Air Quality). 		
<p>Effect on reducing NOx and PM 10 emissions (low, medium, high): *potentially (location dependant)</p>	<p>Reduces PM2.5 emissions: Unknown</p>	<p>Budget required: Nil – this can be incorporated into existing work</p>
<p>Likely impact on the climate emergency declaration: Positive</p>		

<p>Recommendation 8: Explore opportunities for further pedestrianisation in all future public realm works.</p>		
<p>The Group recognise that in the future the Council will undertake public realm improvement works. Due to the positive links between active travel and air quality, the group recommends</p>		

that ease of access including pedestrianisation is considered at the outset of future development, ensuring that all users' needs are considered.

Effect on reducing NOx and PM 10 emissions (low, medium, high): low	Reduces PM2.5 emissions: yes	Budget required: Nil – this can be incorporated into existing work
--	-------------------------------------	---

Likely impact on the climate emergency declaration: Positive

Recommendation 9: Work in partnership with Fenland District Council to evidence the basis for revocation of AQMA No1.

The Group recognises that there have been no measured exceedances of the SO₂ objective levels in Peterborough since AQMA No1 was declared (April 2007). Where pollutant concentrations are consistently below the objective levels local authorities can apply to revoke an AQMA (LAQM-TG16-February-18-v1).

The Group recommends that Officers work in partnership with Fenland District Council to gather evidence to apply to DEFRA to revoke the AQMA No1.

Effect on reducing NOx and PM 10 emissions (low, medium, high): NA	Reduces PM2.5 emissions: NA	Budget required: Nil – this can be incorporated into existing work
---	------------------------------------	---

Likely impact on the climate emergency declaration: None

11. FINANCIAL IMPLICATIONS

It is recognised that the Council is already undertaking a number of activities that have a positive impact on air quality across the city. However, the group is also aware that the rate at which Peterborough is growing, alongside the recognition that any improvement in air quality is likely to have positive impacts on health, means that there is clear evidence that further investment should be made to improve air quality.

The majority of the recommendations detailed in section nine above have no additional resource implications for the Council and can be delivered within existing resources. Two of the recommendations will involve additional investment amounting to £67k annually. However, officers are in the process of exploring the feasibility of seeking additional external funding and/or delivering the recommendations within existing resources. As such these recommendations will not result in a budget pressure at this stage. It is recommended that this is revisited in six months' time and a capacity bid developed if no alternative sources of funding are forthcoming

In addition to the financial implications detailed above the Group recommends that officers continue to seek sources of alternative funding as and when opportunities arise.

12. LEGAL IMPLICATIONS

In Peterborough there are no exceedances of relevant National Air Quality Objectives, which the Council reports on annually. The Council is currently full filling its legal obligations in relation to air quality. The recommendations proposed in this report will further strengthen the Council's position but are not legally required.

13. REFERENCES

AQEG (2018) Air Quality Expert Group report to DEFRA and the devolved authorities, 'Impacts of Vegetation on Urban Air Pollution', https://uk-air.defra.gov.uk/assets/documents/reports/cat09/1807251306_180509_Effects_of_vegetation_on_urban_air_pollution_v12_final.pdf (Accessed 28th November, 2019).

DEFRA (July 2007) Air Quality Strategy for England, Scotland, Wales, and Northern Ireland [Online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69336/pb12654-air-quality-strategy-vol1-070712.pdf (Accessed on: 20 November 2019).

Department for Environment and Rural Affairs (February 2019): Clean Air Strategy 2019 [Online]: Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/770715/clean-air-strategy-2019.pdf (Accessed on: 18 November 2019).

Department for Environment and Rural Affairs (February 2018): Local Air Quality Management Technical Guidance (TG16) [Online]: Available at: <https://laqm.defra.gov.uk/documents/LAQM-TG16-February-18-v1.pdf> (Accessed on: 16 October 2019).

EPUK & IAQM (2017) Land-Use Planning & Development Control: Planning for Air Quality [Online] Available at <http://www.iaqm.co.uk/text/guidance/air-quality-planning-guidance.pdf> (Accessed on: 29 November 2019).

GLA (2019) Greater London Authority, 'Using Green Infrastructure to Protect People from Air Pollution', <https://www.london.gov.uk/WHAT-WE-DO/environment/environment-publications/using-green-infrastructure-protect-people-air-pollution> (Accessed on: 28th November, 2019).

House of Commons, Briefing Paper CBP8195 (21 May 2019) Brexit and air quality [Online] Available at: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8195#fullreport> (Accessed on: 20 November 2018).

Public Health England Outcomes Framework [Online] Available at: <https://fingertips.phe.org.uk/profile/public-health-outcomes-framework/data#page/0/gid/1000043/pat/6/par/E12000006/ati/101/are/E06000031/iid/30101/age/230/sex/4> (Accessed on: 27 November 2019).

Public Health England (March 2018): Review of interventions to improve outdoor air quality and public health [Online: Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/795185/Review_of_interventions_to_improve_air_quality.pdf] (Accessed on: 16 October 2019).

14. GLOSSARY

Abbreviation	Description
AQAP	Air Quality Action Plan - A detailed description of measures, outcomes, achievement dates and implementation methods, showing how the local authority intends to achieve air quality limit values.
AQMA	Air Quality Management Area – An area where air pollutant concentrations exceed / are likely to exceed the relevant air quality objectives. AQMAs are declared for specific pollutants and objectives.
ASR	Annual Status Report - the annual air quality report submitted to DEFRA.
CO ₂	Carbon Dioxide.
COMEAP	Committee on the Medical Effects of Air Pollutants.
DEFRA	Department for Environment, Food and Rural Affairs.
DMRB	Design Manual for Roads and Bridges – Air quality screening tool produced by Highways England.
EU	European Union.
EV	Electric Vehicle.
IED	Industrial Emissions Directive.
LAQM	Local Air Quality Management.
LCWIPs	Local Cycling and Walking Infrastructure Plans.
LTP	Local Transport Plan.
NO ₂	Nitrogen Dioxide.
NO _x	Nitrogen Oxides.
O ₃	Ozone.
PECT	Peterborough Environment City Trust.
PM ₁₀	Airborne particulate matter with an aerodynamic diameter of 10µm (micrometres or microns) or less.
PM _{2.5}	Airborne particulate matter with an aerodynamic diameter of 2.5µm or less.
SO ₂	Sulphur Dioxide.
UKAS	United Kingdom Accreditation Service.

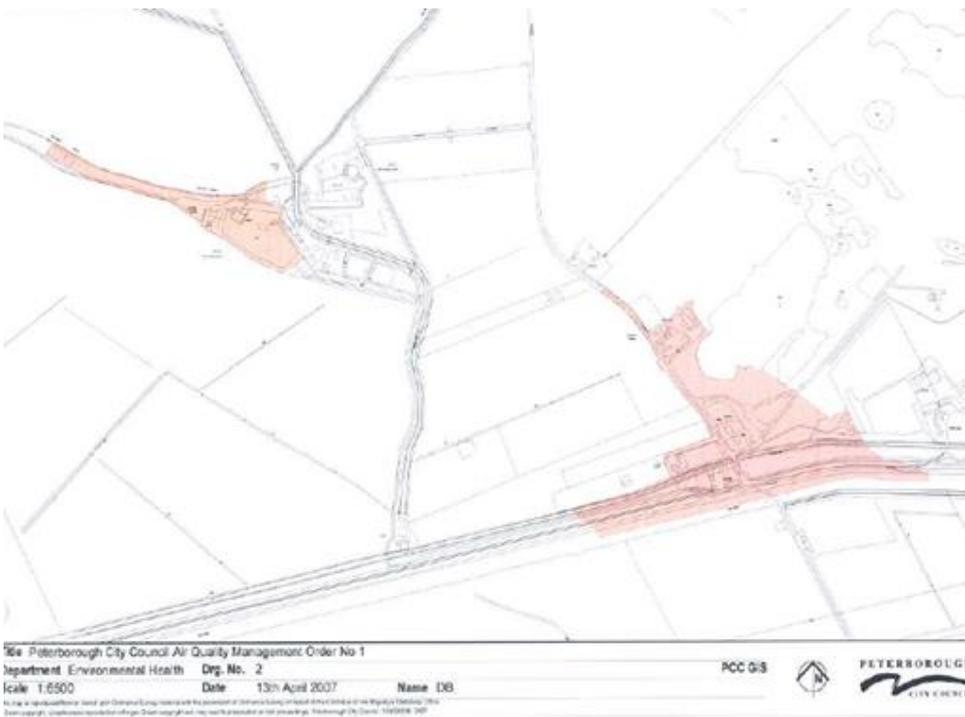
ULEV	Ultra-Low Emission Vehicles.
VOC	Volatile Organic Compound.

14. APPENDICES

Appendix A: Peterborough Diffusion Tube Monitoring Locations October 2019



Appendix B: Air Quality Management Area (AQMA No1)



Appendix C: Activity in other cities.

The following section provides an overview of some of the work undertaken in other authorities:

Nottingham City Council: In July 2017 DEFRA and the Department for Transport (DfT) jointly released the “UK Plan for Tackling Roadside Nitrogen Dioxide Emissions”. This plan named Nottingham and a number of other Local Authorities areas as having persistently high levels of Nitrogen Dioxide. The Secretary of State for Environment directed that Nottingham City Council produce a local plan to show how compliance with the air quality directive will be reached before 2020. Nottingham City Council have committed to a number of actions including:

- Developing an integrated public transport system - The Council recognises that public transport is a major part of the solution to poor air quality and therefore has developed a comprehensive strategy to improve the public transport offering to citizens and businesses. For the last 15 years Nottingham City Council has been developing an integrated public transport system, in partnership with local operators, which offers a viable and high-quality alternative to car travel. The bus and tram network has grown from 67 million (2004) and currently carries over 78 million passenger journeys annually.
- Supporting the uptake of EV charging - Nottingham City Council was successful in its bid for over £6m to help fund a range of innovative measures that will deliver the uptake of an additional 8,000 ULEVs on their roads by 2020.
- Hackney carriages - The Council has adopted a target to ensure that every Hackney Carriage in Nottingham should be an ultra-low emission vehicle (ULEV) by 2025, with at least 40% of the fleet an ULEV by 2020.
- Cycle ambition programme - The City Council secured £6.1m through the Local Enterprise Partnership to kick-start an overhaul of Nottingham's cycling facilities. The aim of the programme has been to increase the number of people cycling on a regular basis by 10% by 2025. To do that the City Council has built a series of cycle routes, with four main cycle corridors into the city centre, these have achieved high quality routes based on Transport for London best practice and segregated from traffic where possible. The development of a high-quality city centre cycle hire facility is also an important component of this strategy.
- Behaviour change - Nottingham City Council was recently successful in winning £2.7m funding from the DfT's Access Fund to deliver a programme of

behaviour change activities working with households and businesses to promote sustainable travel options to improve air quality, including support for cycling.

- The Clear Zone - encompasses a number of restrictions that prevent general traffic from accessing the largely pedestrianised central core of the City Centre, though special access permits are issued by the Council to allow loading and unloading between 10am and 4.30pm.
- Workplace parking levy - Major aspect of Nottingham City Council's Approach to promoting sustainable transport is the Workplace Parking Levy (WPL). The WPL scheme is a congestion charge designed to encourage employers to reduce the number of free workplace parking places they provide to staff and switch to alternative modes of transport. The scheme is largely administrative with employers managing their own account online. Since charging began in 2012 over £44 million of revenue has been generated with 100% compliance from liable employers, and over 99.9% of potential revenue has been collected. The WPL team operates at less than 5% of revenue cost, and their prevailing ethos is about achieving compliance rather than taking enforcement action.
- Clean Bus Technology Fund - Nottingham City Council sees public transport as part of the solution to tackling poor air quality in the city. Historic investment our bus fleet means that Nottingham City Transport (NCT) has a relatively modern fleet of mainly Euro 5 diesel buses, the oldest of which is just over 7 years. Nottingham has set ambitious targets of having one of the least polluting bus fleets in the country. The city council saw retrofitting NCT's fleet of Euro 5 buses as a way of achieving this. In 2017 The City Council applied for £2.7m from the Clean Bus Technology Fund. The fund would enable the retrofit of a 161 Euro V buses to Euro VI standard by NCT (in addition 5 Euro III training vehicles would also be retrofitted to Euro VI standard) and 5 Vehicle Euro V vehicles operated on our contracted Locallink service would be retrofitted to Euro VI standard.

Full details of activity in Nottingham can be found here:
<https://www.transportnottingham.com/policies/air-quality/>

Leicester City Council: Leicester exceeds statutory guidelines of 40µg/m³ for nitrogen dioxide (NO₂) in several areas of the city. The majority of this pollution comes from road traffic emissions along major routes into the city (there are over 29,000 daily car commuters into the city in 2014, with the average commuted distance being six miles) and in the city centre. As such the majority of actions relate to road traffic as follows:

- To lobby and work with central government to introduce national measures to progressively reduce polluting emissions from diesel vehicles, for example through fiscal regimes and disseminating national initiatives locally, such as promoting the uptake of low emissions vehicles.
- To introduce a low emission zone focussed initially on buses using Haymarket bus station and St Margarets bus station, by 2017, and to work towards an ultra-low emission zone (ULEZ) for all vehicles over the period to 2026, or sooner if possible.
- To work with bus, freight, rail and taxi transport sectors to reduce their environmental impact.
- To increase the uptake of ultra-low emission vehicles by residents and business.
- To progressively reduce emissions by 50% by 2025 from the council's fleet operations.
- To implement a sustainable procurement guide in 2016.
- To deliver a phase ii 'connecting Leicester' initiative by 2019 encouraging walking and cycling.
- To increase the uptake of more sustainable transport options.
- To increase the number of public transport trips.
- To deliver our Leicester cycle action plan (2014 – 2024) and integrate walking initiatives.
- To optimise our highway network.
- To deliver a programme of 20mph zones.
- To deliver a parking improvement programme.
- To ensure air quality considerations are embedded into the new local plan to be adopted in 2017.
- Using trees and plants to reduce air pollution

Full details of activity in Leicester can be found here:

<https://www.leicester.gov.uk/media/180653/air-quality-action-plan.pdf>

Bristol City Council: Due to forecast air quality exceedances Bristol City Council has been directed by the Minister to produce a Clean Air Plan to achieve air quality improvements in the shortest possible time. In line with Government guidance, as part of the Plan Bristol City Council is considering implementation of a Clean Air Zone (CAZ), including both charging and non- charging measures. CH2M has been commissioned by Bristol City Council (BCC) to produce a Strategic Outline Case for the delivery of a package of measures which will bring

about compliance with the Limit Value for annual mean nitrogen dioxide in the shortest time possible in Bristol.

In June 2019 Bristol's Cabinet approved consultation on two options derived from the work done in the strategic outline case. Consultation runs from July 2019 to mid-August 2019 and further information on the options will be available following this.

Full details of activity in Bristol can be found here: https://www.cleanairforbristol.org/wp-content/uploads/2018/05/Strategic-Outline-Case_BCC_Final_05.04.18.pdf

Further information on this review is available from:

Democratic Services Team
Governance Directorate
Town Hall
Bridge Street
Peterborough
PE1 1HG

Telephone – (01733) 747474

Email – scrutiny@peterborough.gov.uk

This page is intentionally left blank

CABINET	AGENDA ITEM No. 5
13 JANUARY 2020	PUBLIC REPORT

Report of:	Peter Carpenter, Acting Corporate Director Resources	
Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Bruce Bainbridge, Finance Manager	Tel. 384583

COUNCIL TAXBASE 2020/21 and COLLECTION FUND DECLARATION 2019/20

R E C O M M E N D A T I O N S	
FROM: Corporate Director Resources	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Propose the calculation of the Council Tax Base for 2020/21 set at a level of 59,093.47 Band D equivalent properties based on the existing council tax support scheme updated to 32%; 2. Note the estimated position on the Collection Fund in respect of Council Tax as at 31 March 2020 being: <div style="text-align: right; padding-right: 100px;">£0.556m surplus</div> 3. Note the estimated position on the Collection Fund in respect of Business Rates as at 31 March 2020 being: <div style="text-align: right; padding-right: 100px;">£1.960m surplus</div> 4. Delegate to the Acting Corporate Director Resources authority for approving the final estimated position on the collection fund balance as at 31st March 2020 for both council tax and business rates. 	

1. ORIGIN OF REPORT

1.1 This report forms part of the preparation for setting the council's budget. It needs to be considered so that figures for the tax base and the Collection Fund balances for both council tax and business rates can be used in setting the council's overall budget and Council Tax and can be notified to other affected authorities within the statutory deadlines for the same purpose.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is before Cabinet to consider under its delegated function 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'.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	13 January 2020
Date for relevant Council meeting	15 January 2020	Date for submission to Government Dept.	31 January 2020 and 13 March 2020

4. BACKGROUND AND KEY ISSUES

Council Tax Base Calculation 2020/21 (Appendix A)

- 4.1 The Council Tax Base calculation is part of the budget process. The gross tax base for 2020/21 is estimated at 65,480.58 Band D equivalents. This is reduced by 1.5% to allow any in year variation from the estimates (e.g. for properties not being built or occupied, additional discounts being available or for losses on collection), to give a net council tax base of 64,502.34, which is 1.7% more than the equivalent tax base for 2019/20 of 63,435.83.
- 4.2 A further reduction to the taxbase to reflect the changes to the funding of council tax benefits which came into effect for the first time in 2013/14 is necessary. The proposed tax base for 2020/21 has therefore reduced to 59,093.47 which compares to 57,555.25 for 2019/20.
- 4.3 The figure of 59,093.47 Band D equivalents reflects the best estimate, based on the latest factual position on the current council tax support scheme of 31%, adjusted to 32% as agreed by Cabinet in February 2019 which becomes effective in 2020/21.

Collection Fund

- 4.4 The collection fund is split into two sections; in respect of council tax and business rates and has separate calculations of the surplus/deficit at the year end. This is because prior to 2013/14 the total amount of business rates was transferred to the government whereas under the new system it is shared between the Council, the Fire Authority and the Government.
- 4.5 The collection fund as at 31 March 2020 in respect of council tax has been estimated to be in surplus by £0.556m from residential property growth and the impact of measures following the localisation of council tax support from 2013/14 and therefore will be shared between the Council, the Police and the Fire authority in proportion to the band D council tax levels.
- 4.6 The collection fund surplus at 31st March 2020 in respect of business rates has been estimated at £1.960m. The values are based on information as at 30th November and will be updated to December figures prior to submission of the National Non-Domestic Rates (NNDR1) form to be submitted to government by 31 January 2020. The NNDR1 form is used to inform the government and other relevant authorities of both the collection fund balance and the following year's business rate income. The surplus will be shared between the parties in the following proportions, Government 50%, Peterborough city council 49%, Cambridgeshire fire authority 1%.
- 4.7 Following the introduction of the new business rates system in April 2013 the Police and crime commissioner does not receive any business rates income but receives alternative funding directly from government.
- 4.8 The relevant share of both elements of the collection fund surplus/deficit calculation is used by each of the relevant bodies in setting its budget for the following year. The figures in this report are provided for information as the Acting Corporate Director of Resources will make the formal calculation for council tax on 15 January 2020 and notify the relevant bodies at that time and will return the final NNDR1 form by 31 January 2020.

5. CONSULTATION

- 5.1 Consultation is not required in making the calculations referred to in this report, however the council are in contact with the Police and Fire authority during the budget setting process.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That Cabinet proposes the calculation of the Council Tax Base, notes the position on the collection fund for both the Council Tax and Business Rates and delegates the final calculation of these balances to the Acting Corporate Director of Resources.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Council Tax Base could be set at a higher or lower level. However, this could have the effect of either inflating unnecessarily the amount of Council Tax to be set or setting the tax at a level insufficient to meet the Council's budget requirements. A similar position could arise if the surplus or deficit were set at a higher or lower level.
- 7.2 The calculation and return of the information included in the NNDR1 is a statutory requirement which can be formally delegated to an officer. As with council tax if the amount of business rates estimated to be collected is increased or reduced or the surplus or deficit is set at a higher or lower level then the amount of income available to the council will change with the consequent effect on service provision or council tax levels.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 This report covers calculations that are all prescribed by regulations with the effect that no other options need to be considered.

9. IMPLICATIONS

Financial Implications

- 9.1 The report recommendations feed into the budget process for 2020/21 by providing the basis of the calculation of Council tax income and the estimated surplus or deficit on the collection fund.

Legal Implications

- 9.2 In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 the Council Tax base for the authority must be agreed and notified to major precepting bodies before the 31 January 2020. The proposals set out in this report will facilitate compliance with that requirement.

Equalities Implications

- 9.3 There are no equalities implications arising from the recommendations in the report.

Carbon Impact Assessment

- 9.4 This is a statutory report setting the Council Tax base for 2020/21 and determining the estimated surplus or deficit on the Collection Fund for 2019/20 and has no impact on Carbon related issues.

10. BACKGROUND DOCUMENTS

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

- 10.1 Local Government Finance Act 1988
Local Government Finance Act 1992

Local authority (Funds) (England) Regulations 1992
Local Government Act 2003
The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012
The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.
Council Tax Banding List
The Non-Domestic Rating (Rates Retention) Regulations 2013

11. APPENDICES

11.1 Appendix A - Council Tax base for tax setting purposes 2020/21

PETERBOROUGH CITY COUNCIL

COUNCIL TAX BASE FOR TAX SETTING PURPOSES 2020/21

Appendix A

Parish Council	Number of Properties on Valuation List in Bands									TAXBASE		FINAL
	A	B	C	D	E	F	G	H	TOTAL	GROSS	NET	TAXBASE
Ailsworth	10	22	96	42	49	33	8	0	260	252.61	248.82	242.55
Bainton	9	8	9	28	22	19	37	1	133	157.06	154.70	153.78
Barnack	76	120	37	99	88	45	44	1	510	499.73	492.23	465.03
Bretton	3,971	655	298	286	197	136	19	1	5,563	3,771.17	3,714.60	3,253.88
Castor	53	104	31	58	47	47	36	19	395	392.36	386.48	364.01
City (non-parished)	24,361	15,711	10,150	4,438	1,656	617	268	17	57,218	41,162.48	40,545.04	36,782.50
Deeping Gate	1	21	32	49	47	43	17	0	210	225.12	221.75	217.18
Etton	4	18	8	13	2	8	5	0	58	56.11	55.27	53.50
Eye	795	462	606	266	136	43	13	0	2,321	1,774.72	1,748.10	1,607.77
Glington	131	148	112	97	103	66	47	1	705	651.95	642.17	617.74
Hampton	497	1,126	941	1,402	832	90	14	2	4,904	4,230.70	4,167.24	3,950.77
Helpston	26	117	92	79	122	35	28	0	499	484.80	477.53	466.56
Marholm	1	20	9	13	13	10	10	1	77	78.06	76.88	74.89
Maxey	29	46	38	39	52	58	48	0	310	334.19	329.18	319.71
Newborough & Borough Fen	157	168	275	130	56	32	9	0	827	687.28	676.97	648.94
Northborough	39	176	154	85	71	44	14	1	584	524.17	516.30	502.19
Orton Longueville	2,348	1,307	513	349	222	109	77	3	4,928	3,575.61	3,521.98	3,186.83
Orton Waterville	1,756	825	743	590	599	245	77	2	4,837	3,867.72	3,809.71	3,568.86
Peakirk	17	30	34	43	22	37	10	0	193	194.47	191.56	188.24
Southorpe	2	0	6	9	13	14	15	1	60	77.06	75.91	75.91
St Martins Without	1	3	2	4	0	2	3	2	17	20.28	19.97	19.97
Sutton	0	0	0	6	7	21	14	3	51	70.89	69.83	69.83
Thorney	267	436	173	141	72	61	29	0	1,179	955.61	941.28	881.63
Thornhaugh	3	21	15	9	17	10	13	2	90	94.08	92.67	90.02
Ufford	16	4	7	8	17	33	25	3	113	136.33	134.29	131.47
Upton	0	14	0	4	2	3	2	0	25	23.69	23.34	22.57
Wansford	7	28	30	28	36	56	43	0	228	258.11	254.24	249.03
Wittering	778	259	66	32	5	6	4	4	1,154	738.96	731.84	705.86
Wothorpe	2	4	17	21	16	19	53	9	141	185.25	182.47	182.26
Totals	35,357	21,853	14,494	8,368	4,521	1,942	982	73	87,590	65,480.58	64,502.34	59,093.47
2019/20	34,878	21,086	14,345	8,282	4,444	1,929	964	70	85,998	64,397.42	63,435.83	57,555.25

CABINET	AGENDA ITEM No. 6
13 JANUARY 2020	PUBLIC REPORT

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

ASSET INVESTMENT ACQUISITION STRATEGY AND ASSET MANAGEMENT PLAN

RECOMMENDATIONS	
FROM: Peter Carpenter, Acting Corporate Director: Resources	Deadline date: Cabinet 24 February 2020
Cabinet is asked to:	
1. To review the Asset Acquisition and Asset Management Plan before they are approved as part of the Medium Term Financial Strategy (MTFS) at Full Council in March 2020.	

1. ORIGIN OF REPORT

- 1.1 The Acting Corporate Director of Resources is responsible for the update of these plans and their inclusion each year in the Medium Term Financial Strategy (MTFS).

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Asset Investment Acquisition Strategy and Asset Management Plan set out how the Council ensures its assets are properly maintained and the rules by which the Council can purchase assets in the future. These strategies are updated on a yearly basis as part of the Medium Term Financial Strategy (MTFS). This report gives Cabinet the time to comment on the draft updates to be included in the 2020/21 MTFS papers.
- 2.2 This is in accordance with Cabinet's Terms of Reference – 3.2.1 To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.
- 2.3 This report sets out how the Council will maintain its existing assets and purchase new assets in order to fulfil service and corporate and service objectives.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	24 February 2020
Date for relevant Council meeting	4 March 2020	Date for submission to Government Dept. <i>(Please specify which Government Dept.)</i>	

4. BACKGROUND AND KEY ISSUES

4.1 The Asset Acquisition Strategy and Asset Management plans set out how the Council ensures its assets are properly maintained and the rules by which the Council can purchase assets in the future.

4.2 These strategies are updated on a yearly basis as part of the Medium Term Financial Strategy (MTFS). This report gives cabinet the time to comment on the draft updates to be included in the 2020/21 MTFS papers. These plans will also be considered by Audit Committee on the 27 January 2020.

4.3 There have been no significant changes in legislation since last year where changes were made in terms of how Councils can purchase assets following the significant resources that have been invested in Property by a number of Councils. The acquisition paper takes account of the latest government guidance.

4.4 Asset Management Plan (AMP)

4.4.1 Peterborough City Council has a continued commitment to creating vibrant local communities with a strong local economy and good provision of infrastructure, housing and employment. Buildings are important in creating a sense of place and the property assets which the council owns make a contribution to creating sustainable communities within Peterborough. This presents the Council with the challenge of reviewing its property portfolio to ensure that it is optimised in terms of its resources and so that it can contribute to community needs and the Council's budget. The AMP describes the Council's asset management policy and practice.

4.4.2 The AMP identifies the key strategic policy and resource influences affecting the Council and sets parameters for asset management over the medium term. The plan has a five year horizon with annual reporting on progress.

4.4.3 The AMP defines how the Council:

- Integrates property decisions with wider Council policy;
- Enhances the financial value from its property holdings;
- Maintains and improves its assets;
- Drives efficiencies within the portfolio;
- Supports the Council's aspirations as an environmental city;
- Listens and responds to its residents' evolving needs.

4.4.4 The Council owns a diverse property portfolio. These properties are:

- Operational – those supporting direct service provision;
- Investment – those producing a positive financial return;
- Surplus – property no longer used in service provision which are sublet or vacant;
- Strategic land or property with growth and regeneration potential.

4.4.5 This diverse property estate is spread throughout its administrative area. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility and is predominantly freehold. The broad dimensions of the portfolio are:

- The portfolio comprises 1,741 land and property assets;
- £3.8m rent generated per annum;
- Is worth £425.5m in terms of book value (this excludes the asset categories: infrastructure assets; vehicles, plant and equipment; asset under construction);
- Incurs running costs of £18.8m per annum;

4.4.6 The AMP includes within its appendices further detail on:

- Appendix A - Asset Management Policies and Partnerships
- Appendix B – Service Strategies and Portfolio Implications
- Appendix C – Consistency with Best Practice, Key Themes and Requirements
- Appendix D – A summary of the present Property Portfolio

4.5 **Asset Investment Acquisition Strategy**

- 4.5.1 The Asset Investment Acquisition Strategy is updated to take account of both:
- the changes to legislation around how and where Councils can invest funds in Property, and,
 - ensuring there is a framework within which commercial investment decisions can be made quickly - as long as investment rules are adhered to.

- 4.5.2 The Strategy sets out the rationale of Property as an investment class including:
- Defining Property as an asset class;
 - Setting out different approaches to property investments;
 - Setting out the differences between Investment and Strategic decisions;
 - Setting out the relationship between risk and return.

An overall context is given to this asset class including the national and local market outlooks.

- 4.5.3 The requirements of an effective property portfolio is then set out including:
- Operating principles and governance arrangements;
 - Day to day management (including performance measures);
 - Acquisition, Review & Disposal Criteria.

- 4.5.4 This framework gives the council the rules within which it can look to acquire property as part of commercial and operational requirements as well as the Governance arrangements required to ensure these decisions can be made quickly.

5. **CONSULTATION**

- 5.1 These plans will undergo a full consultation via the scrutiny process as it forms part of the Annual MTFS.

6. **ANTICIPATED OUTCOMES OR IMPACT**

- 6.1 As set out in the report.

7. **REASON FOR THE RECOMMENDATION**

- 7.1 This report and Strategy are presented to the Cabinet to provide the opportunity to review the approach being applied in the Asset Acquisition Strategy and Asset Management plans in advance of it being presented to Full Council in March 2020. In addition on the 27th January 2020, in line with best practice, it is presented to Audit Committee to consider these strategies prior to full approval by Council.

8. **ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 These strategies have to be updated on a yearly basis. This report is part of that update process.

9. **IMPLICATIONS**

Financial Implications

- 9.1 The assumptions as contained in this strategy have been used to inform the Capital Financing budget as contained and detailed in the MTFS.

The financial implications from these plans feed into:

- The 5 Year Capital Programme
- The asset disposal programme
- The asset acquisition programme

Legal Implications

9.2 There is the requirement to publish these reports and run them through the full scrutiny process on a yearly basis.

Equalities Implications

9.3 The Council's property strategy includes equalities access and associated legislative requirements.

10. BACKGROUND DOCUMENTS

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

- 10.1
- 2018/19 Asset Management Plan
 - 2018/19 Asset Acquisition Strategy
 - 2019/20 Asset Management Plan
 - 2019/20 Asset Acquisition Strategy

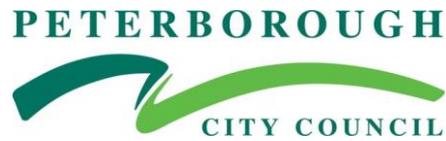
11. APPENDICES

- 11.1
- Appendix 1 - 2020/21 Asset Management Plan
 - Appendix 2 - 2020/21 Investment Acquisition Strategy

Peterborough City Council

Asset Management Plan

January 2020



Contents

	Page
Foreword	2
Executive Summary	2
1.0 Introduction	3
1.1 Purpose & Scope of AMP	3
1.2 Overview of the Portfolio	3
1.3 Links to Other Plans	3
2.0 Strategic Context & Direction	4
2.1 Influences for Change	4
2.2 Council & Service Priorities	5
2.3 Service Strategies & Partnerships	6
2.4 Resource Context	7
2.5 Challenges in the Portfolio	7
2.6 Strategic Direction	7
2.7 Making it Happen – A Framework for Action	9
3.0 Asset Management Policy & Practice	10
3.1 Organisational Arrangements	10
3.2 Governance & Decision Making	11
3.3 Consistency with ‘Best Practice’	11
3.4 Supporting Policies & Procedures	11
4.0 The Property Portfolio	12
4.1 Summary Dimensions of the Portfolio	12
4.2 Tenure & Use	12
4.3 Condition & Fitness for Purpose	12
4.4 Value, Cost & Income	13
4.5 Sustainability & Energy	13
4.6 Statutory Compliance	13
5.0 Performance & Monitoring	14
5.1 Measurements of Portfolio Performance	14
5.2 Review Arrangements	14
6.0 Appendices	15

Foreword

Peterborough City Council has a continued commitment to creating vibrant local communities with a strong local economy and good provision of infrastructure, housing and employment. Buildings are important in creating a sense of place and the property assets which the council owns make a contribution to creating sustainable communities within Peterborough. This presents the Council with the challenge of reviewing its property portfolio to ensure that it is optimised in terms of its resources and so that it can contribute to community needs and the Council's budget. This document describes the Council's asset management policy and practice.

Executive Summary

The current operating context for public services is challenging and those challenges are exacerbated by demographic changes and financial pressures due to diminishing central government funding. Peterborough is a rapidly growing city which puts pressure on demand for housing, infrastructure, employment opportunities and council services.

The Council has a vision for a bigger and better Peterborough – for improving quality of life in its communities and creating a sustainable thriving place to live, work and visit. It also has aspirations to be the environmental capital of the UK. Accordingly, the asset management plan must have a continued focus on using property to support growth, inward investment and financial security whilst having a positive impact on the environment.

The Council and their joint venture partners need to be clear about their objectives for operational, investment, surplus and strategic assets. Any deficiency in resources required to manage the portfolio needs to be identified.

There should be a financial assessment of surplus assets to ensure that they are making contribution either from a financial or community perspective. Where they are not, the Council can consider refurbishment, redevelopment or disposal. Buildings need to be reviewed to understand whether operational costs can be mitigated. In some cases there will be synergies between environmental objectives and cost reduction. Efficient use of services such as sharing buildings between Council services should be considered. Efficient asset management can help to optimise property's contribution to the revenue budget and meet the Council's growth and regeneration priorities.

1 Introduction

1.1 Purpose & Scope of AMP

This Asset Management Plan (AMP) identifies the key strategic policy and resource influences affecting the Council and sets parameters for asset management over the medium term. The plan has a 5-year horizon with annual reporting on progress.

The AMP is to define how the Council:

- Integrates property decisions with wider Council policy
- Enhances the financial value from its property holdings
- Maintains and improves its assets
- Drives efficiencies within the portfolio
- Supports the Council's aspirations as an environmental city
- Listens and responds to its residents' evolving needs

1.2 Overview of the Portfolio

The Council owns a diverse property portfolio. These properties are:

- Operational – those supporting direct service provision
- Investment – those producing a positive financial return
- Surplus – property no longer used in service provision which are sublet or vacant
- Strategic land or property with growth and regeneration potential

1.3 Links to Other Plans

The AMP is aligned with a number of wider supporting policies, corporate and service strategies which are listed in appendix A.

2 Strategic Context & Direction

2.1 Influences for Change

National

At a national level there is a drive to promote sustainable communities and an aspiration to create vibrant, attractive places to live and work. Current policy has a strong emphasis upon encouraging community participation and place-shaping with a view to the Council and community working together to improve the character of an area.

The government's localism agenda has a focus on decentralisation – moving resources and decision-making towards individuals, communities and councils. Voluntary groups, social enterprises and parish councils now have a 'community right' to challenge local authorities over their services. New rights mean communities can ask councils to list certain assets as being of value to the community. Where a listed asset comes up for sale, communities have the right to bid for it.

Under Community Asset Transfer (CAT) initiatives there is also potential for the transfer of management, sometimes ownership of council property to community organisations in order to achieve a social, economic or environmental benefit.

There is a strong drive for partnership working - a policy exemplified by the One Public Estate (OPE) initiative. OPE is an established national programme coordinated by the Cabinet Office and the Local Government Association. Its objective is to encourage public sector partnerships and a strategic approach to asset management. By bringing national and local government together and supplying the necessary expertise, OPE has been able to achieve tangible results and is now working with over 300 councils. Their main aims and outcomes have been:

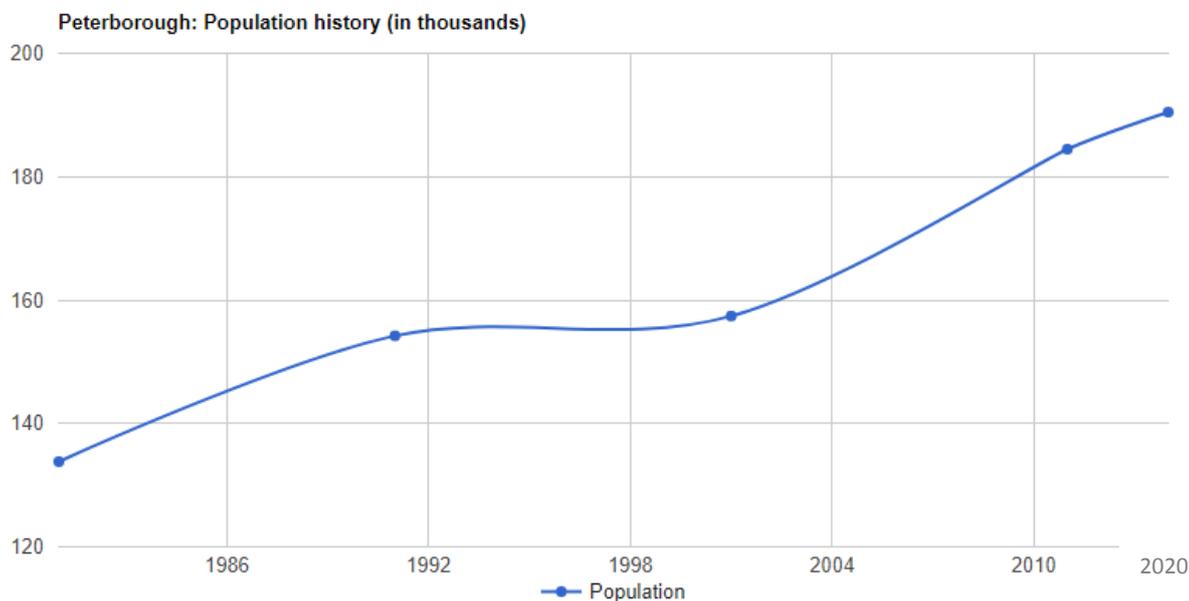
- Driving local growth and job creation
- Creating efficiencies and reducing cost
- Releasing capital to reinvest in communities
- Sharing best practice in asset management
- Using dedicated local teams to work on specific projects
- Freeing up sites to promote the building of new homes

Regional

Under the government's devolution agenda, the Cambridgeshire & Peterborough Combined Authority was created in March 2017; the Combined Authority has a directly elected mayor and more discretion on how services are provided. It has new powers and access to funding for new homes and infrastructure. The Council is part of the Local Enterprise Partnership (LEP) that covers Greater Cambridgeshire and Greater Peterborough. The LEP's role is to provide a broad vision for the area to explore ways of building infrastructure and to encourage the development of local skills.

Local

Peterborough has seen a period of sustained population growth with population for the Council's administrative area estimated to be c.200,000 in 2018 and 204,000 by 2020 (source - Office of National Statistics).



Whilst the number of migrants has contributed to this growth, the city also enjoys one of the highest birth rates and lowest death rates in the country. The area's proximity to London and good transport links continue to act as a draw to the area. This growth requires investment in infrastructure, especially housing and increases demand on essential services.

2.2 Council & Service Priorities

The key priorities underpinning the Council's vision are:

- Growth, regeneration and economic development of the city to bring new investment and jobs; supporting people into work and off benefits
- Improving educational attainment by developing university provision and employment opportunities
- Safeguarding vulnerable children and adults
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental standards

- Supporting Vivacity (Peterborough’s culture and leisure trust) to deliver arts and culture
- Keeping our communities safe, cohesive and healthy

There are a range of corporate strategies to which the Council’s property portfolio must align.

The most significant of these are highlighted briefly below.

- **People & Communities Strategy** – The Council will develop new models of service delivery working with constrained financial resources. The focus will be upon targeting services and moving further towards a commissioning model. There is a need to adapt service delivery with fewer services being provided directly by the Council, increasing ‘shared services’ provided by partner agencies and more use of community / voluntary resources. The Council will retain a regulatory role but it is likely to employ fewer staff in the future.
- **UK’s Environmental Capital** – The Council has a vision to be a sustainable city. Its aspirations are encapsulated in ‘*Creating the UK’s Environmental Capital: Action Plan*’.

This sets targets out themes which include:

- Reducing carbon emissions
- Sustainable water management
- Protection of wildlife
- Use of sustainable materials
- Sustainable food production
- Sustainable waste management
- Sustainable transport solutions
- Heritage preservation

All of these will impact how the Council manages and uses its property portfolio.

2.3 Service Strategies & Partnerships

There are a range of existing service strategies and partnerships which directly affect properties which the AMP addresses. These are shown in appendix B.

2.4 Resource Context

The Council's budget is set within a national context of continuing funding cuts and PCC is itself facing a significant funding gap. To meet this challenging environment it will need to operate more commercially and pursue efficiency savings wherever possible. Where there is no commercial, community or strategic case for retaining property, assets will be disposed of; the proceeds of which will be used to support the revenue budget. Within the operational portfolio there is a need to reduce cost through more efficient utilisation, sharing between services and use of energy.

2.5 Challenges in the Portfolio

A number of challenges have been identified in the portfolio which need to be addressed.

- Ageing Portfolio – The operational portfolio is ageing and thus has increasing maintenance and repair needs. There is a need to identify and agree Planned Preventative Maintenance (PPM) programmes and if appropriate dispose of assets which are a drain on resources. The capital expenditure budget for the portfolio is significant and for 2019 is circa £1.75 million.
- 'Portfolio Intelligence' and data management. The council has robust data from managing the property portfolio however it needs to ensure the information is collated to provide the necessary high level reporting. That will allow oversight of the portfolio and ensure strategic opportunities are maximised.
- Asset Management – A clear role for the Council's joint venture Estates and Strategic Asset Services Partner NPS Property Consultants is key to delivery of the actions identified in this AMP, as are clarity of roles within the Council's client function.

2.6 Strategic Direction

The context outlined suggests a requirement for asset management to focus on using property to support growth, inward investment and financial security. Going forward, there are specific objectives for the various elements of the portfolio.

For example:

- Operational portfolio.
 - Focus on core council assets
 - Increase sharing between services
 - Promote agile working
 - Use planned preventative maintenance to spread cost
 - Reduce energy use
 - Support provision of integrated public services with partners to create multi-agency service facilities

- Surplus portfolio:
 - Refurbish property where there is potential to create long term income and transfer the asset to a dedicated investment portfolio
 - Dispose of assets that are a drain on the Council's resources and where retention does not present a wider community or strategic benefit

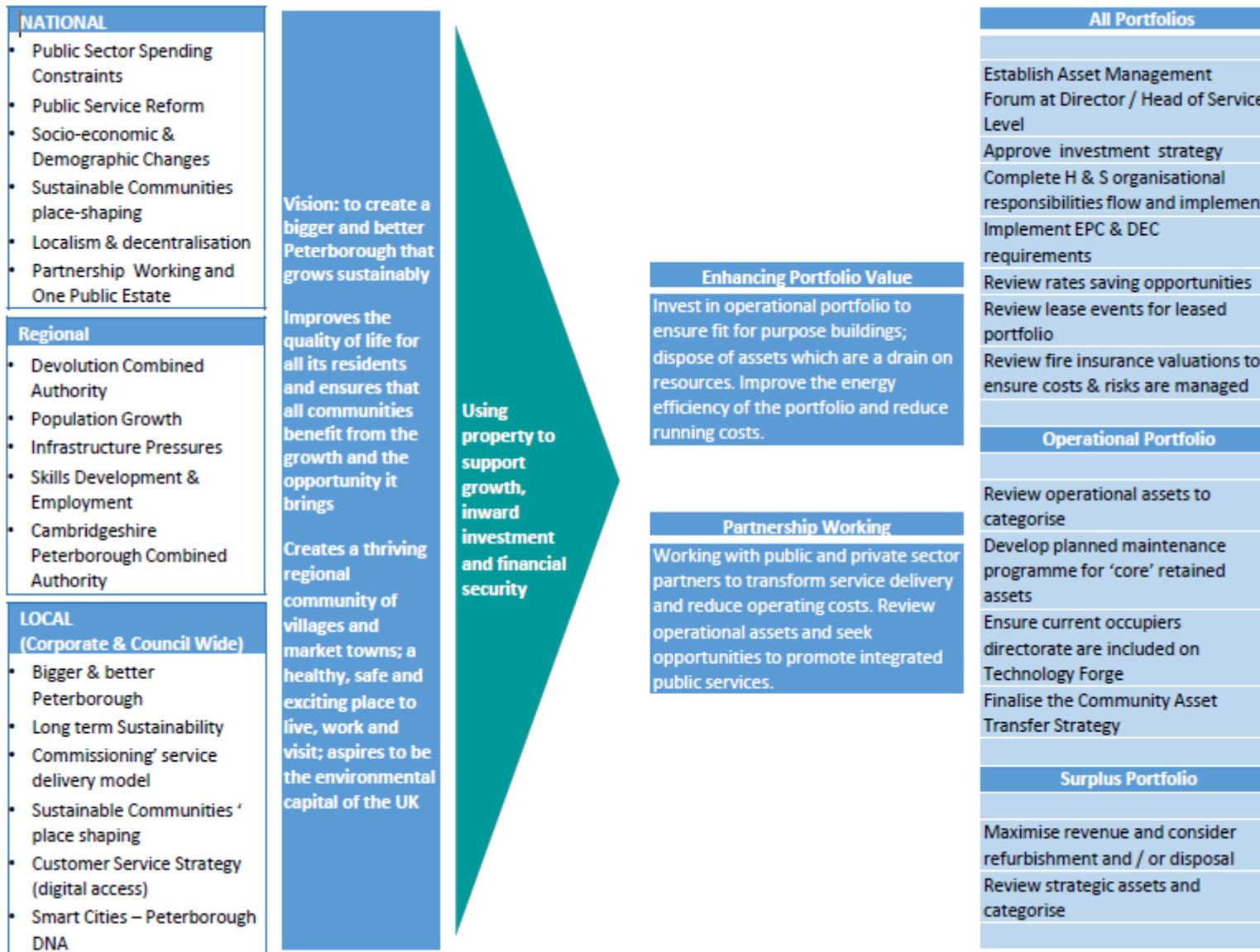
- Strategic land and property
 - Keep reviewing opportunities to meet growth and regeneration objectives, and potential opportunities to create income.

There are a number of actions required to respond to the challenges identified above. Given the Council's resource constraints it will need to determine the relative priority of each action and analyse the cost / benefit.

Key Actions

- Set out schedule of properties with status showing suitability for retention, disposal or review
- Review potential for shared use
- Establish an asset management forum at director level; meet quarterly with NPS to review portfolio
- Approve Investment Acquisition Strategy
- Clarify roles within 'intelligent client' and NPS Peterborough
- Review forthcoming lease events of the 54 leased properties and identify areas for cost reduction
- Review fire insurance valuations on a rolling programme to ensure costs & risks are managed
- Develop planned maintenance strategy for 'core' retained
- Finalise the Community Asset Transfer strategy for remaining community buildings
- Develop plan for strategic sites

2.7 Making it Happen – A Framework for Action

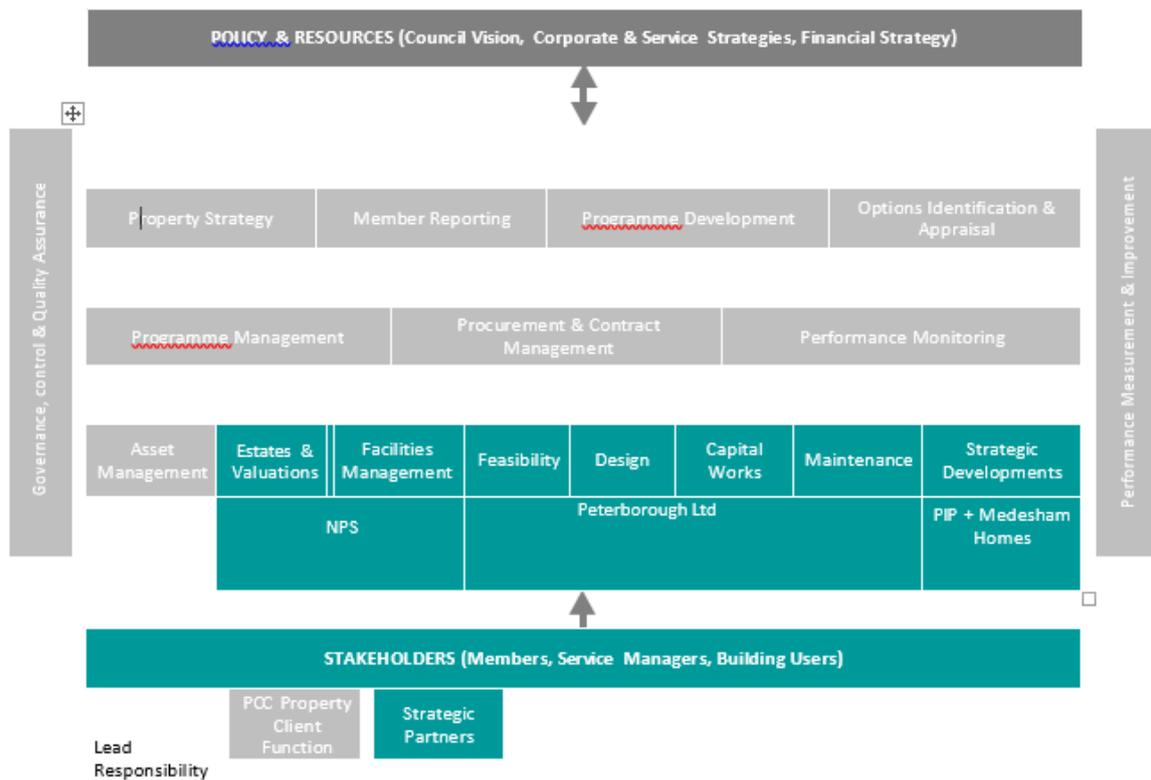


3 Asset Management Policy & Practice

3.1 Organisational Arrangements

The main professional property services are conducted through NPS Peterborough Ltd for the broad range of estates and valuation services and Peterborough Ltd carry out design, capital works, facilities and property maintenance. The Peterborough Investment Partnership (PIP) – a 50/50 joint venture with the private sector established in December 2014, supports growth and regeneration through the development of strategic sites. Medesham Homes and Cross Key Homes work with PCC to deliver social housing. The Council also has partnerships with Skanska for highways work and Vivacity for culture and leisure services.

The Council’s operating model is shown in the diagram below.



3.2 Governance & Decision Making

The Cabinet Member for Resources has the lead political role for property matters and acting under delegated powers reports on property issues. The Cabinet or the Cabinet member acting with the Corporate Property Officer (CPO) are responsible for decisions on acquisitions, use and disposal of assets and for ensuring asset management policy and actions are consistent with the Council's corporate strategies and objectives.

The prioritisation of projects in the capital programme is undertaken as part of the budget setting process. The responsibility for service buildings and their operating budgets lies with service departments. Service managers can place orders directly with strategic partners, without necessarily involving property staff and this may mean at times works can be placed without appropriate professional advice. Client managers within the Council oversee the specific contracts and budgets for the various joint ventures that underpin the delivery of the Council's property activities. This approach will be reviewed.

3.3 Consistency with 'Best Practice'

The Council working with East of England LGA undertook a 'health check' of its asset management governance arrangements, processes and practice in 2013; with a further analysis of asset management services in 2015. This review acknowledged the Council's areas of good practice and innovation in asset management but also identified some areas of risk where further development work was required. The Council has made progress in addressing the identified deficiencies. Appendix C provides a review of the Council's existing practices against 'best practice' in asset management as a reference point to help clarify further development according to the Council's priorities and resources.

3.4 Supporting Policies & Procedures

This AMP is amplified by a range of further property policies and procedures. These are referenced through Appendix A.

4 The Property Portfolio

4.1 Summary dimensions of the portfolio

The Council has a diverse property estate spread throughout its administrative area. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility and is predominantly freehold.

The broad dimensions of the portfolio are:

- The portfolio comprises 1741 land and property assets
- £3.8m rent generated per annum
- Is worth £425.5 M in terms of book value (*December 2018*)
- Incurs running costs of 18.8m per annum

4.2 Tenure & Use

The portfolio is predominantly in freehold ownership. There are 54 leasehold buildings currently and these will be reviewed to identify what opportunities there may be to terminate leases in order to reduce the running cost of the portfolio.

4.3 Condition & Fitness for Purpose

It is important to survey and record the condition of the building stock in order to be aware of immediate health and safety issues in the portfolio, risks and liabilities to the Council, its service delivery obligations and statutory requirements. It is also an important element of 'Best Practice' within current asset management guidance. Currently the Council's maintenance spend is directed predominantly to reactive maintenance. An important aim of the asset management strategy should be to formalise a maintenance programme with a view to reducing reactive maintenance costs. Regular review of property can reveal whether or not a property is fit for purpose or is in need of refurbishment or even replacement.

A backlog summary is given in Appendix D.

4.4 Value, Cost & Income

The objective should be to minimise property expenditure in order to release revenue for service priorities. Property running costs for the entire portfolio are £18.8 M (2017/18), whilst the Council’s utilities costs for 2017/2018 were £4.6 M.

The asset value of the portfolio is £425.5M. The asset value is a ‘notional value’ required for capital accounting purpose and reported on the Council’s Balance Sheet through the annual statement of the accounts. It does not necessarily represent the achievable market value of the portfolio. See Assets Investment Receipts Summary at the end of this report for further details about the capital receipts figures expected in 2018/19 and 2019/20.

Profile of Capital Receipts (£m)							
Achieved					Expected		
13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
£1.489	£1.769	£1.027	£5,978	£12.738	£2.922	£4.319	Nil

4.5 Sustainability & Energy

Energy use in buildings is becoming increasingly important, as organisations lead by example in reducing carbon emissions to meet the UK’s national target of reducing carbon emissions by 80% by 2050. The Council also has an aspiration to reduce its carbon emissions and the energy efficiency of Council buildings is important as these represent a significant element of the Council carbon emissions. The Council has entered into an Energy Performance Framework agreement with Honeywell Control Systems with the intention to make energy efficiency improvements to Council properties; with the potential of widening the scheme to other local authorities and partners.

4.6 Statutory Compliance

Ensuring the portfolio conforms to statutory obligations is a high priority of the Council. Failure to do so may expose Council staff and clients to health and safety risks or expose the Council to financial risks. The statutory obligations for the portfolio and related professional services are varied and subject to continued revision and therefore need to be monitored closely.

- Asbestos Management - Asbestos surveys of all properties have been undertaken. Asbestos removal work is carried out on a reactive basis as and when required for refurbishment or demolition.

- Display Energy Certificates (DECs) and Energy Performance Certificates (EPCs). Ensuring these are kept up to date and property meets the necessary legislative requirements.
- Water Safety – water management testing (including legionella) is under taken on a systematic basis in accordance with legislative requirements.
- Fire Safety – Fire Risk Assessments are undertaken within the Council’s corporate buildings to identify risks, issues and whether mitigation is required. Remedial works to address issues identified from the surveys are undertaken as required.

5 Performance & Monitoring

5.1 Measurement of Portfolio Performance

The Council could adopt a simple reporting approach which is based on each of the principle asset types:

- Asset types
 - Operational
 - Investment
 - Surplus
 - Strategic

These will concentrate on a small number of indicators chosen to review each portfolio which will provide a framework for the management of each portfolio.

5.2 Review Arrangements

The AMP will be reported upon annually to Cabinet and updated periodically with progress reported to Cabinet through the Corporate Property Officer. These will concentrate on the progress of the specific Key Actions identified in the AMP.

Appendix A – Asset Management Policies and Partnerships

Strategies & Policies

- Asset Management Plan
- Investment Strategy
- Capital Strategy
- Community Asset Transfer Policy
- Farms Estate Strategy
- Disposals Strategy
- Service asset strategies (to be improved)
- Carbon Reduction strategy
- Protocols, Procedures & Partnerships
- Skanska Highways Partnership
- NPS Peterborough Partnership
- Cross-Keys Housing Joint Venture Partnership
- PiP – Peterborough Investment Partnership

Appendix B - Service Strategies and Portfolio Implications

Asset Type	Number Of Assets	Existing & Future Perspectives of the Portfolio
Operational Assets		
Car Parks	12	The Council has 12 designated paying car parking sites, the majority of which as surface car parks. There is a need to review the car parks to assess car parking capacity against current and future demand and to identify whether individual car parking sites may have some strategic development potential.
Offices		The development of a modern work environment for the Council has been completed, along with strategic partners in the form of a new 90k square foot office scheme at Fletton Quays. This is the largest office built in the city for over 20 years. The Council have taken a new long term lease, using its covenant strength to support regeneration of this part of the city. The office forms a key part of the 17 acre regeneration site adjoining the river, south of the city centre. In addition, it will include a 160 bed hotel, 400 residential units (mainly apartments) a further 60,000 sq. ft. of offices, a 410 space multi-storey car park and 90 space surface car park (now complete), new retail units and Listed goods shed which become a distillery and visitor centre. This will be complemented by new public realm works including riverside walkways, new public square and improved cycle routes.
Libraries	10	The Council has recently reviewed its library service and implemented Open+ technology enabled facilities which will allow libraries to stay open for longer hours. Libraries are open for a set number of staffed hours with additional hours operating on a self-service basis. The mobile & library at home service has not changed. The Open+ technology is designed to allow libraries to stay open for longer. The future direction for the library service is to encourage greater and more innovative use of the library facilities to promote neighbourhood based multiuse facilities. Reductions in the existing number of libraries are not anticipated.

85

Community Assets

Community assets are those properties in the Council's ownership which have a community use or from which a community based activity or service is delivered. The Community Asset Transfer Strategy aims to encourage retention of local facilities without the use of Council funds, increase effectiveness of community assets through local community management and to explore innovative ways to enhance existing community facilities. The Strategy sets out the Council's objectives for community assets and the process and criteria around the transfer of assets to community bodies.

Farms

- The Council has developed a strategy for its Rural Estate which is focussed on retaining it as a viable land holding, providing opportunities for new entrants into farming, farm amalgamations to create larger more financial sustainable holdings and service provision for environmental and educational objectives.
- An annual Action Plan is drawn up from the Management Strategy with input from councillors, Country Land and Business Association and the tenants themselves to explain in practical terms how the Strategy will be delivered each year, and where amalgamations and capital expenditure will be targeted.
- Repairs are proactive rather than reactive, with an emphasis on drainage schemes – this in term supports more robust rents.
- Capital receipts are generated from the disposal of small areas of garden extension land, and realising the potential of old buildings unfit for agriculture which can be converted under Class Q (of permitted development regulations) to residential dwellings.

Strategic Assets

The focus of developing the Strategic portfolio is to retain market awareness of potential opportunities and to intervene where there are strategic opportunities to support the regeneration of the city.

Appendix C - Consistency with Best Practice; key themes and requirements

Roles & Responsibilities	Current corporate asset management plan	Running cost performance known	Statement of data needs & priorities
The council has a designated corporate property function	AMP linked to corporate objectives	Statutory obligations met	Processes to ensure data quality
There is Corporate Property Officer with defined responsibilities	Asset management integrated with service planning	Targets set for running costs	Organisational focus for data management
Corporate Property Officer reports to a strategic committee	Key areas for change in the portfolio defined	Suitability of buildings assessed	Information easily available to users (cost, suitability etc)
Cross-service forum established on property matters	Commercial portfolio strategy identified	Satisfaction with buildings measured	Non-core data available
Property occupiers / users role defined	Capital programme management	Review of need, utilisation and cost	Property IT systems periodically reviewed
Group to oversee development of AM practice & AMP	Option appraisal / prioritisation / whole life costings	Profile of capital receipts	Performance management
Cabinet member lead on property matters	Outcome targets for capital spend	Systematic review programme	Reporting on national performance indicators
Decision making and consultation	Processes for identifying projects	Criteria to challenge retention	Portfolio performance reported to members
Clearly defined decision making processes on property matters	Projects assessed using an agreed methodology	Incentives to release property	KPIs related to defined property objectives
Consultation process on the AMP	Authority-wide group to oversee programme	Identification of under-utilisation	Agreed targets for KPIs
Views of service users & occupiers sought	Process for post-project evaluation	Specific organisational focus on property review	Comparisons made with others
Public consultation on property matters	Projects completed on time & to budget	Disposal processes monitored	Local KPIs in place
Full member reporting	Managing properties in use	Shared use of buildings promoted	Improvement plan (informed by performance data)
Partnership Working	Maintenance backlog know and reported to members	Framework for assessing performance of the portfolio	Data management
Integrated approach to assets with other agencies	Periodic assessment of building condition	Identifying property needs	Inventory & core data available
Policy on community asset transfer	Maintenance spend prioritised	Defined aims & objectives for asset management	

Appendix D – Summary of Property Portfolio

Portfolio	Sub-Portfolio	Type / Use	Number			
Operational	Operational (excl. Schools)	Car parks				
		Children's Centres				
		Day centres				
		Depots / stores				
		Libraries				
		Sports Centres				
		Play centres				
		Pools				
		Public Conveniences				
		Residential homes				
		Waste / Infill sites				
		Youth Centres				
		Operational (Schools)				
		Administrative	Offices			
	Community assets	Allotments				
	Cemeteries					
	Community Centres					
	Community related asset land					
	Open Spaces (incl Section 120)					
	Recreation grounds					
	Community Use					
			744			
Investment	Industrial					
	Public House					
	Retail					
	Farms Estate					
		Farms / Agricultural land	156			
Growth		Options to PIP Dev Partner	3			
Miscellaneous		Former housing land				
		Land				
			838			
Summary of Repair Backlog (£000s)						
Condition	Total Value	%	Category	Total Value	%	
A-Good	£292.	0.63	Urgent	£2,812	6.05	
B-Satisfactory	£8,831	18.99	Essential	£11,331	24.37	
C-Poor	£28,37	61.02	Desirable	£23,370	50.25	
D-Bad	£9,004	19.36				
	£46,505			£37,513		

Note: The backlog figures are based on the assumption that all properties in the portfolio have a useful life of at least 10 years if all works are progressed as scheduled and do not allow for inflation. These assumptions may not be applicable to the existing portfolio and financial budgeting.

Peterborough City Council
Investment Acquisition Strategy
January 2020



Contents

	Page
Executive Summary	1
1.0 Introduction	2
1.1 The Importance & Nature of Property	2
1.2 Scope & Purpose of Strategy	2
2.0 The Rationale for an Investment Portfolio	3
2.1 Property As an Investment Class	3
2.2 The Legal Framework	3
2.3 Approaches to Investing in Property	5
2.4 Benefits from Investing Directly in Property	6
2.5 Difference between Investment & Strategic Acquisitions	7
2.6 Risk & Return	7
3.0 Strategic Context for the Strategy	7
3.1 Overall Context	7
3.2 Key Council Strategies & Policies	8
3.3 Resource Context	8
3.4 Market Outlook	9
3.4.1 National	9
3.4.2 Local	10
4.0 Managing the Portfolio	11
4.1 Aims & Objectives	11
4.2 Operating Principles & Governance Arrangements	11
4.3 Day to Day Portfolio Management	12
4.4 Acquisition, Review & Disposal Criteria	13
4.5 Performance Measures	13
5.0 Implementation	14
5.1 Action Plan	14
5.2 Implementation Considerations	14
5.3 Monitoring Arrangements	14
Appendices	
A Summary of Risk & PCC Approach to Mitigation	15
B Summary of Aims, Objectives & Operating Principles	17
C Acquisition & Review Criteria for Investment Assets	18
D Initial Investment Appraisal Scorecard	19
E Governance Arrangements	20
F Indicative Performance Measures	21
References	22

Executive Summary

Under the Local Government Act 2003 and the Localism Act 2011 Local authorities have extensive statutory powers allowing them to invest and to borrow, either for purposes relevant to the performance of any of their functions or generally for the prudent management of their financial affairs. On this basis land and property can be acquired, developed or sold.

Local authorities have well established policies and procedures in place for their estate management activities. These do not however include a specific policy governing land and property acquisition, albeit there are a number of policy documents governing more generic capital investment within the public sector. Property investment may be for income generation, for strategic purposes or where there are wider community and economic benefits that can be achieved. This can be achieved by investing and/or developing property within their existing ownership, whether for onward sale or income generation. With the changing climate for local government finance and significant budget pressures in the foreseeable future, local authorities are embracing a more innovative, commercial and entrepreneurial approach to closing the budget gap and the development of a property investment portfolio is one element of this approach.

This strategy sets out the principles, approach and governance for a new enabling policy covering the selective acquisition of property assets within Peterborough and its immediate environs. This approach will have a range of benefits including the generation of income to support Peterborough City Council's revenue budget. The strategy identifies an approach based on the direct ownership and management of property assets, to enable the Council to acquire or redevelop property.

All such acquisitions will be subject to robust appraisal and undertaken in accordance with agreed governance procedures. The regulatory environment and best practice around local authorities investing in property is changing. The Council will need to be aware of this, take a balanced approach to risk and ensure appropriate review and performance arrangements are in place. The strategy sets out the rationale for acquiring properties and the criteria upon which asset selection will be based and reviewed. It also identifies the nature of risk associated with property investment and how the Council can mitigate it. The procedures, criteria and metrics presented through this strategy will be subject to annual review.

Of critical importance in adopting the strategy will be the need for a single point of accountability for the development of an investment portfolio. Equally important is, the ability to intervene in the market in a swift manner, subject to robust business case appraisal and governance, and taking a long term perspective of the portfolio (10 year+).

1.0 Introduction

1.1 The Importance & Nature of Property

Property is a multi-faceted and multi-purpose resource which is used to deliver a broad range of services within the public sector. It can both consume and generate cash. Increasingly it is being recognised in having strategic importance over the long term in supporting community prosperity and vibrancy. It is proposed that the Council holds different property assets for different purposes. In simple terms these fall within four distinct categories. An operational portfolio for service delivery, a surplus portfolio, an investment portfolio (principally for generating income or capital growth) and a strategic portfolio for assets to support corporate priorities such as regeneration and meeting housing need. The operational portfolio consumes cash, the investment portfolio generates cash and the strategic portfolio has long term 'latent value.'

The Council has a vision for a 'bigger and better Peterborough' that grows in the right way - improving quality of life for all its people and communities and creating a sustainable and thriving sub-regional centre which is an exciting place to live in, work and visit; and which is the environmental capital of the UK. How the Council uses its property assets will be a critical underpinning element in meeting this vision. As revenue budget pressures continue to impact on the Council so it will increasingly need to take a strategic perspective on its property assets. To do this means recognising and developing two key dimensions of property – its ability to generate cash (income or capital) and its ability to support wider strategic priorities, such as regeneration and meeting housing demand. Both are important and point to the need to grow and develop the investment and strategic property portfolios. This strategy focusses on the development of the Council's investment and strategic portfolios, and in particular the rationale for acquisition to grow these portfolios.

1.2 The Scope & Purpose of the Strategy

The Council is focussed on investing in property to enhance its financial resilience, safeguard services and to meet regeneration objectives. Adopting a commercial approach will ensure that investment returns, capital growth and long term latent value can be used to meet those objectives.

This strategy is designed to define a broad direction for developing the Council's investment and strategic property portfolios over the long term in order to ensure they are optimised to support the Council's vision for the city. The strategy is not a static document but rather part of a process designed to promote discussion about the nature of, and future direction for the management of the Council's investment and strategic property assets.

The strategy is a practical tool that will:

- Provide a rationale for developing the investment and strategic portfolios.
- Set out governance arrangements covering management of the portfolios.
- Define key objectives and operating principles for day to day management.
- Identify how investment decisions are made (acquisition & review criteria).
- Define an approach to managing risk across its asset holdings.
- Define how the financial viability of the portfolio will be sustained.
- Identify how the performance of the portfolio will be measured.

The strategy takes a medium term planning horizon of over 5 years plus but will be reviewed on an annual basis.

2.0 The Rationale for an Investment Portfolio

2.1 Property as an Investment Class

The Council's approach to investment is to obtain the optimum return while maintaining a proper level of security and liquidity. Property is one of several asset classes the Council can invest in. Other assets will include cash, fixed interest securities (bonds) and shares. An overall approach is required which ensures a degree of diversification in order to balance risk; with cash (held in savings accounts) and bonds having the lowest risk profile, followed by property. The Council needs to periodically review its balance across these asset classes and take a judgement on return versus risk.

2.2 The Legal Framework

Councils have the legal power to acquire and hold both commercial and residential property for investment purposes. Historically commercial property could be acquired and operated directly by councils, providing that the clear purpose was investment. If the purpose was to undertake a trading activity, the commercial property would need to be held in a company vehicle. Residential property can be acquired if the assets are being held and operated indirectly through a local authority controlled Special Purpose Vehicle. It can also be held and operated directly where a council has a Housing Revenue Account (HRA). As PCC does not have an existing HRA it may need to reinstate one in order to participate in any significant residential property investment.

Currently local authorities have broadly drawn powers allowing them to invest and to borrow, either for purposes relevant to the performance of any of their functions or generally for the prudent management of their financial affairs (s.1 & s.12 of the Local Government Act 2003).

They have also been able to acquire property either inside or outside of their administrative area to support any of their functions, including their investment functions, or otherwise for the benefit, improvement or development of their area (s.120 of the Local Government Act 1972).

Lastly, they have been able to take any action (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions, which would again include their investment functions (s.111 of the Local Government Act 1972).

Under the general power of competence set out in s.1 of the Localism Act 2011 local authorities have also built and managed investment property. In accordance with this Act, councils have all the necessary powers to purchase assets inside or outside of their administrative area and manage them for investment and commercial gain.

However, revised Statutory Guidance on Local Authority Investments issued in April 2018 by Ministry of Housing Communities & Local Government is directed towards curbing local authorities borrowing to invest in commercial property solely to raise revenue. There is a distinction between authorities who are taking on debt for regeneration and meeting local objectives, and those who borrow purely to get a return on investment.

The guidance contains a number of key points:

- A call for transparency and democratic accountability with regard to local authority investment.
- Councils should prepare a new investment strategy each financial year.
- Investments by local authorities can be classified into two main categories:
 - investments held for treasury management purposes or other investments;
 - Where local authorities hold treasury management investments, they should apply the principles set out in the Treasury Management Code 2011.
- Councils should disclose the contribution that these investments make to the objectives of the local authority to support effective treasury management.
- Local authorities should disclose the contribution that all other investments make towards the service delivery objectives and/or place making. It is for individual authorities to define the types of contribution that investments can make and a single investment can make more than one type of contribution.
- There is a requirement to prioritise security, liquidity and yield in that order of importance when considering investment strategy

- The local authority’s reporting should include quantitative indicators that allow councillors and the public to assess a council’s total risk exposure as a result of its investment decisions. This should include how investments are funded and the rate of return received. Where investments are funded by borrowing, indicators should reflect the additional debt servicing costs.

This guidance is supported by new advice released by the Chartered Institute of Public Finance and Accounting (CIPFA) in late 2018/19. CIPFA issued a statement on Borrowing in Advance of need and Investments in Commercial Properties in October 2018. This statement guards against local authorities ‘borrowing more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.’ The statement goes on to say that commercial investments including property must be proportionate to the resources of the authority, otherwise they are unlikely to be consistent with the requirements of the Prudential Code or the Treasury Management Code.

2.3 Approaches to Investing in Property

There are a range of approaches to investing in property assets, from on the one hand investing in a commercial property fund, (or real estate investment trust etc.) and on the other hand owning the physical assets – each with its own advantages and disadvantages. The simple diagram below is intended to provide a framework for developing a strategy based on two broad criteria, ownership and management. The proposed positioning of PCC is shown - which favours both direct ownership and direct management of investment property. This is a considered choice of the Council and the respective pros and cons of this strategy are identified.

Pros & Cons of Direct Ownership & Management of Investment Property	
Pros	Cons
Ownership of property assets	Potential over-reliance on investment property to fund essential services
Achieve direct return	Reliance on own expertise
Control over property decisions	Management time & expense
No fund management costs	Relative lack of liquidity

The advantage of PCC’s approach is that it will retain direct ownership of the assets with any returns coming direct to the Council. The Council will also retain control over decision making regarding strategy and management of the portfolio, including flexibility as to when to dispose of assets to generate capital.

With this approach the costs associated with other parties holding and managing properties on the Council’s behalf are kept to a minimum. Conversely

it requires resources to participate in direct property investment and requires a degree of capacity and expertise to manage the portfolio. There can be staff time (and thus cost) tied-up in managing a portfolio and there is a relative lack of liquidity in comparison with other indirect forms of property investment.

When considering direct ownership and management of property the selection of individual acquisitions becomes a critical factor. There are decisions to be made about the property sector and risks in relation to the broad portfolio asset mix, the risk profile of the tenants and the opportunities in the market. At one end of the scale (lower risk but lower opportunity) is a building already let, with a good lease length and tenant; whilst at the other end is a property coming to the end of its lease which is likely to need upgrading / expenditure prior to re- letting.

Alternatively, there may be freehold property which is untenanted but could be redeveloped, providing greater risk but greater opportunity. PCC’s strategy will tend towards low risk investments where the covenant strength of the tenant is strong and where there is a good length of lease. There may occasionally be times where PCC may wish to invest in assets it already owns to get a return which would present a low-moderate risk and moderate opportunity. This issue of asset selection is considered in Section 4.4 and Appendix C

2.4 Benefits from Investing Directly in Property

The range of benefits that can arise from investing in property assets are more than simple financial returns, although this will be the prime objective of the portfolio. The table below summarises the range of benefits that can be realised and the combination of these need to be borne in mind when managing the portfolio. The relative priority given to these benefits needs to be considered when deciding on the key objectives.

Benefits from Investing Directly in Property

Direct Returns	Income
Multiplier Effects	Capital growth
	Supporting growth of key local industries
	Improving confidence in local economy
Indirect Returns	Supporting the local planning framework
	Local job creation
Strategic Advantages	Increase in NDR (Business Rates)
	Key site assembly
	Long term strategic perspective

2.5 Difference between Investment & Strategic Acquisitions

Acquisition opportunities often arise unexpectedly and it is important to be quick to mobilise in order to take advantage of them when they occur. It is therefore important that the Council has an appraisal framework that permits them to respond without delay when opportunities arise, to save time and allow them to compete in a market where competition is fierce and demand outstrips supply. To do this the Council needs to be in a position to assess opportunities in a systematic but timely manner and to understand the nature of the opportunity in terms of its financial or strategic perspective.

A simple scorecard approach to support this initial appraisal is given below. This looks at a set of financial or strategic criteria to determine whether the Council should proceed. It recognises that some assets will be acquired for investment reasons (long term financial returns) whereas other assets will be acquired for strategic reasons (longer term latent value). Some assets will also have a combination of investment and strategic potential.

An initial set of criteria from both financial and non-financial perspectives can be developed to give a simple score to assess whether to proceed. An initial appraisal 'scorecard' is illustrated in Appendix D.

2.6 Risk & Return

At its simplest, a property investment is an investment in land or buildings which has the potential to give the investor a return in the form of rental income and capital growth. Capital growth may come over time by holding the asset and can be maximised through asset management initiatives (for example by re-gearing a lease to obtain a greater length of lease). Risk and return in property investment come both at a market level and from individual asset choice. In practice, property investment can be structured to create a range of different risk / reward profiles from stable bond-like annuity income performance to more volatile equity-like returns. A summary of the main risks and the PCC approach to mitigating these is given in Appendix A.

3.0 Strategic Context for the Strategy

3.1 Overall Context

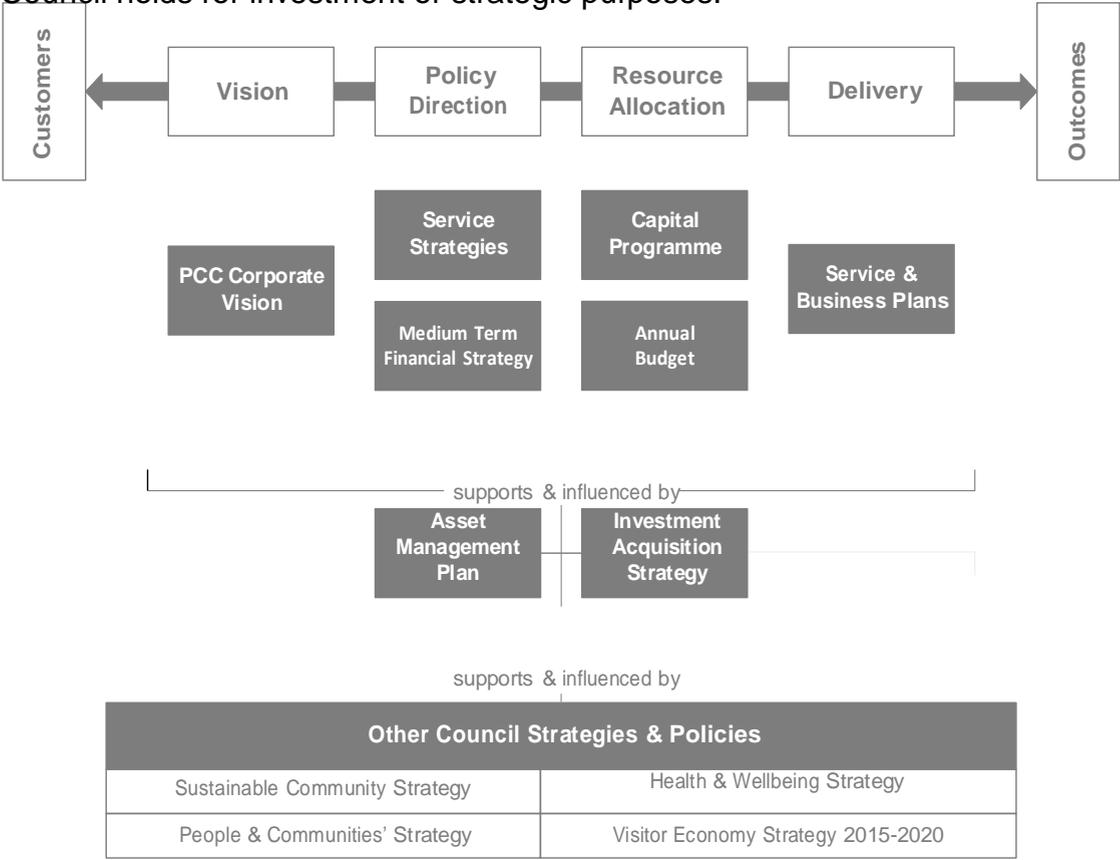
This strategy is set within the context of broader changes in the operating context for local government. The most impactful of these is the move towards a 'self-funding' model for local government as traditional sources of central government funding are reduced (as in the case of the Revenue Support Grant) or possibly withdrawn. This profound change in the funding basis of local government is prompting the need for councils to explore new ways of generating income to support their revenue budgets.

It is also encouraging councils to become more entrepreneurial and to invest in commercial property with a view to generating stable long term income. This strategy is designed to help support the delivery of council services in the future and allow councils to have more influence in shaping the local economy.

3.2 Key Council Strategies & Policies

This property investment strategy does not exist in isolation. It is related to the Council’s wider corporate and service strategies and in particular the Council’s Medium Term Financial Strategy.

This strategy underpins the overall management of the Council’s property portfolio, the broad framework for which is articulated through the Council’s Asset Management Plan (AMP). Whereas the AMP sets the context and direction for management of the portfolio as a whole, which includes operational and surplus property, this strategy is focused on the property assets the Council holds for investment or strategic purposes.



3.3 Resource Context

Over the medium term PCC is seeking to address the potential revenue gap from changes to local government through a range actions. There will be a renewed focus on innovation and efficiency with a view to mitigating and

controlling service demand, maximising funding and expanding commercial income.

A key strand of the action will be in placing a greater focus on income generation. This will be reflected in the Acquisition Strategy and AMP, both through leveraging existing commercial property assets and investment acquisition. The Council has agreed an initial capital allocation of £70m in order to grow its portfolio with an emphasis on acquiring income bearing assets or strategic assets which may have long term latent value.

Whilst no specific income target has been set there is an expectation that there will be a significant and sustained growth in income from property as a contribution to bridging an identified funding gap in the Council's revenue budget.

3.4 Market Outlook

3.4.1 National

Commercial property returns tend to be linked to national economic performance and to the relative prosperity of the economy. The short term outlook is therefore likely to be generally a positive one but also potentially turbulent given that the implications of Brexit are not yet clear. How the national economy will perform over the long term cannot be guaranteed.

The investment portfolio does however need to be seen over the longer term, as reactions to short term market changes can distort yields which are likely to be more stable if viewed over a greater timeframe. In this context it will be important to balance a one year budget cycle and any expenditure required for this with the longer term perspective that is required for investment management of either a commercial or residential portfolio.

The changing nature of the economy, globalisation the growth in home-working, automation and the use of artificial intelligence (AI) may yet have unforeseen impacts on the demand for different types of buildings. As businesses strive to become more agile many are seeking shorter lease lengths than was historically the case or regular break options so they can react quickly to change. Increasing use of artificial intelligence and automation will change the demand for commercial space over time. Currently there is a very strong demand for industrial and warehouse space, driven to some extent by a change in consumer shopping habits. The trend for internet shopping is also impacting on demand for more traditional retail space. The outcome of such trends and the speed at which they are developing is ever-changing so a degree of forward thinking is required in terms of the portfolio strategy.

The conventional wisdom of retaining a balanced portfolio (between industrial, office and retail) to mitigate risk is therefore shifting and to optimise overall returns from investment a new portfolio balance may be required. This may also necessitate a greater emphasis on residential development where long term demand has proven to be very stable.

In the current climate with rates of return on cash reserves very low (typically between 0.5% and 2.0%) property still presents an opportunity for better returns and also has a potential for significant capital growth over the long term.

3.4.2 Local

It will be important for the Council to understand the local property market and its outlook over the medium term. This should include the city and its immediate surroundings and also the Cambridge area because of emerging working relationships across the authorities and its strength as a technology centre.

A local market report for Peterborough published in September 2018 by Savills identified a strong demand for residential and commercial property in Peterborough. This demand is being driven by strong population and economic growth in the area. Whilst demand for accommodation is strongest in the commercial and residential sectors, it is strong across all sectors.

The Savills "[*Peterborough: A growing city*](#)" report highlights that whilst the area is responding to strong residential demand and a healthy land supply, high levels of development are still required to meet housing need.

Both the adopted and emerging local plan targets for Peterborough are well in excess of 1,200 homes each year.

The largest share of housing supply will be on the city fringe with planning consent granted for 5,300 homes at Great Haddon. The residential market therefore offers a long term investment opportunity for the City Council as this land supply comes on stream.

The industrial market has benefitted from a shift towards online retailers, many of whom have established large distribution centers in the city. Due to strong demand, vacancy rates are at a historic low. Attracted by strong rail and road links, Amazon, Debenhams and Ikea have established large scale distribution centers in Peterborough. At present, there is just one unit of 100,000 sq.ft of industrial space available within a 50 mile radius of Peterborough and the opportunity exists to take advantage of second hand units to undertake refurbishments to bring poor quality stock up to standard. It is a similar picture in the office market with low vacancy rates creating upward pressure on rents.

4.0 Managing the Portfolio

4.1 Aims & Objectives

As this is the Council's first Investment Acquisition Strategy it is important to explicitly state the aims and objectives in developing a property investment portfolio. These are summarised in Appendix B along with basic operating principles for the portfolio. The overall aim has a dual purpose, both to create a financial return and to promote local economic prosperity, however these objectives may sometimes conflict. There is a risk that the pursuit of socio-economic aims through for example supporting job creation, may dilute the purely financial goals. However there should also be many opportunities where these objectives can be aligned.

4.2 Operating Principles & Governance Arrangements

In order to manage the portfolio effectively it is important to have a set of explicit operating principles which include a clear rationale for holding each asset and an understanding of the expectations, (financial or otherwise) for managing it. To do this the Council has a set of basic operating principles as shown in Appendix B and a simple framework for assessing the portfolio in terms of acquisition, performance and disposal.

In practice this will mean making judgements around the acquisition and disposal of assets, the portfolio structure, portfolio mix, holding period for individual assets and the performance of the portfolio. A framework for assessing individual assets and the portfolio as a whole is given in Appendix C.

Acquisitions & Disposals – The management of the portfolio will from time to time require the acquisition and disposal of individual assets. These must be undertaken in accordance with the Council's financial procedures, but will need to be expedited to take advantage of investment opportunities.

Development – the Council will seek to invest in developing commercial property assets or land which is already within their ownership either using internal resource or in partnership with existing suppliers, subject to a robust business case.

Portfolio Structure – the Council will seek to create a balanced investment portfolio that provides long term rental returns and capital growth. A core portfolio of property assets will be sought with a view to diversification in individual assets by sector (industrial, offices and retail), location and risk.

Portfolio Mix – the Council will take an opportunity led approach to investments but seek to maintain a balance between different assets types (office, industrial and retail assets) with a guideline approach of maximum of 50% of any type. Given that the portfolio is relatively small and a single transaction can adjust the balance significantly this is only seen as an initial guideline. The Council will seek to avoid investing in specialist asset types (such as hotel & leisure) or distressed property requiring extensive capital expenditure which would necessitate a higher risk investment strategy.

Holding Period – The Council will determine a ‘holding period’ for each property at the point of acquisition. This is so that provisions can be made where a property is likely to need refurbishment in the future and to ensure a formal periodic review of the rationale for holding individual assets.

Measuring Performance – Individual assets and the whole portfolio will need to be subject to periodic performance assessment.

A set of clear, simple governance arrangements will be required which will allow speedy intervention in the market whilst also ensuring consistency with financial regulations and robust business case appraisal. An outline of these is given in Appendix E.

4.3 Day to Day Portfolio Management

Effective day to day management of the portfolio is critical to its overall performance. This management needs to happen at both a strategic and operational level.

The key activities include:

At a strategic level:

- Annual refresh of strategy and measurement of performance;
- Effective financial management including rent collection;
- Effective void management and marketing;
- Identifying new investment opportunities;
- Minimise management costs associated with direct ownership;
- Ensure there is a regime of planned maintenance and statutory compliance where PCC manage.

At a property level:

- Preparation of strategies for individual properties;
- Identifying opportunities to add value for example by refurbishing premises or re-gearing leases;
- Identifying 'marriage value' arising from acquisition of adjoining properties;
- Identifying properties for disposal where performance prospects are poor;
- Ensuring premises are secure and safe and are regularly inspected.

4.4 Acquisition, Review & Disposal Criteria

Appendix C identifies a range of criteria that will be used in the acquisition of properties. The same criteria for selecting acquisitions can also be used for asset review. All assets will be reviewed on a periodic basis to ensure that the criteria in Appendix C are still met and in light of any wider portfolio considerations. It is recommended that a 'holding period' is identified for assets when first acquired which should act as a guide for subsequent disposal. Such an approach allows for the portfolio to be refreshed on a regular basis and promotes a long term perspective for portfolio management. Individual assets identified for disposal will follow the same governance procedures.

4.5 Performance Management

The performance indicators for the portfolio should be based on industry benchmark standards. These should be measured at an individual property and whole portfolio level with indicative targets set for each. A simple set of initial performance measures are presented in Appendix F. This is an evolving framework which will be need to be developed as the portfolio grows, especially given the changing regulatory and best practice environment identified in Section 2.2.

The return on investment (or property yield) is perhaps the single most important performance indicator and this should be judged against IPD (Investment Property Database) which is generally considered to be the most authoritative benchmarking index. Property should be considered as a long term investment and whilst its value can fluctuate in the short term due to specific circumstances, it will tend to provide stable long term returns. A degree of judgement will need to be used in evaluating the portfolio performance which will need to take into consideration the long term perspective.

5.0 Implementation

5.1 Action Plan

The lead officers with accountability for managing the investment portfolio will be the Executive Director Place and Economy and the Corporate Director of Resources.

Governance:

As detailed in Appendix E, the Corporate Property Officer will have delegated authority to approve investments up to a level of £20 million. For opportunities which are in excess of £20m a Cabinet Member Decision Notice would need to be completed.

5.2 Implementation Considerations

Effective and successful management of an investment portfolio requires a combination of skills including, but not restricted to building surveying, valuation, market intelligence, legal, financial and property management. It will also require specific senior officers to be accountable and appropriate capacity to ensure there is adequate focus on the portfolio.

5.3 Monitoring Arrangements

It is important to measure the overall progress in the management of the investment portfolio. Whilst property will be held for the medium to long term, there needs to be monitoring over shorter timescales to measure performance and the impact of any actions, such as building improvements. The portfolio will be kept under review by:-

- PCC head of property and financial director. NPS Property Consultants are to advise and seek agreement to decisions on specific actions (e.g. acquisitions or disposals).
- An annual report on performance of the portfolio, with the report based on a set of performance indicators as suggested in Appendix E.
- Formal review of each asset holding at least every two years using the acquisition and review criteria set out in Appendix C.
- Informal leader briefings by the joint venture property team as required.

Appendix A – Summary of Risks and PCC Approach to Mitigation

Risk	PCC Approach to Mitigation
<p>Costs - Abortive costs, including legal costs, survey fees, officer time, may all be incurred in abortive transactions including costs for initial feasibility investigations.</p>	<p>PCC will adopt a ‘whole portfolio’ view of costs and accept risk associated with occasional abortive costs whilst also undertaking due diligence to reduce the likelihood of these.</p>
<p>Market forces - Fluctuation in demand and supply and in the wider economy may see the value of assets and income rise and fall, with a risk that the Council may not recoup the original amount invested in full.</p>	<p>To limit this risk due diligence will be followed for all transactions. PCC will adopt a ‘whole portfolio’ and medium term (10 year +) view of its investment to mitigate the potential losses from one individual investment asset.</p>
<p>Competition – Where the local market is very strong (for example Cambridge), there will be increased competitive activity for limited supply of high quality investment property. This means that the Council are likely to be one of several bidders for available assets.</p>	<p>PCC will adopt procedures which will allow them to compete in the market but with appropriate governance procedures covering the necessary delegated authority and decision making.</p>
<p>Liquidity - The process of buying and selling investment property is fairly lengthy (e.g. an investment disposal will usually take between 3 to 6 months from heads of terms to completion), making it a more illiquid than other asset classes such as equities or bonds.</p>	<p>PCC will manage the portfolio by adopting the Institute of Public Finance (IPF)’s best practice advice contained in "Readiness for sale - A guide for streamlining commercial property transactions". Furthermore PCC will identify a recommended ‘holding period’ for each investment which will be aligned with the strategic aim of long term income.</p>
<p>Opportunity - The availability of property stock for investment in the Council’s administrative area may be limited. As the Council seeks to grow the portfolio it may at times be frustrated by a lack of opportunity.</p>	<p>To counter this PCC will seek out as many appropriate opportunities as possible, build relationships and communicate to the market the Council's requirement and ability to perform.</p>

<p>Management - The portfolio may have the risk of void periods or tenants may default on rent payment. Voids create holding and re-letting costs; if they persist for prolonged periods these costs can be significant.</p>	<p>Active portfolio management will be undertaken by PCC during the holding period to anticipate and reduce such risks where possible.</p>
<p>Capacity & Expertise - Management of an investment portfolio requires specific skills, expertise and capacity. Direct ownership and direct management means this can be resource intensive. As the portfolio grows, so the management burden will grow.</p>	<p>This specific issue along with knowledge of the local market opportunities will be critical. PCC will identify a 'lead officer' with appropriate expertise to provide a focus on the investment portfolio.</p>
<p>Reputation - How the Council acts to intervene in the market and deals with day to day management of its properties and tenants will have an impact on the Council's overall reputation.</p>	<p>PCC will seek to adhere to 'best practice' in all its transactions and ensure effective regular liaison with tenants. Reviews of individual assets and the portfolio as a whole will identify any works required to protect or enhance the fabric of buildings which may be needed in order to re-let a void property.</p>
<p>Regulatory Compliance - The Council should ensure it operates within the applicable regulatory framework and regularly takes steps to review that framework.</p>	<p>PCC will act in accordance with appropriate statutes and in line with current financial regulations and 'best practice' including the Chartered Institute of Public Finance and Accounting (CIPFA) Prudential Code, CIPFA's treasury management guidance for local authority funds and the Department for Communities and Local Government (DCLG) statutory guidance on local authority investment.</p>

Appendix B – Summary of Aims, Objectives & Operating Principles

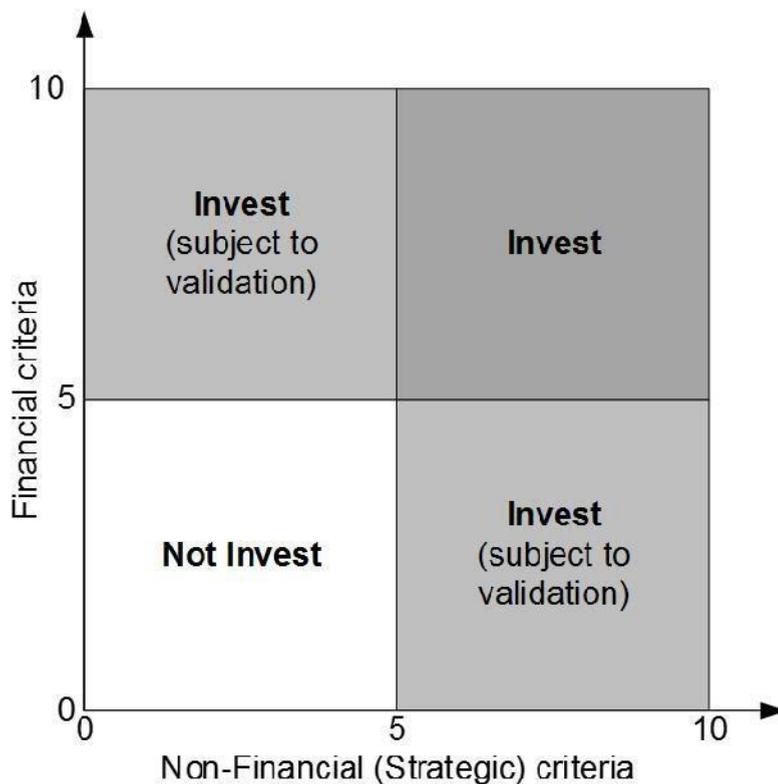
<p>Aim</p> <p>To acquire and manage investment property (the investment portfolio) in order to support the Council’s revenue budget and its priority in ensuring the economic prosperity and well-being of Peterborough.</p>
<p>Objectives</p> <ul style="list-style-type: none">• To acquire property that can provide long term income and capital growth.• To maximise returns whilst minimising risk through sound property selection and effective governance.• To prioritise investment towards property that can provide strong stable long term income.• To maintain and enhance the condition of property to ensure long term income strength and income growth.
<p>Operating Principles</p> <p>The Council will retain direct ownership of all its investment property assets. The Council will undertake the management of the investment portfolio in-house (as a landlord) or with established suppliers / joint ventures. The geographical operating scope of the portfolio will be restricted to Peterborough City Council’s administrative area and its immediate surroundings. The council will seek to retain a ‘balanced’ portfolio through its mix of asset types and lease lengths with emphasis on industrial, office and retail uses. To minimise management and risk, preference will be for single occupancy investments although multi-let properties may be considered. Preference will be for full repairing and insuring (FRI) terms or FRI by way of service charge, meaning that all costs relating to occupation and repairs are borne by the tenant(s) during the lease term. There will be an annual portfolio review with an executive summary report to the Audit Committee which will examine the portfolio’s performance and allow for strategic decision making.</p>

Appendix C - Acquisition & Review Criteria for Investment Assets

Criteria	Scoring					Score
	1 Poor	2 Marginal	3 Acceptable	4 Good	5 Very good	
Location	Tertiary	Micro Secondary	Major Secondary	Micro Prime	Major Prime	1-5
Tenancy Strength	Tenants with unstable or poor financial covenant	Multiple tenants with good financial covenant	Multiple tenants with strong financial covenant	Single tenant with good financial covenant	Single Tenant with strong financial covenant	1-5
Tenure	Lease less than 20 years	Lease between 20 & 50 years	Lease between 50 & 125 years	Lease 125 years with option to buy freehold	Freehold	1-5
Lease Length	Less than 2 years or Vacant	Between 2 & 4 years	Between 4 & 7 years	Between 7 & 10 years	Greater than 10 years	1-5
Repairing Terms	Landlord	Internal repairing – non recoverable	Internal repairing – partially recoverable	Internal repairing – 100% recoverable	Full repairing & insuring	1-5
Physical Condition	In a poor state of repair with significant liabilities	In a poor condition with some repairs required	In a reasonable condition with limited repairs required	In a good condition with only limited repair issues	Fit for purpose, well maintained with no outstanding repairs	1-5
<i>Note: This is an initial framework which will be updated and refined in use. The exact criteria and scoring approach is subject to review</i>				Maximum Score		30

Appendix D – Initial Investment Appraisal ‘Scorecard’

Financial Criteria	Strategic Criteria
Does the net yield exceed PCC agreed target?	Does the investment support local community vibrancy?
Is the location classified as major prime, micro prime or major secondary?	Will the investment support local job creation or retention?
Is the property freehold or have a lease in excess of 150 years?	Will it facilitate strategic site assembly / increase scope for intervention?
Is the lease an ‘operating lease’ so all income can be treated as revenue?	Will it support improvement in infrastructure?
Can it be let on full repair & insuring terms or with 100% recovery of internal repairs?	Will it support local place shaping in line with PCC objectives?
Is the occupier’s lease length greater than 5 years?	Does it support equity of prosperity & opportunity across Peterborough?
Is there a single tenant with good or strong covenant?	Does it support anti-poverty or deprivation policies?
Does the location reflect good potential for rental growth & high letting prospects	Will it support education, skills or apprenticeship policies?
Does the asset improve the balance of the PCC portfolio (risk management)?	Is it in a specific priority area for regeneration or growth?
Does the asset have good market exit (sales) prospects?	Does it contribute to better balance within and between ‘places’?



Appendix E – Governance Arrangements

The Council will acquire assets where it can demonstrate:

- An investment return can be generated
- Value can be added to existing assets held by the Council
- There is a strategic benefit from acquiring the assets.
- A contribution to the maintenance of a balanced commercial property portfolio.

All acquisitions will be assessed through a robust business case and with particular reference to the cost, benefit, impact and risk of the property. How it relates to the Council's corporate objectives and its assessment against the acquisition and review framework (See Appendix C) will also be key. In all cases an independent valuation will be obtained by a member of the Royal Institution of Chartered Surveyors to ensure that the transaction represents market value.

Acquisitions and disposals relating to the commercial portfolio, whilst needing to be consistent with the Council's financial strategy, will need to be completed quickly. This is even more likely to be in the case of acquisition, as securing a good investment will require the ability to respond and act quickly to secure it ahead of the competition.

Acquisitions and disposals will, under the Council's Rules of Financial Governance require consultation with and agreement of the Section 151 Officer. In all cases, they will need to be supported by a financial appraisal setting out all the financial and budgetary implications. Under the Council's practice of delegated authority nominated senior officers along with the Corporate Property Officer can approve acquisitions or disposals subject to a maximum value of £20M. Acquisitions over this value will be identified as 'key decisions' and included in the Council's standard processes around key decisions.

Appendix F – Performance Measures

Indicator	Target	Actual
Rate of Return	5% - 8%	
Revenue Growth (over 5 years)	To be defined	
Capital Growth (over 5 years)	To be defined	
Management & Ownership Costs (as a % of gross income)	To be defined	
Average portfolio score under 'Acquisition & Review Criteria'	20+	

Below is a list of further possible performance indicators that could be used to measure the performance of the portfolio.

Debt to net service expenditure (NSE) ratio	<i>Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.</i>
Commercial income to NSE ratio	<i>Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.</i>
Investment cover ratio	<i>The total net income from property investments, compared to the interest expense.</i>
Loan to value ratio	<i>The amount of debt compared to the total asset value.</i>
Target income returns	<i>Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties.</i>
Benchmarking of returns	<i>As a measure against other investments and against other council's property portfolios.</i>
Gross and net income	<i>The income received from the investment portfolio at a gross level and net level (less costs) over time.</i>
Operating costs	<i>The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.</i>
Vacancy levels and Tenant exposures for nonfinancial investments	<i>Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible.</i>

References

Local Government Act 2003

Localism Act 2011

CIPFA Prudential Code for Capital Finance In Local Authorities

CIPFA Treasury Management in Public Services Code of Practice

DCLG Statutory Guidance on Local Authority Investment (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003

House of Commons Briefing Paper 16 February 2018; Commercial Property Investment

CIPFA Statement on borrowing to invest by Rob Whiteman and Richard Paver 18 October 2018

CABINET	AGENDA ITEM No. 7
13 JANUARY 2020	PUBLIC REPORT

Report of:	Fiona McMillan, Director of Law and Governance	
Cabinet Member(s) responsible:	Councillor Farooq, Cabinet Member for Digital Services and Transformation	
Contact Officer(s):	Pippa Turvey, Democratic and Constitutional Services Manager	Tel. 452460

OUTCOME OF PETITIONS

RECOMMENDATIONS	
FROM: <i>Directors</i>	Deadline date: <i>N/A</i>
It is recommended that Cabinet notes the actions taken in respect of petitions.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted following the submission of E-Petitions, the presentation of petitions to Council officers, and the presentation of petitions at Council meetings.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to update Cabinet on the progress being made in response to petitions submitted to the Council.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.3, '*To take a leading role in promoting the economic, environmental and social well-being of the area*'.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

4. BACKGROUND AND KEY ISSUES

Petitions Presented at Full Council

Allama Iqbal Community Centre

The petition was submitted by Councillor Amjad Iqbal on 16 October 2019. The petition contained 190 valid signatures and called on the Council to "install a traffic barrier across the private access road that runs alongside the Allama Iqbal Centre 157 Cromwell Road, as a means of preventing ongoing anti-social behaviour associated with the car park".

The Acting Corporate Director Resources responded:

"The private road in question is an un-adopted road. The road is used as access way for the open space (for maintenance), community centre (leased out to Gladstone connect with access rights

granted) and school (however for the school this should be on foot only as they have a separate vehicle/ pedestrian entrance which is leased in). These properties are all within PCC control.

In addition, there is also garage access for 167 Cromwell Road. 165a Cromwell Road, which was a PCC building, has recently been sold to the Faizan-E- Madina Mosque Committee (Trust). In order to come to a view on if it is possible to install traffic control and its location the council will now have to understand the access requirements of all these parties. This includes the new requirements of the Faizan-E- Madina Mosque Committee which will require access to the car park which forms part of 165a Cromwell Road. A view of how to proceed can then be made.

Since the start of the year the Prevention and Enforcement Service has received one call in relation to Anti-Social Behaviour at this location, however officers are aware concerns have also been raised at public meetings and by ward councillors.

We would encourage all residents to report incidents through to either the police <https://www.cambs.police.uk> or by e-mailing the anti-social behaviour team antisocialbehaviour@peterborough.gov.uk including vehicle registration numbers if appropriate. This will allow officers to provide a multi agency response to incidents currently impacting residents and allow police to target patrols in the area."

20mph zone Wotton Avenue

The petition was submitted by Councillor Haynes on 16 October 2019. The petition contained 120 valid signatures and called on the Council to "Introduce a 20mph zone in Wootton Avenue, St Margaret's Place, St Margaret's Road and Victoria Street".

The Network and Traffic Manager responded:

"I refer to the petition that you presented at the Council meeting on 16th October regarding the introduction of a 20mph zone in the above streets.

The speed data that we have for the above streets shows that average speeds are below 20mph. This reflects the amount of on-street parking, normal traffic levels and the relatively short length of the roads between junctions and thus speeds would accordingly be expected to be low.

The introduction of a 20mph zone would therefore achieve little benefit in terms of reducing average vehicle speeds. I am therefore unable to justify the costs of implementing of the requested 20mph zone".

5. REASON FOR THE RECOMMENDATION

- 5.1 As the petitions presented in this report have been dealt with by Cabinet Members or officers, it is appropriate that the action taken is reported to Cabinet.

6. ALTERNATIVE OPTIONS CONSIDERED

- 6.1 There have been no alternative options considered.

7. IMPLICATIONS

- 7.1 There are no legal, financial, or equalities implications arising from the issues considered.

8. BACKGROUND DOCUMENTS

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

- 8.1 Petitions presented to the Council and responses from officers.

9. APPENDICES

9.1 None.

This page is intentionally left blank